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, 2009

OR

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

Commission file number 33-26115

PATRIOT TRANSPORTATION HOLDING, INC.
(Exact name of registrant as specified in its charter)

FLORIDA	**59-2924957**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

501 Riverside Ave. Ste 500, Jacksonville, Florida	**32202**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **904/396-5733**

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

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

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 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 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 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer[ ]	Accelerated filer[X]
Non-accelerated filer[ ]	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 November 25, 2009 was 3,053,036. The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant as of March 31, 2009, the last day of business of our most recently completed second fiscal quarter, was $79,731,273. 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. 2009 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, 2009 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; levels of construction activity in the markets served by our mining properties; 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; interest rates, inflation and general economic conditions; demand for flexible warehouse/office facilities in the Baltimore-Washington-Northern Virginia area; and ability to obtain zoning and entitlements necessary for property development. 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.

Patriot Transportation Holding, Inc., which was incorporated in Florida in 1988, and its subsidiaries (the "Company") are engaged in the transportation and real estate businesses.

Our transportation business is conducted through Florida Rock & Tank Lines, Inc. ("Tank Lines") which operates in the Southeastern United States. Tank Lines hauls petroleum and other bulk liquids and dry bulk commodities by tank trailers.

The Company's real estate activities are conducted through two wholly owned subsidiaries: Florida Rock Properties, Inc. ("Properties") and FRP Development Corp. ("Development").

Properties owns mining properties and other properties held for investment or future development. Development owns, manages and develops commercial warehouse/office rental properties in the Baltimore-Washington-Northern Virginia area. Substantially all of the real estate operations are conducted within the Southeastern and Mid-Atlantic United States.

Transportation. The transportation segment primarily serves customers in the petroleum industries in the Southeastern U.S.

During fiscal 2009, Tank Lines operated from terminals in Jacksonville, Orlando, Panama City, Pensacola, Port Everglades, Tampa and White Springs, Florida; Albany, Atlanta, Augusta, Bainbridge, Columbus, Dalton, Macon and Savannah, Georgia; Knoxville, Tennessee; Montgomery, Alabama; and Wilmington, North Carolina.

Tank Lines has from two to six major tank truck competitors in each of its markets. Price, service, and location are the major factors which affect competition in the transportation segment within a given market.

During fiscal 2009, the transportation segment's ten largest customers accounted for approximately 63.6% of the transportation segment's revenue. One of these customers, Murphy Oil Corporation, accounted for 24.7% of the transportation segment's revenue. The loss of any one of these customers could have a material adverse effect on the Company's revenues and income.

During fiscal 2009, the transportation group purchased 24 new tractors and 4 trailers. In fiscal 2008 and 2007, the Company purchased 137 new tractors accelerating its normal tractor replacement cycle in response to stricter engine emission standards on new trucks.

Our fiscal 2010 capital budget includes 68 new tractors and 20 new trailers including binding commitments to purchase 65 tractors at September 30, 2009. Maintaining a modern fleet has resulted in reduced maintenance expenses, improved operating efficiencies and enhanced driver recruitment and retention. At September 30, 2009, the Company owned and operated a fleet of 394 trucks and 516 trailers plus 2 additional trucks that were being prepared for sale.

Real Estate. We own real estate in Florida, Georgia, Virginia, Maryland, Delaware and Washington, D.C. The real estate owned generally falls into one of three categories: (i) land and/or buildings leased under rental agreements or being developed for rental; (ii) land with construction aggregates deposits, a substantial portion of which is leased to Vulcan Materials Company under long-term mining royalty agreements; and (iii) land held for future appreciation or development. Real estate revenues in fiscal 2009 were divided approximately 72% from rentals on developed properties and 28% from mining royalties.

A significant part of our real estate strategy has been to develop high quality, flexible warehouse/office space. Average occupancy for the fiscal year for buildings in service more than 12 months was 90.7%. At September 30, 2009, 75.1% of the total warehouse/office portfolio of approximately 2.8 million square feet was occupied.

Price, location, rental space availability, flexibility of design, and property management services are the major factors that affect competition in the flexible warehouse/office rental market. The Company experiences considerable competition in all of its markets.

Tenants of flexible warehouse/office properties are not concentrated in any one particular industry.

Relationship with Vulcan Materials Company. The Company was spun off from Florida Rock Industries, Inc. ("FRI") in 1986. FRI merged with Vulcan Materials Company ("Vulcan") in November 2007. Nearly all of our mining properties are leased to Vulcan under long-term mining leases entered into in the 1980s. We haul diesel fuel and cement for the Florida Rock Division of Vulcan. We also are a party to a joint venture agreement with Vulcan to develop approximately 4,300 acres of property located near Brooksville, Florida.

Vulcan accounted for approximately 19.8% of our real estate revenues and 1.8% of our transportation revenues for fiscal 2009. On a consolidated basis, Vulcan accounted for 5.5% of our fiscal 2009 revenues.

Segment Information. The Company has two business segments: transportation and real estate. Industry segment information is presented in Notes 2 and 10 to the consolidated financial statements included in the accompanying 2009 Annual Report to Shareholders and is incorporated herein by reference.

Environmental Matters. 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. Revised EPA regulations decrease the amount of permitted air emissions that can be released by tractor engines and affect tractors produced after the effective date of the regulations. Compliance with these regulations has increased the cost of our new tractors and lowered fuel mileage. This will increase our capital expenses and our operating expenses. The Company's mining leases contain a provision making the lessee responsible for reclamation of mining sites at least to the extent required by law.

Seasonality. The Company’s business is subject to limited seasonality due to the cyclical nature of our customers’ businesses, with revenues generally declining slightly during winter months.

Employees. The Company employed 736 people in its transportation group, 16 people in its real estate group and 9 people in its corporate offices at September 30, 2009.

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.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Office	Position Since
Edward L. Baker	74	Chairman of the Board	May 3, 1989
John D. Baker II	61	President & Chief Executive Officer	Feb. 7, 2008
David H. deVilliers, Jr.	58	Vice President of the Company and President of the Company’s Real Estate Group	Feb. 28, 1994
John D. Milton, Jr.	64	Exec. Vice President, Treasurer, Secretary and Chief Financial Officer	June 16, 2008
John D. Klopfenstein	46	Controller and Chief Accounting Officer	Feb. 16, 2005
Robert E. Sandlin	48	President of Florida Rock & Tank Lines, Inc.	March 1, 2003

All of the above officers have been employed in their respective positions for the past five years except as follows: John D. Baker II served as President and Chief Executive Officer of Florida Rock Industries, Inc. from 1996 to November 2007; John D. Milton, Jr. served as Executive Vice President and Chief Financial Officer of Florida Rock Industries, Inc. from 2001 to November 2007; and John D. Klopfenstein served as Director, Business Development and Planning of the Company, from June 2003 to February 2005, and as Manager, Corporate Development of the Company, from July 1996 to May 2003.

John D. Baker II, who is the brother of Edward L. Baker, and Thompson S. Baker II, who is the son of Edward L. Baker, are directors of the Company.

All executive officers of the Company are elected by the Board of Directors annually and serve until their resignation or removal.

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.

We face significant uncertainty regarding the continued demand for our transportation services during the current economic climate.
The transportation segment produces approximately 80% of our gross revenues and 65% of our gross profit. The current economic climate could adversely affect the demand for our transportation services. These adverse economic conditions may result in reductions in our revenue, increased price competition and increased operating costs, which could have an adverse effect our business, results of operation and financial condition.

We would be adversely affected by a decline in demand for hauling ethanol.
In addition to other products, our tank lines subsidiary hauls ethanol which is blended with other petroleum products. The ethanol industry is highly dependent upon federal and state legislation and changes in such legislation could adversely affect the demand for ethanol products and the resulting demand for our transportation services. In addition, we would be adversely affected by the future construction of pipelines to transport ethanol, which also would reduce demand for our transportation services.

Our operating results may be adversely impacted by volatility in fuel costs or by fuel shortages.
The crude oil and petroleum products markets are extremely volatile. Fuel prices are affected by a number of economic and

political factors, including general political conditions, acts of war or terrorism, political instability in oil producing regions and capacity at United States oil refineries. Our operating results are impacted by our ability to recover fuel surcharges from customers. In light of the volatility of fuel prices, it may be difficult for us to recover fuel surcharges from customers at levels that will allow us to maintain current levels of profitability. In addition, increased fuel prices reduce consumer demand for the petroleum products hauled by our tank lines subsidiary, adversely impacting revenues. Our operations may also be adversely affected by any limit on the availability of fuel.

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 face increased demand for fuels delivery services in Florida during the spring months. Our real estate group is adversely affected by reduced construction activity during periods of inclement weather. These factors can cause our operating results to fluctuate from quarter to quarter. An occurrence of unusually harsh or long-lasting inclement weather such as hurricanes, tornadoes and heavy snowfalls could have an adverse effect on our operations and profitability.

Our revenues depend in part on construction sector activity levels, which tend to be cyclical.
Our real estate group receives part of its revenues from royalties on construction aggregates mined on our properties. Thus, our results depend in part on residential, commercial and infrastructure construction activity and spending levels. The construction industry in our markets tends to be cyclical. Construction activity and spending levels vary across our markets and are influenced by interest rates, inflation, consumer spending habits, demographic shifts, environmental laws and regulations, employment levels and the availability of funds for public infrastructure projects. Economic downturns may lead to recessions in the construction industry, either in individual markets or nationally.

We face difficulty in recruiting and retaining qualified drivers.
In some years the transportation industry has had difficulty attracting and retaining qualified drivers (including independent contractors), and competition for drivers sometimes can be intense. To compete for drivers, we may be forced to increase driver compensation. We cannot be certain that we could pass along the increased compensation costs to our customers. If we are unable to continue to attract drivers and contract with independent contractors, we could be required to suffer downtime and lost revenue miles.

New tractors are more expensive and less fuel efficient.
New tractors are more expensive, primarily due to higher commodity prices, better pricing power among equipment manufacturers, and

government regulations applicable to newly manufactured tractors and diesel engines. Revised EPA regulations decrease the amount of permitted air emissions that can be released by tractor engines and affect tractors produced after the effective date of the regulations. Compliance with these regulations has increased the cost of our new tractors and lowered fuel mileage. This will increase our capital expenses and our operating expenses. These adverse effects combined with the uncertainty as to the reliability of the vehicles equipped with the newly designed diesel engines and the residual values that will be realized from the disposition of these vehicles could increase our costs or otherwise adversely affect our business or operations.

We have significant ongoing capital requirements.
Our transportation business requires substantial ongoing capital investment, particularly for tractors, trailers, terminals and technology. For the past few years, we have depended on cash from operations and our credit facilities to fund our revenue equipment. We expect to continue to pay for projected capital expenditures with cash flows from operations and borrowings under our line of credit. If we are unable to generate sufficient cash from operations and obtain financing on favorable terms in the future, we may have to limit our growth, enter into less favorable financing arrangements, or operate our revenue equipment for longer periods, any of which could have a material adverse effect on our profitability.

The loss of one of our major transportation customers could have a materially adverse effect on our business.
A significant portion of our transportation revenue is generated from our major customers. For 2009, our top 10 customers, based on revenue, accounted for approximately 63.6% of our transportation segment's revenue and one customer accounted for 24.7% of the segment's revenue. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our business and operating results.

The trucking industry is extremely competitive and fragmented.
The trucking industry is extremely competitive and fragmented. No single truckload carrier has a significant market share. We compete with many other truckload carriers of varying sizes, customers' private fleets, and, to a lesser extent, with railroads which may limit our growth opportunities and reduce profitability. Some of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates or maintain our profit margins. Many customers reduce the number of carriers they use by selecting so-called "core carriers" as approved transportation service providers, and in some instances we may not be selected. Historically, competition has created downward pressure on the truckload industry's pricing structure.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.
We are subject to various environmental laws and regulations dealing with the handling of hazardous materials, fuel storage tanks, air emissions from our vehicles and facilities, and engine idling. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. We also maintain bulk fuel storage and fuel islands at several of our facilities. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, the failure to comply with applicable laws or regulations could subject us to liabilities, including substantial fines or penalties or civil and criminal liability, that could have a materially adverse effect on our business and operating results.

Uninsured losses could significantly reduce our earnings.
We self-insure for a portion of our claims exposure resulting from workers' compensation, auto liability, general liability, cargo and property damage claims, as well as employees' health insurance. We also are responsible for our legal expenses relating to such claims. We maintain insurance above the amounts for which we self-insure with licensed insurance carriers. Although we believe the aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that one or more claims could exceed our aggregate coverage limits. Also, there are some types of losses such as from hurricanes, terrorism, wars, or earthquakes where insurance is limited and/or not economically justifiable. If an uninsured loss occurs, we could lose both the invested capital and anticipated revenues. We accrue currently for estimated incurred losses and expenses. We periodically evaluate and adjust our claims accrued liability to reflect our experience. However, ultimate results may differ from our estimates, which could result in losses over our accrued amounts.

Rising insurance costs could significantly reduce our earnings.
Insurance carriers sometimes raise premiums for many businesses, including trucking companies. As a result, our insurance and claims expense could increase, or we could raise our self-insured retention when our policies are renewed. If we are unable to pass along this cost increase to customers, our earnings may be significantly reduced.

Compliance with new or future transportation regulations may significantly reduce earnings.
Our transportation operations are regulated and licensed by various U.S. agencies. While the costs of compliance with existing regulations generally is reflected in our prior results, new regulations (such as the new tractor air emissions regulations) and future laws and regulations may be more stringent and require changes in our operating practices, influence the demand for transportation services, or require us to incur significant

additional costs. Higher costs incurred by us could adversely affect our results of operations.

We may be unable to renew leases or relet space as leases expire. When a lease expires, a tenant may elect not to renew it. We may not be able to relet the property on similar terms. The terms of renewal or re-lease (including the cost of required renovations and/or concessions to tenants) may be less favorable than the prior lease. If we are unable to relet all or a substantial portion of our properties, or if the rental rates upon such reletting are significantly lower than expected rates, our cash generated before debt repayments and capital expenditures may be adversely affected. As of September 30, 2009, leases at our properties representing approximately 12%, 10% and 10% of the total square footage of buildings completed prior to September 2009 were scheduled to expire in fiscal year 2010, 2011 and 2012, respectively.

We may be unable to lease newly constructed space.
We completed two buildings in September 2008 comprising 135,872 square feet and a third building in April 2009 with 148,425 square feet. At present, none of this newly constructed space is occupied. If we are unable to obtain leases sufficient to cover carrying costs then our cash flows may be adversely affected.

The bankruptcy or insolvency of significant tenants with long-term leases may adversely affect income produced by our properties.
We have ten buildings in our business parks that are single-tenant occupied representing 43% of developed property rentals under long-term leases. We have eight other tenants with leases in excess of five years. Should tenants default on their obligations, our cash flow would be adversely affected and we may not be able to find another tenant to occupy the space under similar terms or have to make expenditures to retrofit and/or divide the space. In addition we may have to incur a non-cash expense for a significant amount of deferred rent revenue generated from the accounting requirement to straight-line rental revenues. The bankruptcy or insolvency of a major tenant may also adversely affect the income produced by a property. If any of our tenants becomes a debtor in a case under the U.S. Bankruptcy Code, we cannot evict that tenant solely because of its bankruptcy. The bankruptcy court may authorize the tenant to reject and terminate its lease with us. Our claim against such a tenant for unpaid future rent would be subject to a statutory limitation that might be substantially less than the remaining rent actually owed to us under the tenant’s lease. Any shortfall in rent payments could adversely affect our cash flow.

A decline in the economic conditions in Baltimore-Washington-Northern Virginia area could adversely affect our business.
All of our office/warehouse properties are located in the Baltimore-Washington-Northern Virginia area. As a result of our geographic concentration, we depend upon the local conditions in these markets, including local real estate conditions. We are, therefore, subject to increased exposure (positive or negative) to

economic and other competitive factors specific to markets in confined geographic areas. Our operations may also be affected if too many competing properties are built in these markets. An economic downturn in these markets could adversely affect our operation. We cannot assure you that these markets will continue to grow or will continue to provide favorable demand for our office/warehouse product.

Our inability to obtain necessary approvals for property development could adversely affect our profitability.
We may be unable to obtain, or incur delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations, which could result in increased costs or abandonment of these projects. Before we can develop a property, we must obtain a variety of approvals from local and state governments with respect to such matters as zoning, density, parking, subdivision, site planning and environmental issues. Legislation could impose moratoriums on new real estate development and/or land-use conversions from mining to development. These factors may reduce our profit or growth and may limit the value of these properties.

Real estate investments are not as liquid as other types of assets.
The illiquid nature of real estate investments may limit our ability to react promptly to changes in economic or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. Thus, the illiquid nature of our real estate investments could adversely affect our profitability under certain economic conditions.

Our debt service obligations may have adverse consequences on our business operations.
We use debt to finance our operations, including acquisitions of properties. Our use of debt may have adverse consequences, including the following:

- Our cash flows from operations may not be sufficient to meet required payments of principal and interest.
- We may be forced to dispose of one or more of our properties, possibly on disadvantageous terms, to make payments on our debt.
- We may default on our debt obligations, and the lenders may foreclose on our properties that collateralize those loans.
- A foreclosure on one of our properties could create taxable income without any accompanying cash proceeds to pay the tax.
- A default under a mortgage loan that has cross default provisions may cause us to automatically default on

another loan.

- We may not be able to refinance or extend our existing debt.
- The terms of any refinancing or extension may not be as favorable as the terms of our existing debt.
- We may not be able to issue debt on unencumbered properties under reasonable terms to finance growth of our portfolio of properties.
- We may be subject to a significant increase in the variable interest rates on our unsecured line of credit or unsecured term loan, which could adversely impact our operations.

As of September 30, 2009, we had outstanding non-recourse mortgage indebtedness of $76,153,000, secured by developed real estate properties having a carrying value of $80,656,000.

Our uncollateralized revolving credit agreement restricts our ability to engage in some business activities.
Our uncollateralized revolving credit agreement contains customary negative covenants and other financial and operating covenants that, among other things:

- restricts our ability to incur certain additional indebtedness;
- restricts our ability to make certain investments;
- restricts our ability to merge with another company;
- restricts our ability to pay dividends;
- requires us to maintain financial coverage ratios; and
- requires us to not encumber certain assets except as approved by the lenders.

These restrictions could cause us to default on our unsecured line of credit or negatively affect our operations.

Our real estate segment faces competition from numerous sources.
As a developer of flexible warehouse/office space, we compete with numerous developers, owners and operators of real estate, many of which own properties similar to ours in the same submarkets in which our properties are located. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose potential tenants and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants when our tenants’ leases expire. As a result, our financial condition, results of operations, cash flow and ability to satisfy our debt service obligations could be materially adversely affected.

Construction costs may be higher than anticipated.
Our long-term business plan includes a number of construction projects. The construction costs of these projects may exceed original estimates and possibly make the completion of a property

uneconomical. Building material commodity shortages, construction delays/stoppages and/or rapidly escalating construction costs may out-pace market rents, adversely affecting profits. The market environment and existing lease commitments may not allow us to raise rents to cover these higher costs.

Certain shareholders have effective control of nearly a majority of our common stock and likely will control the outcome of any shareholder vote.
As of November 25, 2009, three of our directors, Edward L. Baker, John D. Baker II and Thompson S. Baker II, beneficially own approximately 45% of the outstanding shares of our common stock. 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.

Our charter and bylaws contain anti-takeover provisions that may hinder a takeover or negatively affect our stock price.
Our articles of incorporation and bylaws contain several provisions that may make it more difficult and expensive for a third party to acquire control of us without the approval of our board of directors. Our articles of incorporation and bylaws contain provisions dividing our board of directors into four classes of directors serving four-year terms and providing that directors may only be removed for cause. Our articles of incorporation also provide that our shareholders can take action only at a duly called annual or special meeting of shareholders and require a supermajority vote to approve certain matters. In addition, our board of directors is authorized to issue additional shares of common stock or preferred stock and to determine the rights and preferences of any shares of preferred stock to be issued.

Our cash and cash equivalents at times exceed FDIC insurance limits exposing us to possible losses.
In the current financial climate, the Company is monitoring the financial stability of its lending banks as well as its depository institutions. At present the Company does not foresee the necessity for changing any of these relationships but will continue to monitor conditions particularly with respect to the depository for its liquid funds. The Company places its cash and cash equivalents with high credit quality institutions. At times such amounts may exceed FDIC insurance limits.

Item 2. PROPERTIES.

The Company's principal properties are located in Florida, Georgia, Virginia, Washington, D.C., Delaware and Maryland.

Real Estate Segment Properties. Principal properties held by the Real Estate segment are discussed below under the captions Developed Properties, Future Planned Development, Construction Aggregates Properties, and Other Properties.

At September 30, 2009 certain developed real estate properties having a carrying value of $80,656,000 were pledged on long-term non-recourse notes with an outstanding principal balance totaling $76,153,000. In addition, certain other properties having a carrying value at September 30, 2009 of $98,000 were encumbered by $1,300,000 of industrial revenue bonds that are the liability of Vulcan. Vulcan has agreed to pay such debt when due (or sooner if Vulcan cancels its lease of such property), and further has agreed to indemnify and hold harmless the Company on account of such debt.

Developed Properties. At September 30, 2009, the Company owned 11 developed parcels of land containing 261 usable acres in the Mid-Atlantic region of the United States as follows:

1) Hillside Business Park in Anne Arundel County, Maryland consists of 49 usable acres. A total of 504,740 square feet existed on the property at the beginning of 2008 and it is 97% occupied. Construction of the final building with 66,398 square feet of office space was completed September 30, 2008. The addition of this as yet unoccupied building resulted in a decline in average occupancy from 97% to 86%.

2) Lakeside Business Park in Harford County, Maryland consists of 84 usable acres. Eight warehouse/office buildings, totaling 745,297 square feet, were in place at the beginning of 2009 and are 100% occupied. Construction of the ninth building with 148,425 warehouse/office space was completed in April 2009. The addition of this as yet unoccupied building resulted in a decline in average occupancy from 100% to 83%. The remaining 14 acres are available for future development and have the potential to offer an additional 210,230 square feet of comparable product.

3) 6920 Tudsbury Road in Baltimore County, Maryland contains 5.3 acres with 86,100 square feet of warehouse/office space that is 100% leased.

4) 8620 Dorsey Run Road in Howard County, Maryland contains 5.8 acres with 85,100 square feet of warehouse/office space that is 100% leased.

5) Rossville Business Center in Baltimore County, Maryland contains approximately 10 acres with 190,517 square feet of warehouse/office space and is 100% leased.

6) 34 Loveton Circle in suburban Baltimore County, Maryland contains 8.5 acres with 30,006 square feet of office space, which is 76% leased including 23% of the space occupied by the Company.

7) Oregon Business Center in Anne Arundel County, Maryland contains

approximately 17 acres with 195,615 square feet of warehouse/office space, which is 71% leased.

8) Arundel Business Center in Howard County, Maryland contains approximately 11 acres with 162,796 square feet of warehouse/office space, which is 70% leased.

9) 100-400 Interchange Boulevard in New Castle County, Delaware contains approximately 17 acres with 303,006 square feet of warehouse/office space, which is 8% leased. Chrysler and General Motors plant closings have reduced demand for space in this market. The remaining 8.8 acres are available for future development and have the potential to offer an additional 93,600 square feet of comparable product.

10) 1187 Azalea Garden Road in Norfolk, Virginia contains approximately 12 acres with 188,093 square feet of warehouse/office space, which is 100% leased.

11) Windlass Run Business Park in Baltimore County, Maryland contains 69,474 square feet of warehouse/office space completed September 30, 2008. The building is as yet unoccupied. This building is contained within a larger parcel containing approximately 42 acres when complete is estimated to include 519,824 square feet of total build-out.

Future Planned Developments. At September 30, 2009 the Company owned the following future development parcels:

1) Windlass Run Residential (previously Bird River), located in southeastern Baltimore County, Maryland, is a 121 acre tract of land adjacent to and west of our Windlass Run Business Park. The property was rezoned in September 2007 to allow for additional density and plans are being pursued to obtain an appropriate product mix. In July 2008, the Company entered into an agreement to sell the property. The purchase price for the property is $25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including government approvals and the closing may be two or more years away. The purchaser has placed non-refundable deposits of $1,000,000 under this contract in escrow. Preliminary approval for the development as originally contemplated under the agreement's pricing contingencies has now been received and the time for any appeals from that approval expired during the last days of July 2009.

2) Patriot Business Park, located in Prince William County, Virginia, is a 73 acre tract of land which is immediately adjacent to the Prince William Parkway providing access to I-66. The Company plans to develop and lease approximately 733,650 square feet of warehouse/office buildings on the property. Land development efforts commenced in the summer of 2008 but were placed on hold in April 2009.

3) Brooksville Quarry LLC. On October 4, 2006, a subsidiary of the Company (FRP) entered into a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.) to form Brooksville Quarry, LLC, a real estate joint venture to develop approximately 4,300 acres of land near Brooksville, Florida. The property does not yet have the necessary entitlements for real estate development. Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and the outcome is inherently uncertain. The Company currently expects that the outcome will be resolved within the next year.

4) Anacostia River. The Company owns a 5.8 acre parcel of undeveloped real estate in Washington D.C. that fronts the Anacostia River and is adjacent to the recently opened Washington Nationals Baseball Park. The Company also owns a nearby 2.1 acre tract on the same bank of the Anacostia River. Currently, the 5.8 acre tract is leased to a subsidiary of Vulcan Materials Company under a short-term lease. In May 2008, the Company received final approval from the Zoning Commission of the District of Columbia of its planned unit development application. The approved planned unit development permits the Company to develop a four building, mixed use project, containing approximately 545,800 square feet of office and retail space and approximately 569,600 square feet of additional space for residential and hotel uses. The approved development would include numerous publicly accessible open spaces and a waterfront esplanade along the Anacostia River. In November 2009, the Company received a two-year extension for commencement of this project, moving the construction commencement date to June 2013. The Company sought this extension because of negative current market indications.

5) Commonwealth Avenue in Jacksonville, Florida is a 50 acre, rail accessible site near the western beltway of Interstate-295 capable of supporting approximately 500,000 square feet of warehouse/office build-out.

6) Leister property in Hampstead, Carroll County, Maryland is a 117 acre parcel located adjacent to State Route 30 bypass. The parcel was acquired for future commercial development and is projected to contain 900,000 square feet of space when complete. This parcel is currently in a predevelopment planning stage.

Construction Aggregates Properties. The following table summarizes the Company's principal construction aggregates locations and estimated reserves at September 30, 2009, a substantial portion of which are leased to Vulcan.

	Tons Sold in Year Ended 9/30/09 (000's)	Tons of Estimated Reserves at 9/30/09 (000's)	Approximate Acres Owned

The Company owns seven locations currently being mined in Grandin, Keuka, Newberry, Florida; Columbus, Macon, and Tyrone, Georgia; and Manassas, Virginia.	5,413	350,929	10,423
The Company owns six locations not currently being mined in Ft. Myers, Gulf Hammock, Airgrove/Lake County(temporary), Marion County, Astatula/Lake County, Florida; and Forest Park, Georgia.	52	95,230	5,454

These figures exclude Brooksville, Florida as the property was transferred October 4, 2006 to a joint venture with Vulcan for development. Brooksville tons sold in fiscal 2009 were 351,000 and estimated reserves were 6,651,000 at September 30, 2009.

Other Properties. In addition to the development, mining and rental sites, the Company owns approximately 2,222 acres of investment and other real estate. This includes a 1,844-acre timberland site located in Caroline County, Virginia.

The Company owns an office building with approximately 69,000 square feet situated on approximately 6 acres in Jacksonville, Florida, which is leased to Vulcan.

Transportation Segment Properties. The Company has 20 sites for its trucking terminals in Alabama, Florida, Georgia, North Carolina, and Tennessee. The Company owns 13 of these sites and leases 7.

Item 3. LEGAL PROCEEDINGS.

Note 12 to the Consolidated Financial Statements included in the accompanying 2009 Annual Report to Shareholders is incorporated herein by reference.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No reportable events.

PART II

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

There were approximately 543 holders of record of Patriot Transportation Holding, Inc. common stock, $.10 par value, as of September 30, 2009. The Company's common stock is traded on the Nasdaq Stock Market (Symbol PATR). Information concerning stock prices is included under the caption "Quarterly Results" on page 6 of the Company's 2009 Annual Report to Shareholders, and such information is incorporated herein by reference. 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 financial statements included in the accompanying 2009 Annual Report to Shareholders and such information is incorporated herein by reference. 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

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1 through July 31	0	$ 0	0	$ 5,625,000
August 1 through August 31	0	$ 0	0	$ 5,625,000
September 1 through September 30	0	$ 0	0	$ 5,625,000
Total	0	$ 0	0	

(1) In December, 2003, the Board of Directors authorized management to expend up to $6,000,000 to repurchase shares of the Company's common stock from time to time as opportunities arise. On February

19, 2008, the Board of Directors authorized management to expend up to an additional $5,000,000 to repurchase shares of the Company’s common stock from time to time as opportunities arise.

Item 6. SELECTED FINANCIAL DATA.

Information required in response to this Item 6 is included under the caption "Five Year Summary" on page 6 of the Company's 2009 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 Analysis" on pages 7 through 13 of the Company’s 2009 Annual Report to Shareholders and such information is incorporated herein by reference.

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

The Company is exposed to market risk from changes in interest rates. For its cash and cash equivalents, a change in interest rates affects the amount of interest income that can be earned. The Company prepared a sensitivity analysis of its cash and cash equivalents to determine the impact of hypothetical changes in interest rates on the Company's results of operations and cash flows. The interest-rate analysis assumed a 50 basis point adverse change in interest rates on all cash and cash equivalents. However, the interest-rate analysis did not consider the effects of the reduced level of economic activity that could exist in such an environment. Based on this analysis, management has concluded that a 50 basis point adverse move in interest rates on the Company's cash and cash equivalents would have an immaterial impact on the Company's results of operations and cash flows.

For its debt instruments with variable interest rates, changes in interest rates affect the amount of interest expense incurred. The Company did not have any variable rate debt outstanding at September 30, 2009. The following table provides information about the Company’s long-term debt (dollars in thousands):

Liabilities:	2010	2011	2012	2013	2014	There after	Total	Fair Value
Scheduled maturities of long-term debt:								
Fixed Rate	$ 4,293	$4,588	$4,902	$5,239	$5,308	$51,823	$76,153	$72,750
Average interest rate	6.4%	6.3%	6.3%	6.3%	6.3%	6.3%		

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information required in response to this Item 8 is included under the caption "Quarterly Results" on page 6 and on pages 14 through 26 of the Company's 2009 Annual Report to Shareholders. Such information is incorporated herein by reference.

Item 9A. CONTROLS AND PROCEDURES.

CONCLUSION REGARDING THE EFFECTIVENESS 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 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 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control-Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of September 30, 2009.

Hancock Askew & Co., LLP, the independent registered certified public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has also audited the effectiveness of our internal control over financial reporting as of September 30, 2009, as stated in their report which appears in Item 8.

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 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 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 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.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding the Company’s executive officers is set forth under the caption "Executive Officers of the Registrant" in Part I of this Form 10-K. Information concerning directors (including the disclosure regarding audit committee financial experts), required in response to this Item 10, is included under the captions "Election of Directors", "Board Structure and Committee Membership – Audit Committee" and "Section 16(a) Beneficial Ownership Reporting Compliance" 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, 2009.

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 "Executive Compensation," "Compensation Committee Report," "Board Structure and Committee Membership – Compensation Committee," and "Shareholder Return Performance" 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, 2009.

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 "Common Stock Ownership of Certain Beneficial Owners" and "Common Stock Ownership by Directors and Executive Officers" 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, 2009.

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	237,930	$36.70	241,000
Equity compensation plans not approved by security holders	0	0	0
Total	237,930	$36.70	241,000

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required in response to this Item 13 is included under the caption “Related Party Transactions" 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, 2009.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Information required in response to this Item 14 is included under the captions “Independent Auditor” and “Ratification of Independent Registered Certified 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, 2009.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

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

The response to this item is submitted as a separate section. See Index to Financial Statements and Financial Statement Schedules on page 29 of this Form 10-K.

(3) Exhibits.

The response to this item is submitted as a separate section. See Exhibit Index on pages 26 through 28 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 2, 2009

By JOHN D. BAKER II
John D. Baker II
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 2, 2009.

JOHN D. BAKER II
John D. Baker II
Director, 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)

EDWARD L. BAKER
Edward L. Baker
Chairman of the Board

JOHN E. ANDERSON
John E. Anderson
Director

THOMPSON S. BAKER II
Thompson S. Baker II
Director

CHARLES E. COMMANDER III
Charles E. Commander III
Director

LUKE E. FICHTHORN III
Luke E. Fichthorn III
Director

ROBERT H. PAUL III
Robert H. Paul III
Director

H. W. SHAD III
H. W. Shad III
Director

MARTIN E. STEIN, JR.
Martin E. Stein, Jr.
Director

JAMES H. WINSTON
James H. Winston
Director

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
EXHIBIT INDEX
[Item 14(a)(3)]

(3)(a)(1)	Articles of Incorporation of Patriot Transportation Holding, Inc., incorporated by reference to the corresponding exhibit filed with Form S-4 dated December 13, 1988. File No. 33-26115.
(3)(a)(2)	Amendment to the Articles of Incorporation of Patriot Transportation Holding, Inc. filed with the Secretary of State of Florida on February 19, 1991 incorporated by reference to the corresponding exhibit filed with Form 10-K for the fiscal year ended September 30, 1993. File No. 33-26115.
(3)(a)(3)	Amendments to the Articles of Incorporation of Patriot Transportation Holding, Inc. filed with the Secretary of State of Florida on February 7, 1995, incorporated by reference to an appendix to the Company's Proxy Statement dated December 15, 1994. File No. 33-26115.
(3)(a)(4)	Amendment to the Articles of Incorporation of Patriot Transportation Holding, Inc., filed with the Florida Secretary of State on May 6, 1999 incorporated by reference to a form of such amendment filed as Exhibit 4 to the Company's Form 8-K dated May 5, 1999. File No. 33-26115.
(3)(a)(5)	Amendment to the Articles of Incorporation of Patriot Transportation Holding, Inc. filed with the Secretary of State of Florida on February 21, 2000, incorporated by reference to the corresponding exhibit filed with Form 10-Q for the quarter ended March 31, 2000. File No. 33-26115.
(3)(b)(1)	Amended and Restated Bylaws of Patriot Transportation Holding, Inc. adopted August 3, 2005, incorporated by reference to Exhibit 3.1 to the Company's Form 8-K dated August 3, 2005. File No. 33-26115.
(4)(a)	Articles III, VII and XII of the Articles of Incorporation of Patriot Transportation Holding, Inc, incorporated by reference to an exhibit filed with Form S-4 dated December 13, 1988. And amended Article III, incorporated by reference to an exhibit filed with Form 10-K for the fiscal year ended September 30, 1993. And Articles XIII and XIV, incorporated by reference to an appendix filed with the Company's Proxy Statement dated December 15, 1994. File No. 33-26115.
(4)(b)	Specimen stock certificate of Patriot Transportation Holding, Inc, incorporated by reference to an exhibit filed with Form S-4 dated December 13, 1988. File No. 33-26115.
(4)(c)	Rights Agreement, dated as May 5, 1999 between the Company and First Union National Bank, incorporated by reference to Exhibit 4 to the Company's Form 8-K dated May 5, 1999. File No. 33-26115.
(10)(a)	Various lease backs and mining royalty agreements with Florida Rock Industries, Inc., none of which are presently believed to be material individually, except for the Mining Lease Agreement dated September 1, 1986, between Florida Rock Industries Inc. and Florida Rock Properties, Inc., successor by merger to Grandin Land, Inc. (see Exhibit (10)(c)), but all of which may be material in the aggregate, incorporated by

reference to an exhibit filed with Form S-4 dated December 13, 1988. File No. 33-26115.

(10)(b) License Agreement, dated June 30, 1986, from Florida Rock Industries, Inc. to Florida Rock & Tank Lines, Inc. to use "Florida Rock" in corporate names, incorporated by reference to an exhibit filed with Form S-4 dated December 13, 1988. File No. 33-26115.

(10)(c) Mining Lease Agreement, dated September 1, 1986, between Florida Rock Industries, Inc. and Florida Rock Properties, Inc., successor by merger to Grandin Land, Inc., incorporated by reference to an exhibit previously filed with Form S-4 dated December 13, 1988. File No. 33-26115.

(10)(d) Summary of Medical Reimbursement Plan of Patriot Transportation Holding, Inc., incorporated by reference to an exhibit filed with Form 10-K for the fiscal year ended September 30, 1993. File No. 33-26115.

(10)(e) Summary of Management Incentive Compensation Plans, incorporated by reference to an exhibit filed with Form 10-K for the fiscal year ended September 30, 1994. File No. 33-26115.

(10)(f) Management Security Agreements between the Company and certain officers, incorporated by reference to a form of agreement previously filed (as Exhibit (10)(I)) with Form S-4 dated December 13, 1988. File No. 33-26115.

(10)(g)(1) Patriot Transportation Holding, Inc. 2000 Stock Option Plan, incorporated by reference to an appendix to the Company's Proxy Statement dated December 15, 1999. File No. 33-26115.

(10)(g)(2) Patriot Transportation Holding, Inc. 2006 Stock Incentive Plan, incorporated by reference to an appendix to the Company's Proxy Statement dated December 29, 2005. File No. 33-26115.

(10)(h) Amended and Restated Revolving Credit Agreement dated September 30, 2008 among Patriot Transportation Holding, Inc. as Borrower, the Lenders from time to time party hereto and Wachovia Bank, National Association as Administrative Agent, incorporated by reference to the Company's Form 8-K dated October 7, 2008. File No. 33-26115.

(10)(i) The Company and its consolidated subsidiaries have other long-term debt agreements, none of which exceed 10% of the total consolidated assets of the Company and its subsidiaries, and the Company agrees to furnish copies of such agreements and constituent documents to the Commission upon request.

(10)(j) Letter of Credit Facility between Patriot Transportation Holding, Inc. and SunTrust Bank, N.A. dated February 16, 2005, incorporated by reference to the Company's Form 8-K dated February 16, 2005. File No. 33-26115.

(10)(k) Joint Venture Agreement between Florida Rock Industries, Inc. and Florida Rock Properties, incorporated by reference to an exhibit filed with Form 10-K for the fiscal year ended September 30, 2006. File No. 33-26115.

(10)(l) Letter Agreement between the Company and David H. deVilliers, Jr., incorporated by reference to an exhibit filed with Form 10-Q for the quarter ended December 31, 2007. File No. 33-26115.

(10)(m) Letter Agreement between the Company and Robert E. Sandlin, incorporated by reference to an exhibit filed with Form 10-Q for the quarter ended December 31, 2007. File No. 33-26115.

(10)(n) Letter Agreement between the Company and John D. Klopfenstein, incorporated by reference to an exhibit filed with Form 10-Q for the quarter ended December 31, 2007. File No. 33-26115.

(10)(o) Agreement of Sale between FRP Bird River, LLC. and Mackenzie Investment Group, LLC. and related amendments, incorporated by reference to an exhibit filed with Form 10-K for the year ended September 30, 2009. File No. 33-26115.

(13) The Company's 2009 Annual Report to shareholders, portions of which are incorporated by reference in this Form 10-K. Those portions of the 2009 Annual Report to Shareholders which are not incorporated by reference shall not be deemed to be filed as part of this Form 10-K.

(14) Financial Code of Ethical Conduct between the Company, Chief Executive Officers and Financial Managers, adopted December 4, 2002, incorporated by reference to an exhibit filed with Form 10-K for the year ended September 30, 2003. File No. 33-26115.

(21) Subsidiaries of Registrant at September 30, 2009: Florida Rock & Tank Lines, Inc. (a Florida corporation); Florida Rock Properties, Inc. (a Florida corporation); FRP Development Corp. (a Maryland corporation); FRP Maryland, Inc. (a Maryland corporation); 34 Loveton Center LLC (a Maryland limited liability company); FRTL, Inc. (a Florida corporation); SunBelt Transport, Inc. (a Florida corporation); Oz LLC(a Maryland limited liability company); 1502 Quarry, LLC(a Maryland limited liability company); FRP Lakeside LLC #1 (a Maryland limited company); FRP Lakeside LLC #2 (a Maryland limited liability company); FRP Lakeside LLC #3 (a Maryland limited liability company); FRP Lakeside LLC #4 (a Maryland limited liability company); FRP Lakeside LLC #5 (a Maryland limited liability company); FRP Hillside LLC (a Maryland limited liability company); FRP Hillside LLC #2 (a Maryland limited liability company); FRP Hillside LLC #3 (a Maryland limited liability company); FRP Hillside LLC #4 (a Maryland limited liability company); FRP Windsor LLC (a Maryland limited liability company); FRP Dorsey LLC (a Maryland limited liability company); FRP Bird River LLC (a Maryland limited liability company); FRP Interchange LLC (a Maryland limited liability company); FRP Azalea LLC (a Maryland limited liability company); FRP Manassas LLC (a Maryland limited liability company); FRP Hampstead LLC (a Maryland limited liability company).

(23)(a) Consent of Hancock Askew & Co., Inc., Independent Registered Certified Public Accounting Firm, appears on page 30 of this Form 10-K.

(31)(a) Certification of John D. Baker II.
(31)(b) Certification of John D. Milton, Jr..
(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.

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

(a) Refers to the page number in the Company's 2009 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 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. 333-55132, 333-125099 and 333-131475) of Patriot Transportation Holding, Inc. of our report dated December 2, 2009 relating to the consolidated financial statements and the effectiveness of Patriot Transportation Holding, Inc's internal control over financial reporting which appears in the Annual Report to Shareholders incorporated by reference herein. We also consent to the incorporation by reference of our report dated December 2, 2009, relating to the financial statement schedules, which appear in this Form 10-K.

Hancock Askew & Co., LLP

Savannah, Georgia
December 2, 2009

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

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

Our audit of the consolidated financial statements referred to in our report dated December 2, 2009 appearing in the 2009 Annual Report to Shareholders of Patriot Transportation Holding, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audit. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Hancock Askew & Co., LLP

Savannah, Georgia
December 2, 2009

PATRIOT TRANSPORTATION HOLDING, INC.
SCHEDULE II (CONSOLIDATED) - VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED SEPTEMBER 30, 2009, 2008 AND 2007

	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, 2009:					
Allowance for doubtful accounts	$ 264,999	$ 165,702	$ -	$ 234,684(a)	$ 196,017
Accrued risk insurance	$8,215,064	$ 3,546,297	$ -	$ 3,464,304(b)	$8,297,057
Accrued health insurance	1,125,160	3,772,482	44,934(c)	3,879,250(b)	1,063,326
Totals - insurance	$9,340,224	$ 7,318,779	$ 44,934	$ 7,343,554	$9,360,383
Year Ended September 30, 2008:					
Allowance for doubtful accounts	$ 206,868	$ 146,375	$ -	$ 88,244(a)	$ 264,999
Accrued risk insurance	$7,611,683	$ 3,914,380	$ -	$ 3,310,999(b)	$8,215,064
Accrued health insurance	1,071,216	3,742,041	(8,727)(c)	3,679,370(b)	1,125,160
Totals - insurance	$8,682,899	$ 7,656,421	$ (8,727)	$ 6,990,369	$9,340,224
Year Ended September 30, 2007:					
Allowance for doubtful accounts	$ 359,227	$ (22,155)	$ -	$ 130,204(a)	$ 206,868
Accrued risk insurance	$8,208,570	$ 2,319,782	$ -	$ 2,916,669(b)	$7,611,683
Accrued health insurance	1,192,939	3,662,082	(142,628)(c)	3,641,177(b)	1,071,216
Totals - insurance	$9,401,509	$ 5,981,864	$(142,628)	$ 6,557,846	$8,682,899

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

PATRIOT TRANSPORTATION HOLDING, INC.
SCHEDULE III (CONSOLIDATED)-REAL ESTATE & ACCUMULATED DEPRECIATION AND DEPLETION (dollars in thousands)
SEPTEMBER 30, 2009

County	Encumb-rances	Initial cost to Company	Cost capi-talized subsequent to acqui-sition	Gross amount at which carried at end of period (a)	Accumulated Depreciation	Year Of Constr-tion	Date Acquired	Deprecia-tion Life Computed on:
Construction Aggregates								
Alachua, FL		$ 1,442	$ 0	$ 1,442	$ 118	n/a	4/86	unit
Clayton, GA		369	0	369	5	n/a	4/86	unit
Fayette, GA		685	0	685	60	n/a	4/86	unit
Lake, FL		403	0	403	146	n/a	4/86	unit
Lee, FL		4,690	6	4,696	6	n/a	4/86	unit
Monroe, GA		792	0	792	271	n/a	4/86	unit
Muscogee, GA		369	(45)	324	207	n/a	4/86	unit
Prince Wil. VA		299	0	299	299	n/a	4/86	unit
Putnam, FL		15,002	32	15,034	4,032	n/a	4/86	unit
	0	24,051	(7)	24,044	5,144			
Other Rental Property								
Wash D.C.		2,956	11,822	14,778	2,716	n/a	4/86	15 yr.
Wash D.C.		3,811	0	3,811	0	n/a	10/97	
Putnam, FL		302	19	321	303	n/a	4/86	5 yr.
Spalding, GA	-	20	0	20	0	n/a	4/86	
Lake, FL		1,083	0	1,083	968	n/a	4/86	unit
Marion, FL		1,180	4	1,184	599	n/a	4/86	unit
	0	9,352	11,845	21,197	4,586			
Commercial Property								
Baltimore, MD	2,351	439	3,841	4,280	2,135	2009	10/89	39 yr.
Baltimore, MD	5,853	950	6,422	7,372	3,423	2009	12/91	39 yr.
Baltimore, MD	2,005	690	2,837	3,527	946	2000	7/99	39 yr.
Baltimore, MD	0	5,634	11,955	17,589	137	2009	12/02	39 yr.
Duval, FL	0	2,416	529	2,945	2,646	n/a	4/86	25 yr.
Harford, MD	1,936	31	3,826	3,857	1,439	1998	8/95	39 yr.
Harford, MD	3,455	50	5,552	5,602	1,623	1999	8/95	39 yr.
Harford, MD	4,971	85	6,665	6,750	2,290	2001	8/95	39 yr.
Harford, MD	0	92	1,479	1,571	0	n/a	8/95	39 yr.
Harford, MD	3,668	88	10,133	10,221	2,144	2007	8/95	39 yr.
Harford, MD	2,829	155	11,500	11,655	1,671	2009	8/95	39 yr.
Howard, MD	2,872	2,859	4,364	7,223	3,044	2009	9/88	39 yr.
Howard, MD	1,812	2,473	922	3,395	936	2006	3/00	39 yr.
Anne Arun, MD	1,822	715	7,740	8,455	4,363	2009	9/88	39 yr.
Anne Arun, MD	10,277	950	13,055	14,005	2,555	2005	5/98	39 yr.
Anne Arun, MD	9,767	1,525	10,762	12,287	1,419	2005	8/04	39 yr.
Anne Arun, MD	4,692	737	5,163	5,900	564	2006	1/03	39 yr.
Anne Arun, MD	0	0	147	147	0	2009	n/a	15 yr.
Anne Arun, MD	0	667	6,798	7,465	264	2008	7/07	39 yr.
Norfolk, VA	6,522	7,512	0	7,512	1,112	n/a	10/04	39 yr.
Prince Wil. VA	0	7,324	6,069	13,393	0	n/a	12/05	39 yr.
Newcastle Co. DE	11,321	11,559	1,222	12,781	1,892	2009	4/04	39 yr.
Carroll, MD	0	4,720	923	5,643	0	n/a	3/08	n/a
	76,153	51,671	121,904	173,575	34,603			
Investment Property		2,451	318	2,769	646	n/a	4/86	n/a
GRAND TOTALS	$76,153	$87,525	$134,060	$221,585	$44,979			

(a) The aggregate cost for Federal income tax purposes is $205,346.

PATRIOT TRANSPORTATION HOLDING, INC.
SCHEDULE III (CONSOLIDATED) - REAL ESTATE AND
ACCUMULATED DEPRECIATION AND DEPLETION
YEARS ENDED SEPTEMBER 30, 2009, 2008 AND 2007
(In thousands)

	2009	2008	2007
Gross Carrying Cost of Real Estate:			
Balance at beginning of period	$210,919	190,030	184,735
Additions during period:			
Amounts capitalized	10,800	24,221	5,295
Deductions during period:			
Cost of real estate sold	(45)	(3,326)	-
Other (abandonments)	(89)	(6)	-
Balance at close of period	$221,585	210,919	190,030
Accumulated Depreciation & Depletion:			
Balance at beginning of period	$ 40,578	36,539	33,671
Additions during period:			
Charged to cost & expense	4,446	4,045	2,868
Deductions during period:			
Real estate sold	(45)	(6)	-
Balance at close of period	$44,979	40,578	36,539

Annual Report 2009
CONSOLIDATED FINANCIAL HIGHLIGHTS
Years ended September 30
(Amounts in thousands except per share amounts)

	2009	2008	% Change
Revenues	$114,553	129,900	(11.8)
Gross profit	$ 29,324	30,049	(2.4)
Operating profit	$ 16,128	15,029	7.3
Income from continuing operations	$ 7,908	8,919	(11.3)
Discontinued operations, net	$ (4,155)	(951)	336.9
Net income	$ 3,753	7,968	(52.9)
Per common share:			
Income from continuing operations:			
Basic	$ 2.60	2.94	(11.6)
Diluted	$ 2.53	2.85	(11.2)
Discontinued operations:			
Basic	$ (1.37)	(.31)	(341.9)
Diluted	$ (1.33)	(.30)	(343.3)
Net income:			
Basic	$ 1.23	2.63	(53.2)
Diluted	$ 1.20	2.55	(52.9)
Total Assets	$256,854	262,040	(2.0)
Total Debt	$ 76,153	80,172	(5.0)
Shareholders' Equity	$142,408	137,355	3.7
Common Shares Outstanding	3,053	3,039	0.5
Book Value Per Common Share	$ 46.64	45.20	3.2

BUSINESS. The Company is engaged in the transportation and real estate businesses. The Company's transportation business is conducted through a wholly owned subsidiary, Florida Rock & Tank Lines, Inc. (Tank Lines), which is a Southeastern U.S. based tank truck company concentrating in the hauling of primarily petroleum products and other liquid and dry bulk commodities. The Company's real estate group, comprised of FRP Development Corp. and Florida Rock Properties, Inc., acquires, constructs, leases, operates and manages land and buildings to generate both current cash flows and long-term capital appreciation. The real estate group also owns real estate which is leased under mining royalty agreements or held for investment.

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

TRANSPORTATION

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.

REAL ESTATE

The growth plan is based on the acquisition, development and management of commercial warehouse/office rental properties located in appropriate sub-markets in order to provide long-term positive cash flows and capital appreciation.

To Our Shareholders

Our Fiscal Year 2009 began with the unfolding of an economic and financial crisis that progressed from bad to worse through our first two quarters. The third quarter brought some improvement in demand in our transportation segment but our flatbed carrier, Sunbelt Transport, Inc. continued to struggle to break even. Despite determined efforts by our Sunbelt management to hold up rates and generate traffic from its construction material supplier customers, losses continued to plague us. We sold tractors and trailers and "right-sized" our flatbed operations down to meet the lowering demand for transportation of construction materials. Notwithstanding the excellent performance of our management team at Sunbelt through the first three quarters, the handwriting remaining indelibly on the wall that these operations were not going to see a rebound in demand for some time. In June we made the difficult, but necessary decision, to put the Sunbelt business up for sale, consummating a sale in August in return for a million dollars of cash and sixty monthly payments of $130,000 each plus $10,000 monthly for facility leases.

We cannot, however, close the chapter of our Sunbelt operations without expressing our sincere gratitude for the valiant and loyal efforts of all its employees on behalf of our shareholders. Thankfully the purchaser of these operations has retained the majority of these excellent people and for that we are also appreciative.

Fiscal 2009 saw our first forays into the public presentations arena with presentations at the BB&T Transportation Conference in Coral Gables, Florida, in February and the Wall Street Analyst forum in September in New York City. While these presentations revealed no significant changes in your company, your officers were well received by the audiences and we hope our efforts at greater transparency will contribute to realizing the full value of the assets for which our management is responsible. As we report our fiscal year earnings, we will also hold our inaugural conference call for shareholders, analysts and interested parties to hear directly from and inquire of your management team.

Transportation Segment. With the sale of our Sunbelt flatbed operations, our transportation segment now consists only of our tank truck operations in Florida Rock and Tank Lines, Inc. While these operations did not produce the revenues or miles they contributed in 2008, they turned in a higher gross profit by 7.6% through their stellar safety performance that drove their insurance and loss expense lower year-over-year by $1,842,000! For 2009, FRTL reached and even exceeded its management's targeted Preventable Accident Frequency Rate even though its 2008 performance in this area had been a company record! While it is not realistic to expect safety and loss improvements of that magnitude going forward, we do believe that this Tank Lines management has developed a strong safety culture that will enable this company to achieve an industry leading performance in this area in the future.

FRTL also took another significant forward step in 2009 as it undertook a disciplined management initiative aimed at performance improvement in all major areas of its operations. Coming out of several management interviews and management focus groups, this initiative, termed ACE by its participants for its stated goal to "Achieve Continuous Improvement", consists of a set of three major initiatives in the areas of Growth, Operations and People. Under each of these major initiatives, management has delineated several areas of focus for improvement and is undergoing the process of translating these efforts to individual commitments to action for all members of the management team for fiscal 2010. We commend this performance improvement effort by Tank Lines management and look forward to tracking their achievements in future years.

Real Estate Segment. Our real estate segment experienced the reality of the economic downturn during fiscal 2009 as the two new buildings we brought on line in September 2008, and the one new building completed in the spring of 2009 all remained empty through year end with no clear prospect for occupancy in the coming year. Likewise our heritage warehouses and offices lost some tenants to the economic downturn during the year and experienced some rent reductions for the few renewing tenants as competition for the declining number of prospective tenants grew stronger. At year end our developed properties were at a 75% occupancy rate with 12% of our rented square footage scheduled for renewal or termination within fiscal 2010. We will do well to end fiscal 2010 with the same occupancy rate of 75% as the number of prospective tenants is healthy but the number actually closing on new space is far fewer.

For our mining and rental properties, revenues in fiscal 2009 also declined, in this area by 17.6% on 28.6% fewer tons mined. Actual revenue per ton continued to rise during the year giving us promise for real improvements in this area of our business once the demand for construction aggregates returns to more historical levels.

Our undeveloped property on the Anacostia River adjacent to the Washington Nationals baseball park in Washington, D.C. was likewise affected by the real estate downturn during the year as demand for new office and apartment space declined even in Washington, D.C. Our real estate management team wisely went back to the District of Columbia authorities with a request for a two-year extension on our permits for development of this property, which extension was just recently granted giving us until June, 2013 within which to commence construction on the first phase of this project.

Due to the decline in commercial real estate activity during the year, we scaled back our real estate staff and absorbed significant severance costs. We have ceased building any new buildings and will continue on the building sidelines until our existing inventory returns to more typical historical occupancy rates of 90% and above. For the coming year or years we will operate with a bare-bones staff as we seek to lease up our existing inventory and complete the development permitting efforts that have proven so vital to our development of increased shareholder value in the past.

Finally, as we look at our balance sheet, we remain very strong. At year end we had $15.8 million of cash and practically all of our thirty-seven million dollar revolver available. Our only debt consists of fully amortizing, non-recourse mortgages on 23 of our developed properties, totaling $76.2 million of debt with approximately $9 million of principal and interest payments due for fiscal 2010.

In conclusion, we remain financially conservative in our philosophy with a focus on building shareholder value over time with a constant preference in favor of cash flow and moderate leverage. As in prior years we will seek to improve our customer service to levels that qualify as first in class while remembering that our guiding purpose is to produce ever improving returns on our capital employed for the benefit of our shareholders. We thank you, our customers and our shareholders, for your continuing loyalty and confidence and, as always, we pay tribute and thanks to our talented and dedicated people without whom we could accomplish none of our goals.

Respectively yours,

Edward L. Baker
Chairman

John D. Baker II
President & Chief Executive Officer

OPERATING PROPERTIES

Transportation. During fiscal 2009, the Company's transportation group operated through a wholly owned subsidiary, Florida Rock & Tank Lines, Inc. (Tank Lines). Tank Lines is engaged in hauling petroleum and other liquid and dry bulk commodities in tank trucks.

Tank Lines operates from terminals in Jacksonville, Orlando, Panama City, Pensacola, Port Everglades, Tampa and White Springs, Florida; Albany, Atlanta, Augusta, Bainbridge, Columbus, Dalton, Macon and Savannah, Georgia; Knoxville, Tennessee; Montgomery, Alabama; and Wilmington, North Carolina.

At September 30, 2009, the transportation group owned and operated a fleet of 394 trucks and 516 trailers plus 2 additional trucks that were being prepared for sale. In August 2009 the Company sold its flatbed trucking company, SunBelt Transport,Inc. (SunBelt). Under the agreement, the Buyer purchased all of SunBelt's tractors and trailers and leased certain facilities.

During fiscal 2009, the transportation group purchased 24 new tractors and 4 trailers. In fiscal 2007 and 2008, the Company purchased 137 new tractors accelerating its normal tractor replacement cycle in response to stricter engine emission standards on new trucks. The fiscal 2010 capital budget includes 68 new tractors and 20 new trailers including binding commitments to purchase 65 tractors at September 30, 2009. Maintaining a modern fleet has resulted in reduced maintenance expenses, improved operating efficiencies and enhanced driver recruitment and retention.

Real Estate. The real estate group operates the Company's real estate and property development activities.

The Company owns real estate in Florida, Georgia, Virginia, Maryland, Delaware and Washington, D.C. The real estate owned generally falls into one of three categories: (i) land and/or buildings leased under rental agreements or being developed for rental; (ii) land with construction aggregates deposits, a substantial portion of which is leased to Vulcan Materials Company under long-term mining royalty agreements, whereby the Company is paid a percentage of the revenues generated or annual minimums; and (iii) land held for future appreciation or development.

At September 30, 2009, the Company owned 11 parcels of land containing 261 usable acres in the Mid-Atlantic region of the United States as follows:

1) Hillside Business Park in Anne Arundel County, Maryland consists of 49 usable acres. A total of 504,740 square feet existed on the property at the beginning of 2008 and it is 97% occupied. Construction of the final building with 66,398 square feet of office space was completed September 30, 2008. The addition of this as yet unoccupied building resulted in a decline in average occupancy from 97% to 86%.

2) Lakeside Business Park in Harford County, Maryland consists of 84 usable acres. Eight warehouse/office buildings, totaling 745,297 square feet, were in place at the beginning of 2009 and are 100% occupied. Construction of the ninth building with 148,425 warehouse/office space was completed in April 2009. The addition of this as yet unoccupied

building resulted in a decline in average occupancy from 100% to 83%. The remaining 14 acres are available for future development and have the potential to offer an additional 210,230 square feet of comparable product.

3) 6920 Tudsbury Road in Baltimore County, Maryland contains 5.3 acres with 86,100 square feet of warehouse/office space that is 100% leased.

4) 8620 Dorsey Run Road in Howard County, Maryland contains 5.8 acres with 85,100 square feet of warehouse/office space that is 100% leased.

5) Rossville Business Center in Baltimore County, Maryland contains approximately 10 acres with 190,517 square feet of warehouse/office space and is 100% leased.

6) 34 Loveton Circle in suburban Baltimore County, Maryland contains 8.5 acres with 30,006 square feet of office space, which is 76% leased including 23% of the space occupied by the Company.

7) Oregon Business Center in Anne Arundel County, Maryland contains approximately 17 acres with 195,615 square feet of warehouse/office space, which is 71% leased.

8) Arundel Business Center in Howard County, Maryland contains approximately 11 acres with 162,796 square feet of warehouse/office space, which is 70% leased.

9) 100-400 Interchange Boulevard in New Castle County, Delaware contains approximately 17 acres with 303,006 square feet of warehouse/office space, which is 8% leased. Chrysler and General Motors plant closings have reduced demand in this market. The remaining 8.8 acres are available for future development and have the potential to offer an additional 93,600 square feet of comparable product.

10) 1187 Azalea Garden Road in Norfolk, Virginia contains approximately 12 acres with 188,093 square feet of warehouse/office space, which is 100% leased.

11) Windlass Run Business Park in Baltimore County, Maryland contains 69,474 square feet of warehouse/office space completed September 30, 2008. The building is as yet unoccupied. This building is contained within a larger parcel containing approximately 42 acres when complete is estimated to include 519,824 square feet of total build-out.

Future Planned Developments. At September 30, 2009 the Company owned the following future development parcels:

1) Windlass Run Residential (previously Bird River), located in southeastern Baltimore County, Maryland, is a 121 acre tract of land adjacent to and west of our Windlass Run Business Park. The property was rezoned in September 2007 to allow for additional density and plans are being pursued to obtain an appropriate product mix. In July 2008, the Company entered into an agreement to sell the property. The purchase price for the property is $25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including government approvals and the closing may be two or more years away. The purchaser has placed non-refundable deposits of

$1,000,000 under this contract in escrow. Preliminary approval for the development as originally contemplated under the agreement’s pricing contingencies has now been received and the time for any appeals from that approval expired during the last days of July 2009.

2) Patriot Business Park, located in Prince William County, Virginia, is a 73 acre tract of land which is immediately adjacent to the Prince William Parkway providing access to I-66. The Company plans to develop and lease approximately 733,650 square feet of warehouse/office buildings on the property. Land development efforts commenced in the summer of 2008 but were placed on hold in April 2009.

3) Brooksville Quarry LLC. On October 4, 2006, a subsidiary of the Company (FRP) entered into a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.) to form Brooksville Quarry, LLC, a real estate joint venture to develop approximately 4,300 acres of land near Brooksville, Florida. The property does not yet have the necessary entitlements for real estate development. Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and the outcome is inherently uncertain. The Company currently expects that the outcome will be resolved within the next year.

4) Anacostia River. The Company owns a 5.8 acre parcel of undeveloped real estate in Washington D.C. that fronts the Anacostia River and is adjacent to the recently opened Washington Nationals Baseball Park. The Company also owns a nearby 2.1 acre tract on the same bank of the Anacostia River. Currently, the 5.8 acre tract is leased to a subsidiary of Vulcan Materials Company under a short-term lease. In May 2008, the Company received final approval from the Zoning Commission of the District of Columbia of its planned unit development application for the Company's 5.8 acre undeveloped waterfront site on the Anacostia River in Washington, D.C. The approved planned unit development permits the Company to develop a four building, mixed use project, containing approximately 545,800 square feet of office and retail space and approximately 569,600 square feet of additional space for residential and hotel uses. The approved development would include numerous publicly accessible open spaces and a waterfront esplanade along the Anacostia River. In November 2009, the Company received a two-year extension for commencement of this project, moving the construction commencement date to June 2013. The Company sought this extension because of negative current market indications.

5) Commonwealth Avenue in Jacksonville, Florida is a 50 acre, rail accessible site near the western beltway of Interstate-295 capable of supporting approximately 500,000 square feet of warehouse/office build-out.

6) Leister property in Hampstead, Carroll County, Maryland is a 117 acre parcel located adjacent to State Route 30 bypass. The parcel was acquired for future commercial development and is projected to contain 900,000 square feet of space when complete. This parcel is currently in a predevelopment planning stage.

Real Estate Group Property Summary Schedule at September 30, 2009 (dollars in thousands)

County	Encumb-rances	Gross Book Cost	Net Book Value	Date Acquired	Revenue Fiscal 2009
Construction Aggregates					
Alachua, FL		$ 1,442	$ 1,324	4/86	$ 857
Clayton, GA		369	364	4/86	78
Fayette, GA		685	625	4/86	296
Lake, FL		403	257	4/86	59
Lee, FL		4,696	4,690	4/86	351
Monroe, GA		792	521	4/86	1,196
Muscogee, GA		324	117	4/86	148
Prince William. VA		299	0	4/86	139
Putnam, FL		15,034	11,002	4/86	1,501
	0	24,044	18,900		4,625
Other Rental Property					
Wash D.C.		14,778	12,062	4/86	746
Wash D.C.		3,811	3,811	10/97	48
Putnam, FL		321	18	4/86	0
Spalding, GA		20	20	4/86	4
Lake, FL		1,083	115	4/86	100
Marion, FL		1,184	585	4/86	100
	0	21,197	16,611		998
Commercial Property					
Baltimore, MD	2,351	4,280	2,145	10/89	294
Baltimore, MD	5,853	7,372	3,949	12/91	1,323
Baltimore, MD	2,005	3,527	2,581	7/99	570
Baltimore, MD (1)	0	17,589	17,452	12/02	0
Duval, FL	0	2,945	299	4/86	577
Harford, MD	1,936	3,857	2,418	8/95	755
Harford, MD	3,455	5,602	3,979	8/95	1,165
Harford, MD	4,971	6,750	4,460	8/95	1,348
Harford, MD	0	1,571	1,571	8/95	62
Harford, MD	3,668	10,221	8,077	8/95	1,557
Harford, MD	2,829	11,655	9,984	8/95	639
Howard, MD	2,872	7,223	4,179	9/88	945
Howard, MD	1,812	3,395	2,459	3/00	590
Anne Arun, MD	1,822	8,455	4,092	9/88	1,044
Anne Arun, MD	10,277	14,005	11,450	5/98	2,087
Anne Arun, MD	9,767	12,287	10,868	8/04	1,763
Anne Arun, MD	4,692	5,900	5,336	1/03	601
Anne Arun, MD	0	147	147	n/a	29
Anne Arun, MD	0	7,465	7,201	7/07	0
Norfolk, VA	6,522	7,512	6,400	10/04	790
Prince Wil. VA	0	13,393	13,393	12/05	0
Newcastle Co. DE	11,321	12,781	10,889	4/04	1,133
Carroll, MD	0	5,643	5,643	3/08	0
	76,153	173,575	138,972		17,272
Investment Property		2,769	2,123	4/86	73
Brooksville Joint Venture		6,858	6,858		165
Grand Totals	$76,153	$228,443	$183,464		$23,133

(1) 121 acres of the 179+/- acre Bird River property is under contract for sale at $25,265, subject to certain adjustments.

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

	2009	2008	2007	2006	2005
Summary of Operations:					
Revenues	$114,553	129,900	111,706	104,466	96,105
Gross profit	$ 29,324	30,049	29,076	24,960	20,910
Operating profit	$ 16,128	15,029	17,504	13,577	11,982
Interest expense	$ 3,482	4,551	3,878	3,955	3,229
Income from continuing operations	$ 7,908	8,919	8,983	5,919	5,662
Per Common Share:					
Basic	$ 2.60	2.94	2.97	1.99	1.92
Diluted	$ 2.53	2.85	2.87	1.92	1.86
Discontinued Operations, net	$ (4,155)	(951)	522	2,159	1,947
Net income	$ 3,753	7,968	9,505	8,078	7,609
Per Common Share:					
Basic	$ 1.23	2.63	3.15	2.71	2.58
Diluted	$ 1.20	2.55	3.04	2.62	2.50
Financial Summary:					
Current assets	$ 29,883	41,852	60,665	37,005	31,472
Current liabilities	$ 22,367	28,611	25,571	22,889	19,638
Property and equipment, net	$199,013	197,823	176,395	172,532	153,084
Total assets	$256,854	262,040	253,530	219,215	193,715
Long-term debt	$ 71,860	76,153	80,172	60,548	48,468
Shareholders' equity	$142,408	137,355	130,461	118,052	107,901
Net Book Value Per common Share	$ 46.64	45.20	42.76	39.20	36.39
Other Data:					
Weighted average common shares - basic	3,041	3,033	3,022	2,980	2,950
Weighted average common shares - diluted	3,117	3,126	3,131	3,087	3,039
Number of employees	761	1,039	1,019	981	925
Shareholders of record	543	549	573	634	679

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

	First		Second		Third		Fourth	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	$30,844	29,847	27,777	31,132	28,090	34,138	27,842	34,783
Gross profit	$ 7,324	7,058	6,926	6,713	7,181	8,178	7,893	8,100
Income from continuing operations	$ 1,943	2,010	1,696	1,114	2,213	2,579	2,056	3,216
Discontinued operations, net	$ (196)	(605)	(287)	(488)	(2,615)	195	(1,057)	(53)
Net income	$ 1,747	1,405	1,409	626	(402)	2,774	999	3,163
Earnings per common share:								
Income from continuing operations-								
Basic	$ .64	.66	.56	.37	.73	.85	.67	1.06
Diluted	$ .63	.64	.54	.36	.71	.83	.66	1.03
Discontinued operations-								
Basic	$ (.06)	(.20)	(.10)	(.16)	(.86)	.07	(.34)	(.02)
Diluted	$ (.07)	(.19)	(.09)	(.16)	(.84)	.06	(.34)	(.01)
Net income-								
Basic	$ .58	.46	.46	.21	(.13)	.92	.33	1.04
Diluted	$ .56	.45	.45	.20	(.13)	.89	.32	1.02
Market price per common share(a):								
High	$ 80.90	98.57	75.00	93.00	86.51	92.00	83.99	83.16
Low	$ 61.89	89.03	44.19	75.05	62.12	78.41	69.08	75.30

(a) All prices represent high and low daily closing prices as reported by The Nasdaq Stock Market.

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

Executive Overview

Patriot Transportation Holding, Inc. (the Company) is a holding company engaged in the transportation and real estate businesses.

The Company's transportation business, Florida Rock & Tank Lines, Inc. is engaged in hauling primarily petroleum and other liquid and dry bulk commodities in tank trailers.

The Company's real estate business is operated through two subsidiaries: Florida Rock Properties, Inc. and FRP Development Corp. The Company owns real estate in Florida, Georgia, Virginia, Maryland, Delaware and Washington, D.C. The real estate owned generally falls into one of three categories: (i) land and/or buildings leased under rental agreements or being developed for rental; (ii) land with construction aggregates deposits, a substantial portion of which is leased to Vulcan Materials Company (Vulcan) under mining royalty agreements; and (iii) land held for future appreciation or development.

The Company may be considered a related party to Vulcan Materials Company (Vulcan). One director of the Company is employed by Vulcan and is related to two other Company directors. Those three directors own approximately 3% of the stock of Vulcan and 45% of the stock of the Company. The Company derived 5.5% of its consolidated revenue from Vulcan in fiscal 2009.

Net income was $3,753,000 or $1.20 per diluted share in fiscal 2009, a decrease of 52.9% compared to $7,968,000 or $2.55 per diluted share in fiscal 2008. Net income for 2009 and 2008 included a loss on discontinued operations of $4,155,000 and $951,000 respectively, net of tax benefit, related to the operations and sale of the Company's flatbed trucking company, Sunbelt Transport, Inc. Net income for 2008 benefited from a gain on condemnation of land of $1,916,000, net of income taxes but was adversely impacted by the retirement benefits expense of $1,541,000, net of income tax benefits, for the Company's previous President and CEO, whose retirement was effective February 6, 2008.

Transportation. The Company generates transportation revenue by providing over the road hauling services for customers primarily in the petroleum products industry (Tank Lines). The majority of our petroleum products customers are major oil companies and convenience store chains, who sell gasoline or diesel fuel directly to the retail market.

Our customers generally pay for services based on miles driven. We also bill for other services that may include stop-offs and pump-offs. Additionally, we generally bill customers a fuel surcharge that relates to the fluctuations in diesel fuel costs.

Miles hauled and rates per mile are the primary factors impacting transportation revenue. Changes in miles or rates will affect revenue. Operating results are impacted by our ability to recover fuel surcharges from customers. In light of the volatility of fuel prices, it may be difficult for us to recover fuel surcharges from customers at levels that will allow us to maintain current levels of profitability. Tank Lines primarily engages in short-haul out-and-back deliveries and generally is paid for round trip miles (approximately 100 miles).

Operating safely, efficient equipment utilization, appropriate freight rates, and driver retention are the most critical factors in maintaining profitable operations. Statistics related to these factors are monitored weekly and monthly. Operating expenses are generally split evenly between variable (driver pay, fuel, and maintenance) and fixed costs (overhead, insurance and depreciation). As a result, increases in revenue will generally improve our operating profit ratio.

Real Estate. The Company owns real estate in Florida, Georgia, Virginia, Maryland, Delaware, and Washington, D.C. The real estate owned generally falls into one of three categories: (i) land and/or buildings leased under rental agreements or being developed for rental; (ii) land with construction aggregates deposits; and (iii) land held for future appreciation or development.

Revenue from land and/or buildings is generated primarily from leasing our portfolio of flex office/warehouse buildings. Our flex office/warehouse product is a functional warehouse with the ability to configure portions as office space as required by our tenants. We lease space to tenants who generally sign multiple year agreements. Growth is achieved by increasing occupancy and lease rates in existing buildings and by developing or acquiring new warehouses. We attempt to develop or purchase properties in areas that have high growth potential and are accessible to major interstates or other distribution lanes.

Gross profit from the leasing of developed buildings is expected to weaken from existing levels as our three new buildings brought into service recently continue to contribute no revenue (but now add their fair share of depreciation and maintenance expense) and expiring leases, if renewed, will entail rent concessions from the existing levels. Prospective tenants for vacant space are significantly fewer than in the past few years, competition for their contracts are more intense and rental rates continue to decline from existing levels. The Company is not presently engaged in the construction of any new buildings.

The following table shows the total developed square footage and occupancy rates of our flex office/warehouse and office parks at September 30, 2009:

Development	Location	Total Sq. feet	% Occupied
Hillside	Anne Arundel Co., MD	504,740	97.0%
Lakeside	Harford Co., MD	745,297	100.0%
Tudsbury	Baltimore Co., MD	86,100	100.0%
Dorsey Run	Howard Co., MD	85,100	100.0%
Rossville	Baltimore Co., MD	190,517	100.0%
Loveton	Baltimore Co., MD	30,006	76.3%
Oregon	Anne Arundel Co., MD	195,615	70.8%
Arundel	Howard Co., MD	162,796	70.1%
Interchange	New Castle Co., DE	303,006	8.1%
Azelea Garden	Norfolk, VA	188,093	100.0%
		2,491,270	83.7%
Buildings completed recently:			
Hillside	September 30, 2008	66,398	0.0%
Windlass Run	September 30, 2008	69,474	0.0%
Lakeside	April 2009	148,425	0.0%
		2,775,567	75.1%

In addition to the completed buildings land is available at these parks to construct additional buildings at Lakeside Business Park (210,230 square feet), Windlass Run (450,300 square feet), and Interchange (93,600 square feet).

As of September 30, 2009, leases at our properties representing approximately 12%, 10% and 10% of the total square footage of buildings completed prior to September 2009 were scheduled to expire in fiscal year 2010, 2011 and 2012, respectively. There is currently vacant space in the portfolio. Leasing or renewing these spaces will be critical to future financial results.

We also own a portfolio of mineable land, a substantial portion of which is leased to Vulcan under long-term mining royalty agreements, whereby we are paid a percentage of the revenues generated from mined product sold or annual minimum rents. The mines primarily consist of construction aggregates, such as stone and sand, and calcium deposits.

Properties held for future development include:

Windlass Run Residential (previously Bird River), located in southeastern Baltimore County, Maryland, is a 121 acre tract of land adjacent to and west of our Windlass Run Business Park. The property was rezoned in September 2007 to allow for additional density and plans are being pursued to obtain an appropriate product mix. In July 2008, the Company entered into an agreement to sell the property. The purchase price for the property is $25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including government approvals and the closing may be two or more years away. The purchaser has placed non-refundable deposits of $1,000,000 under this contract in escrow. Preliminary approval for the development as originally contemplated under the agreement’s pricing contingencies has now been received and the time for any appeals from that approval expired during the last days of July 2009.

Patriot Business Park, located in Prince William County, Virginia, is a 73-acre tract of land, which is immediately adjacent to the Prince William Parkway providing access to I-66. The Company plans to develop and lease approximately 733,650 square feet of warehouse/office buildings on the property. Land development efforts commenced in the spring of 2008 but were placed on hold in April 2009.

Brooksville Quarry LLC. On October 4, 2006, a subsidiary of the Company (FRP) entered into a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.) to form Brooksville Quarry, LLC, a real estate joint venture to develop approximately 4,300 acres of land near Brooksville, Florida. Under the terms of the joint venture, FRP contributed its fee interest in approximately 3,443 acres formerly leased to Vulcan under a long-term mining lease which had a net book value of $2,548,000. Vulcan is entitled to mine the property until 2018 and pay royalties for the benefit of FRP for as long as mining does not interfere with the development of the property. Real estate revenues included $158,000 of such royalties in fiscal 2009 and $148,000 in fiscal 2008. Allocated depletion expense of $6,000 was included in real estate cost of operations for fiscal 2009. FRP also contributed $3,018,000 for one-half of the acquisition costs of a 288-acre contiguous parcel. Vulcan also contributed 553 acres that it owned as well as its leasehold interest in the 3,443 acres that it leased from FRP. The joint venture is jointly controlled by Vulcan and FRP, and they each have a mandatory obligation to fund additional capital contributions of up to $2 million. Capital contributions of $1,500,000 have been made by each party as of September 30, 2009. Distributions will be made on a 50-50 basis except for royalties and depletion specifically allocated to FRP. Other income for fiscal 2009 includes a loss of $6,000 representing the Company’s equity in the loss of the joint venture. The property does not yet have the necessary entitlements for real estate development. Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and the outcome is inherently uncertain. The Company currently expects that the outcome will be resolved within the next year.

The Company owns a 5.8 acre parcel of undeveloped real estate in Washington D.C. that fronts the Anacostia River and is adjacent to the recently opened Washington Nationals Baseball Park. The Company also owns a nearby 2.1 acre tract on the same bank of the Anacostia River. Currently, the 5.8 acre tract is leased to Vulcan Materials Company on a month-to-month basis. In May 2008, the Company received final approval from the Zoning Commission of the District of Columbia of its planned unit development application for the Company's 5.8 acre undeveloped waterfront site on the Anacostia River in Washington, D.C. The approved planned unit development permits the Company to develop a four building, mixed use project, containing approximately 545,800 square feet of office and retail space and approximately 569,600 square feet of additional space for residential and hotel uses. The approved development would include numerous publicly accessible open spaces and a waterfront esplanade along the Anacostia River. In November 2009, the Company received a two-year extension for commencement of this project, moving the construction commencement date to June 2013. The Company sought this extension because of negative current market indications.

Commonwealth Avenue is a 50-acre, rail accessible site in Jacksonville, Florida near the western beltway of Interstate-295 capable of supporting approximately 500,000 square feet of warehouse/office build-out.

Leister property in Hampstead, Carroll County, Maryland is a 117 acre parcel located adjacent to State Route 30 bypass. The parcel was acquired for future commercial development and is projected to contain 900,000 square feet of space when complete. This parcel is currently in a predevelopment planning stage.

COMPARATIVE RESULTS OF OPERATIONS

Transportation

	Fiscal Years ended September 30					
(dollars in thousands)	2009	%	2008	%	2007	%
Transportation revenue	$ 81,570	89%	83,925	80%	77,836	87%
Fuel surcharges	9,850	11%	21,162	20%	11,530	13%
Revenues	91,420	100%	105,087	100%	89,366	100%
Compensation and benefits	35,631	39%	37,921	36%	34,728	39%
Fuel expenses	14,777	16%	25,026	24%	16,434	18%
Insurance and losses	6,712	7%	8,553	8%	7,197	8%
Depreciation expense	6,502	7%	5,840	6%	5,468	6%
Other, net	8,684	10%	9,986	9%	8,568	10%
Cost of operations	72,306	79%	87,326	83%	72,395	81%
Gross profit	$ 19,114	21%	17,761	17%	16,971	19%

Revenues 2009 vs 2008 – Transportation revenues were $91,420,000, a decrease of $13,667,000 or 13.0%. Revenue miles in the current year were down 7.0% principally due to lower demand for products hauled resulting from the economic environment. Excluding fuel surcharges, revenue per mile increased 4.3%. The average price paid per gallon of diesel fuel decreased by $1.43 or 39% over 2008 and fuel surcharge revenue decreased $11,312,000.

Revenues 2008 vs 2007 – Transportation revenues were $105,087,000, an increase of $15,721,000 or 17.6%. Revenue miles were up 4.1% reflecting improved driver manning and higher tractor count. Excluding fuel surcharges, revenue per mile increased 3.6%. The average price paid per gallon of diesel fuel increased by $1.16 or 46% over 2007 and fuel surcharge revenue increased $9,632,000.

Expenses 2009 vs 2008 – Transportation’s cost of operations decreased $15,020,000 to $72,306,000 in 2009, compared to $87,326,000 in 2008. The Transportation segment’s cost of operations in 2009 was 79% versus 83% in 2008. Compensation and benefits decreased $2,290,000 or 6.0% in 2009 due to the decrease in miles driven. Fuel cost decreased $1,063,000 less than the decrease in fuel surcharge revenue due to less favorable recovery of fuel costs when the fuel price is lower. Insurance and losses decreased $1,841,000 due to the reduction in miles driven and reduced vehicle accident costs partially offset by higher health insurance claims. Other expense decreased $1,302,000 due to the higher gains on equipment sales, the decrease in miles driven, and other cost management.

Expenses 2008 vs 2007 – Transportation’s cost of operations increased $14,931,000 to $87,326,000 in 2008, compared to $72,395,000 in 2007. Cost of operations in 2008 increased as a percent of revenue compared to 2007. Compensation and benefits increased $3,193,000 or 9.2% in 2008 due to pay increases and lower use of owner operators. Average fuel cost per gallon in 2008 increased 46% over 2007. This resulted in an increase in fuel cost which was fully offset by increased fuel surcharge revenue. Insurance and losses increased $1,356,000 primarily due to 2007 including a reduction of expense for changes in estimated prior year retained loss reserves along with $357,000 of prior year insurance recoveries. Other expense increased $1,418,000 due to $215,000 higher gains on equipment in 2007 along with an increase of $840,000 in vehicle tires and maintenance.

Real Estate

	Fiscal Years ended September 30					
(dollars in thousands)	2009	%	2008	%	2007	%
Royalties and rent	$ 6,438	28%	7,812	31%	6,680	30%
Developed property rentals	16,695	72%	17,001	69%	15,660	70%
Total revenue	23,133	100%	24,813	100%	22,340	100%
Mining and land rent expenses	2,439	11%	3,065	12%	1,731	8%
Developed property management	10,484	45%	9,460	38%	8,504	38%
Cost of operations	12,923	56%	12,525	50%	10,235	46%
Gross profit	$ 10,210	44%	12,288	50%	12,105	54%

Revenues 2009 vs 2008 - Real estate revenues decreased $1,680,000 or 6.8% in 2009 to $23,133,000. Lease revenue from developed properties decreased $306,000 or 1.8%. Royalties and rent decreased $1,374,000 or 17.6% due to reduced demand for mined tons.

Revenues 2008 vs 2007 – Real estate revenues increased $2,473,000 or 11.1% in 2008 to $24,813,000. Lease revenue from developed properties increased $1,341,000 or 8.6%, due to an increase in occupied square footage along with higher rental rates on new leases. Royalties and rent increased $1,132,000 or 16.9% despite reduced tons mined because of an increase of $284,000 in revenues from timber harvesting, revenue of $575,000 for reimbursement of higher real estate taxes and increases in royalties per ton.

Expenses 2009 vs 2008 – Real estate segment expenses increased to $12,923,000 in 2009, compared to $12,525,000 in 2008. Expenses related to developed properties increased $1,024,000 as a result of new buildings placed in service and severance costs. Mining and land rent expenses decreased $626,000 primarily due to capitalization of property taxes on property under development.

Expenses 2008 vs 2007 – Real estate segment expenses increased to $12,525,000 in 2008, compared to $10,235,000 in 2007. Expenses related to developed properties increased $956,000 as a result of new building additions, increased real estate tax assessments, and increased staffing to facilitate continuing portfolio expansion. Mining and land rent expenses increased $1,334,000 primarily due to increased real estate tax assessments.

Consolidated Results

Gross Profit - Consolidated gross profit was $29,324,000 in 2009 compared to $30,049,000 in 2008, a decrease of 2.4%. Gross profit in the transportation segment increased $1,353,000 or 7.6% due to reduced vehicle accident costs, higher gains on equipment sales, increased revenue per mile, and cost management offsetting the reduced miles driven. Gross profit in the real estate segment decreased $2,078,000 or 16.9% due to reduced demand for mined tons, expenses related to new building additions and severance costs. Consolidated gross profit was $30,049,000 in 2008 compared to $29,076,000 in 2007, an increase of 3.3%.

Selling, general and administrative expense - Selling, general and administrative expenses for 2009 decreased $1,824,000 to $13,196,000. The fourth quarter of fiscal 2009 includes $900,000 for the impairment to estimated fair value of the corporate aircraft. The Company’s decision to discontinue its use required adjustment to the lower values of the current economic environment. Fiscal 2008 included $2,503,000 accrual of retirement benefits for the Company’s previous President and Chief Executive Officer.

Selling, general and administrative expenses in fiscal 2008 increased $3,448,000 to $15,020,000 compared to fiscal 2007. Fiscal year 2008 included $2,503,000 accrual of retirement benefits for the Company’s previous President and CEO. In March 2008, a corporate aircraft was purchased increasing expense $548,000 in fiscal 2008. Payroll and payroll taxes increased $114,000 due to amounts paid to the Company’s prior CFO who retired June 16, 2008 along with additional staffing and payroll taxes on stock option exercises. Estimated bad debt expense increased $106,000 primarily due to an increase in the estimate of the allowance for doubtful accounts. Audit and legal fees increased $40,000 due to various projects. Stock compensation expense excluding amounts associated with the Company’s prior President and CEO decreased $219,000 due to reduced stock based compensation grants in recent years. SG&A expense was 11.6% of revenue for fiscal 2008 compared to 10.4% for fiscal 2007.

Gain from condemnation of land – Gain from condemnation of land was $3,111,000 in fiscal 2008 resulting from the taking by the Virginia Department of Transportation (“VDOT”) of 28 acres on December 13, 2007. The Prince William County Property was purchased in December 2005 and the cost of the 28 acres taken by VDOT was $3,282,000.

Interest income and other – Interest income and other in fiscal 2009 decreased $793,000 due to lower cash balances, reduced interest rates, and a land sale of $170,000 in the prior year. Fiscal 2008 was $585,000 higher than 2007 due to higher cash balances and the land sale in fiscal 2008.

Interest expense – Interest expense for 2009 decreased $1,069,000 from the prior year due to higher capitalized interest costs. Interest expense for 2008 increased $673,000 compared to fiscal 2007 due to interest on mortgage debt incurred in July 2007 offset in part by higher capitalized interest costs.

Income taxes – Income tax expense for 2009 decreased $702,000 due to the lower earnings. Income tax expense for 2008 increased $739,000 due to higher earnings along with a higher effective tax rate of 38.2% versus 34.8%. The lower effective rate in 2007 was due to larger reductions in income tax reserves from the expiration of the statutes of limitations related to certain tax positions and finalization of a Federal income tax audit during the fourth quarter of fiscal 2007.

Income from continuing operations – Income from continuing operations was $7,908,000 or $2.53 per diluted share in fiscal 2009, a decrease of 11.3% compared to $8,919,000 or $2.85 per diluted share in fiscal 2008. Income from continuing operations in fiscal 2007 was $8,983,000 or $2.87 per diluted share.

Discontinued operations - The after tax loss from discontinued operations was $4,155,000 or $1.33 per diluted share in fiscal 2009 compared to $951,000 or $.30 per diluted share in fiscal 2008. Fiscal 2009 includes a loss on the sale of $2,316,000 after tax or $.74 per diluted share. Fiscal 2007 income from discontinued operations was $522,000 or $.17 per diluted share.

Net income - Net income was $3,753,000 or $1.20 per diluted share in fiscal 2009, a decrease of 52.9% compared to $7,968,000 or $2.55 per diluted share in fiscal 2008. Net income for 2009 and 2008 included a loss on discontinued operations of $4,155,000 and $951,000 respectively, net of tax benefit, for the operations and sale of the Company’s flatbed trucking company, Sunbelt Transport, Inc. Net income for 2008 benefited from a gain on condemnation of land of $1,916,000, net of income taxes but was adversely impacted by the retirement benefits expense of $1,541,000, net of income tax benefits, for the Company’s previous President and CEO, whose retirement was effective February 6, 2008. Diluted earnings per share decreased to $1.20 in fiscal 2009 from $2.55 in 2008, and were $3.04 in 2007.

LIQUIDITY AND CAPITAL RESOURCES

For fiscal 2009, the Company used cash provided by operating activities of continuing operations of $24,341,000, proceeds from the sale of plant, property and equipment of $1,181,000, proceeds from the exercise of employee stock options of $371,000, excess tax benefits from the exercise of stock options of $80,000 and cash balances to purchase $3,298,000 in transportation equipment, to expend $10,826,000 in real estate development, to invest $475,000 in the Brooksville Joint Venture and to make $4,019,000 scheduled principal payments on long-term debt. Cash provided by operating activities of discontinued operations was $632,000, proceeds from the sale of plant, property and equipment of discontinued operations was $1,055,000 and transportation equipment of discontinued operations was purchased for $1,017,000. Cash increased $8,025,000.

In August 2009 the Company sold its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). The purchase price received for the tractors and trailers and inventories was a $1 million cash payment and the delivery of a Promissory Note requiring 60 monthly payments of $130,000 each including 7% interest, secured by the assets of the business conveyed. The Company retained all pre-closing receivables and liabilities. SunBelt has been accounted for as discontinued operations. All periods presented have been restated accordingly.

Cash flows from operating activities for fiscal 2009 were $2,674,000 higher than the same period last year primarily reflecting prepayment of fiscal 2009 insurance premiums in September 2008 along with a reduction in accounts receivable due to lower revenues and lower days sales outstanding.

Cash flows used in investing activities for fiscal 2009 were $21,832,000 lower than fiscal 2008 due to decreased purchases of equipment and land. Last year included $3,395,000 for the purchase of a corporate aircraft and $4,333,000 for the purchase of 118 acres in Carroll County, Maryland for future warehouse/office development.

Cash flows from financing activities for fiscal 2009 were $2,685,000 lower than fiscal 2008 due to an increase of $257,000 in mortgage principal payments, reduced stock options exercised by employees and the prior year including $4,388,000 for the repurchase of Company stock.

For fiscal 2008, the Company used cash provided by operating activities of $19,667,000, proceeds from the sale of plant, property and equipment of $6,763,000, proceeds from the exercise of employee stock options of $1,193,000, excess tax benefits from the exercise of stock options of $704,000 and cash balances to purchase $41,316,000 in property and equipment, to invest $525,000 in the Brooksville Joint Venture, to make $3,762,000 scheduled principal payments on long-term debt and to repurchase Company stock for $4,388,000. Cash provided by operating activities of discontinued operations was $2,632,000, proceeds from the sale of transportation equipment for discontinued operations were $86,000 and transportation equipment of discontinued operations was purchased for $220,000. Cash decreased $19,166,000. Cash flows from operating activities for fiscal 2008 were $1,023,000 lower than 2007 due to cash payments of retirement benefits to the Company's prior President and CEO offset by lower cash payments on accounts payable and other current liabilities in 2008 primarily due to the timing of payments for equipment and materials. Cash flows used in investing activities for fiscal 2008 were $16,012,000 higher than fiscal 2007 primarily due to the purchase of a corporate aircraft and the purchase of 118 acres in Carroll County, Maryland for future warehouse/office development along with higher construction levels on the remainder of the portfolio. Cash flows from financing activities for fiscal 2008 were $28,921,000 lower than fiscal 2007 due to the repurchase of Company stock, increased mortgage payments, and the issuance of long-term debt and payments under the revolving credit agreement in 2007.

For fiscal 2007, the Company used cash provided by operating activities of $18,671,000, $35,178,000 from the issuance of long-term debt, $1,288,000 from the proceeds of sales of equipment and $1,858,000 from the exercise of stock options to purchase $17,096,000 in property and equipment, to invest $3,518,000 in the Brooksville Joint Venture, to reduce borrowings under its Revolver by $12,452,000 and to make $1,916,000 in scheduled principal payments on long-term debt. Cash provided by operating activities of discontinued operations was $4,651,000, proceeds from the sale of transportation equipment of discontinued operations were $384,000, and transportation equipment for discontinued operations was purchased for $258,000. Cash increased $26,790,000. Cash flows from operating activities were $550,000 higher than 2006 primarily due to lower income tax payments. Cash flows used in investing activities were $19,713,000 lower than 2006 due to the purchase in 2006 of property for future development and accelerated transportation equipment replacement in fiscal 2006. Cash flows from financing activities were $9,339,000 higher due to issuance of long-term debt offset by reduced borrowings under the Revolver.

On July 31, 2007, the Company borrowed $36,000,000 from Prudential Insurance Company of America. The non-recourse mortgage loans fully amortize on a level term over 20 years and bear interest at a fixed rate of 5.74%. The loans are secured by seven developed properties with an aggregate net book value of $31,074,000 at June 30, 2007. A portion of the proceeds were used to repay balances outstanding under the Company's Revolver and the remaining proceeds have been used to fund new construction and purchase land for future development.

The Company has a $37,000,000 uncollaterized Revolving Credit Agreement which was renewed on October 1, 2008 to extend the term until December 31, 2013 and to amend the loan covenants. The Revolver contains limitations including limitations on paying cash dividends. During fiscal 2009 letters of credit in the amount of $8,737,000 were issued under the Revolver. As of September 30, 2009, $28,263,000 of the line was available for borrowing and $38,397,000 of consolidated retained earnings was available for the payment of dividends. The Company was in compliance with all covenants as of September 30, 2009.

The Company had $15,355,000 of irrevocable letters of credit outstanding at September 30, 2009. Most of the letters of credit are irrevocable for a period of one year and are automatically extended for additional one-year periods unless notified by the issuing bank not less than thirty days before the expiration date. These were issued for insurance retentions and to guarantee certain obligations to state agencies related to real estate development. During fiscal 2009 the Company faced increased fees at the annual renewal of its letters of credit. The Company issued replacement letters of credit through the Revolver to avoid increased fees.

The Board of Directors has authorized management to repurchase shares of the Company’s common stock from time to time as opportunities may arise. No shares were repurchased during fiscal 2009. During fiscal 2008 the Company repurchased 55,509 shares for $4,388,000. At September 30, 2009 the Company had $5,625,000 authorized for future repurchases of common stock.

The Company has committed to make an additional capital contribution of up to $500,000 to Brooksville Quarry, LLC in connection with a joint venture with Vulcan (see Transactions with Related Parties).

The Virginia Department of Transportation took title to 28 acres of the Company’s land on December 13, 2007 by filing a Certificate of Take and depositing with the Court $5,860,000. The Company received these funds in April 2008. A portion of these funds that were receivable were used to purchase replacement property in March 2008 and the Company intends to use the balance of the funds for general corporate purposes until the Company identifies and purchases replacement property under IRS involuntary conversion rules. On October 15, 2008 the Company agreed to total compensation for the condemnation of $6,414,000 resulting in an additional amount of $554,000 received February 2009.

The Company currently expects its fiscal 2010 capital expenditures to be approximately $17,773,000 ($7,251,000 for real estate development expansion, $10,522,000 for transportation segment expansion and replacement equipment). Depreciation and depletion expense is expected to be approximately $11,165,000.

The Company expects that cash flows from operating activities, secured financing on existing and planned real estate projects, 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.

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

Management of the Company considers the following accounting policies critical to the reported operations of the Company:

Accounts Receivable and Unrealized Rents Valuation. The Company is subject to customer credit risk that could affect the collection of outstanding accounts receivable and unrealized rents, that is rents recorded on a straight-lined basis. 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 collectibility of outstanding receivables and straight-lined rents 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 Intangible Assets. Property and equipment is recorded at cost less accumulated depreciation and depletion. Provision for depreciation of property, plant 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

Depletion of sand and stone deposits is computed on the basis of units of production in relation to estimated reserves.

The Company periodically reviews property and equipment and intangible assets for potential impairment. If this review indicated that the carrying amount of the asset may not be recoverable, the Company would estimate the fair value of the assets, generally using an estimate of the future cash flows expected with regards to the asset and its eventual disposition as the measure of fair value. 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 asset. The Company performs an annual impairment test on goodwill. Changes in estimates or assumptions could have an impact on the Company’s financials.

All direct and indirect costs, including interest and real estate taxes, associated with the development, construction, leasing or expansion of real estate investments are capitalized as a development cost of the property. Included in indirect costs is an estimate of internal costs associated with development and rental of real estate investments. Changes in estimates or assumptions could have an impact on the Company’s financials.

Risk Insurance. 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 to $500,000 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. Periodically, an analysis is performed, using historical and projected data, to determine exposure for claims incurred and reported but not yet settled and for claims incurred but not reported. On at least an annual basis the Company obtains an independent actuarial analysis to assist in estimating the losses expected on such claims. The Company attempts to mitigate losses from insurance claims by maintaining safe operations and providing mandatory safety training. Significant changes in assumptions or claims history could have a material impact on our operations.

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 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, 2009, 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 consolidated 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, 2009:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Mortgages Including Interest	$113,254	8,997	17,994	17,707	68,556
Operating Leases	1,189	330	486	373	-
Purchase Commitments	6,605	6,605	-	-	-
Other Long-Term Liabilities	695	81	139	132	343
Total obligations	$121,743	16,013	18,619	18,212	68,899

The Company has committed to make an additional capital contribution of up to $500,000 to Brooksville Quarry, LLC in connection with a joint venture with Vulcan (see Transactions with Related Parties). The current plan forecasts $184,000 in fiscal 2010 which is not included in the table above. The additional commitment of $316,000 is not included in the forecast but may be spent as required.

INFLATION

Historically, the Company has been able to recover inflationary cost increases in the transportation group through increased freight rates and fuel surcharges. It is expected that over time, justifiable and necessary rate increases will be obtained. Substantially all of the Company’s royalty agreements are based on a percentage of the sales price of the related mined items. Minimum royalties and substantially all lease agreements provide escalation provisions.

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; levels of construction activity in the markets served by our mining properties; 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; interest rates, inflation and general economic conditions; demand for flexible warehouse/office facilities in the Baltimore-Washington-Northern Virginia area; and ability to obtain zoning and entitlements necessary for property development. 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 Annual Report on Form 10-K and other filings made from time to time with the Securities and Exchange Commission.

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

	2009	2008	2007
Revenues:			
Transportation	$ 91,420	105,087	89,366
Real estate	23,133	24,813	22,340
Total revenues (including revenue from related parties of $6,408, $8,004, and $8,257, respectively)	114,553	129,900	111,706
Cost of operations:			
Transportation	72,306	87,326	72,395
Real estate	12,923	12,525	10,235
Total cost of operations	85,229	99,851	82,630
Gross profit:			
Transportation	19,114	17,761	16,971
Real estate	10,210	12,288	12,105
Total gross profit	29,324	30,049	29,076
Selling, general and administrative expense	13,196	15,020	11,572
Operating profit	16,128	15,029	17,504
Gain on condemnation of land	-	3,111	-
Interest income and other	90	883	298
Equity in loss of joint venture	(6)	(29)	(156)
Interest expense	(3,482)	(4,551)	(3,878)
Income before income taxes	12,730	14,443	13,768
Provision for income taxes	4,822	5,524	4,785
Income from continuing operations	7,908	8,919	8,983
Income from discontinued operations, net	(4,155)	(951)	522
Net income	$ 3,753	7,968	9,505
Earnings per common share:			
Income from continuing operations-			
Basic	$ 2.60	2.94	2.97
Diluted	$ 2.53	2.85	2.87
Discontinued operations-			
Basic	$ (1.37)	(.31)	.18
Diluted	$ (1.33)	(.30)	.17
Net Income-			
Basic	$ 1.23	2.63	3.15
Diluted	$ 1.20	2.55	3.04
Number of weighted average shares (in thousands) used in computing:			
- basic earnings per common share	3,041	3,033	3,022
- diluted earnings per common share	3,117	3,126	3,131

See accompanying notes.

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

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 15,803	7,778
Accounts receivable (including related party of $336 and $357 and net of allowance for doubtful accounts of $110 and $176, respectively)	5,286	8,690
Accounts receivable from condemnation	-	554
Federal and state income taxes receivable	-	590
Notes receivable	1,158	-
Inventory of parts and supplies	616	813
Deferred income taxes	104	-
Prepaid tires on equipment	1,211	1,304
Prepaid taxes and licenses	1,703	1,510
Prepaid insurance	2,390	3,224
Prepaid expenses, other	93	92
Assets of discontinued operations	1,519	17,297
Total current assets	29,883	41,852
Property and equipment, at cost:		
Land	90,828	83,403
Buildings	126,408	119,553
Equipment	71,208	73,622
Construction in progress	892	4,595
	289,336	281,173
Less accumulated depreciation and depletion	90,323	83,350
	199,013	197,823
Real estate held for investment, at cost	6,933	6,918
Investment in joint venture	6,858	6,395
Goodwill	1,087	1,087
Notes receivable	5,647	-
Unrealized rents	3,346	3,208
Other assets	4,087	4,757
Total assets	$256,854	262,040
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,822	6,933
Federal and state income taxes payable	2,355	-
Accrued payroll and benefits	4,945	5,164
Accrued insurance	3,190	3,463
Accrued liabilities, other	1,102	1,224
Long-term debt due within one year	4,293	4,019
Liabilities of discontinued operations	3,660	7,808
Total current liabilities	22,367	28,611
Long-term debt, less current portion	71,860	76,153
Deferred income taxes	15,679	15,227
Accrued insurance	2,995	3,158
Other liabilities	1,545	1,536
Commitments and contingencies (Notes 12 and 13)		
Shareholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized; none issued	-	-
Common stock, $.10 par value; 25,000,000 shares authorized; 3,053,036 and 3,039,086 shares issued and outstanding, respectively	305	304
Capital in excess of par value	35,858	34,540
Retained earnings	106,226	102,473
Accumulated other comprehensive income, net	19	38
Total shareholders' equity	142,408	137,355
Total liabilities and shareholders' equity	$256,854	262,040

See accompanying notes.

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

Cash flows from operating activities:	2009	2008	2007
Net income	$ 3,753	7,968	9,505
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	13,432	11,412	10,577
Deferred income taxes	235	4,812	(75)
Equity in loss of joint venture	6	29	156
Gain on sale of equipment and real estate	(1,020)	(665)	(740)
Gain on condemnation of land	-	(3,111)	-
Loss from discontinued operations, net of tax	4,155	951	(522)
Stock-based compensation	868	1,078	1,131
Net changes in operating assets and liabilities:			
Accounts receivable	4,548	(1,085)	647
Inventory of parts and supplies	197	(102)	104
Prepaid expenses and other current assets	733	(1,905)	(1,832)
Other assets	(155)	(341)	(1,407)
Accounts payable and accrued liabilities	(4,612)	3,391	216
Income taxes payable and receivable	2,355	(1,076)	682
Long-term insurance liabilities and other long-term liabilities	(154)	(1,689)	229
Net cash provided by operating activities of continuing operations	24,341	19,667	18,671
Net cash provided by operating activities of discontinued operations	632	2,632	4,651
Net cash provided by operating activities	24,973	22,299	23,322
Cash flows from investing activities:			
Purchase of transportation group property and equipment	(3,298)	(17,124)	(7,943)
Purchase of real estate group property and equipment	(10,826)	(24,192)	(9,153)
Investment in joint venture	(475)	(525)	(3,518)
Proceeds from the disposal of property, plant and equipment	1,181	6,763	1,288
Net cash used in investing activities of continuing operations	(13,418)	(35,078)	(19,326)
Net cash provided by (used in) investing activities of discontinued operations	38	(134)	126
Net cash used in investing activities	(13,380)	(35,212)	(19,200)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	-	-	35,178
Net (decrease) increase in revolving debt	-	-	(12,452)
Repayment of long-term debt	(4,019)	(3,762)	(1,916)
Repurchase of Company stock	-	(4,388)	-
Excess tax benefits from exercises of stock options and vesting of restricted stock	80	704	857
Exercise of employee stock options	371	1,193	1,001
Net cash (used in) provided by financing activities of continuing operations	(3,568)	(6,253)	22,668
Net increase (decrease) in cash and cash equivalents	8,025	(19,166)	26,790
Cash and cash equivalents at beginning of year	7,778	26,944	154
Cash and cash equivalents at end of year	$ 15,803	7,778	26,944
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized amounts	$ 3,482	4,565	3,908
Income taxes	$ 4,077	2,274	3,760

The Company recorded a non-cash transaction for notes receivable from the sale of its flatbed trucking company, Sunbelt Transport, Inc. for $6,890 in August 2009. The Company recorded a non-cash transaction for accounts receivable from condemnation in the amount of $554 in fourth quarter of fiscal 2008.

See accompanying notes.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY - Years ended September 30
(In thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss, net of tax	Total Share Holders Equity
Balance at October 1, 2006	3,011,629	301	29,169	88,582		118,052
Exercise of stock options	35,935	4	994			998
Excess tax benefits from exercises of stock options and vesting of restricted stock			857			857
Stock option compensation			526			526
Shares granted to Directors	4,500		387			387
Restricted stock forfeitures	(1,000)					
Restricted stock expense			221			221
Net income				9,505		9,505
Minimum pension liability, net of $108 tax					(173)	(173)
Net actuarial gain retiree health net of $55 tax					88	88
Balance at September 30, 2007	3,051,064	305	32,154	$98,087	$ (85)	130,461
Exercise of stock options	39,531	4	1,189			1,193
Excess tax benefits from exercises of stock options and vesting of restricted stock			704			704
Stock option compensation			477			477
Restricted stock expense			206			206
Shares granted to Directors	5,000	1	395			396
Restricted stock forfeitures	(1,000)					
Shares purchased and cancelled	(55,509)	(6)	(585)	(3,798)		(4,389)
Adoption of FIN48				216		216
Net income				7,968		7,968
Minimum pension liability, net of $74 tax					118	118
Net actuarial gain retiree health net of $3 tax					5	5
Balance at September 30, 2008	3,039,086	304	34,540	102,473	38	137,355
Exercise of stock options	10,550	1	370			371
Excess tax benefits from exercises of stock options and vesting of restricted stock			80			80
Stock option compensation			381			381
Restricted stock expense			193			193
Shares granted to Directors	4,000		294			294
Restricted stock forfeitures	(600)					
Net income				3,753		3,753
Minimum pension liability, net of $5 tax					9	9
Net actuarial loss retiree health net of $17 tax					(28)	(28)
Balance at September 30, 2009	3,053,036	$305	$35,858	$106,226	$19	$142,408

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

	2009	2008	2007
Net income	$ 3,753	7,968	9,505
Other comprehensive income, net of tax:			
Actuarial gain retiree health	(28)	5	-
Minimum pension liability	9	118	(173)
Comprehensive income	$ 3,734	8,091	9,332

See accompanying notes.

<u>NOTES TO CONSOLDIATED FINANCIAL STATEMENTS</u>

1. Accounting Policies.

ORGANIZATION - Patriot Transportation Holding, Inc. (Company) is engaged in the transportation and real estate businesses. The Company's transportation business is conducted through its subsidiary, Florida Rock & Tank Lines, Inc. (Tank Lines). Tank Lines is a Southeastern transportation company concentrating in the hauling by motor carrier of primarily petroleum related bulk liquids and dry bulk commodities. The Company's real estate group, through subsidiaries, acquires, constructs, leases, operates and manages land and buildings to generate both current cash flows and long-term capital appreciation. The real estate group also owns real estate that is leased under mining royalty agreements or held for investment.

RECLASSIFICATIONS – Certain reclassifications due to a discontinued operation (see note 16) have been made to 2007 and 2008 financials to conform to the presentation adopted in 2009.

CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Investment in the 50% owned Brooksville joint venture is accounted for under the equity method. All significant intercompany transactions have been eliminated in consolidation.

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.

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.

Real estate rental revenue and mining royalties are generally recognized when earned under the leases. Rental income from leases with scheduled increases or other incentives during their term is recognized on a straight-line basis over the term of the lease. Reimbursements of expenses, when provided in the lease, are recognized in the period that the expenses are incurred.

Sales of real estate are recognized when the collection of the sales price is reasonably assured and when the Company has fulfilled substantially all of its obligations, which are typically as of the closing date.

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.

PROPERTY AND EQUIPMENT - Property and equipment is recorded at cost less accumulated depreciation and depletion. Provision for depreciation of property, plant 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

Depletion of sand and stone deposits is computed on the basis of units of production in relation to estimated reserves.

The Company recorded depreciation and depletion expenses for 2009, 2008 and 2007 of $12,764,000, $10,708,000, and $9,962,000, respectively.

At least annually, the Company reviews property and equipment and intangible assets for potential impairment. If this review indicated that the carrying amount of the asset might not be recoverable, the Company would estimate the future cash flows expected with regards to the asset and its eventual disposition. 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 asset.

All direct and indirect costs, including interest and real estate taxes, associated with the development, construction, leasing or expansion of real estate investments are capitalized as a cost of the property. Included in indirect costs is an allocation of internal costs associated with development of real estate investments. The cost of routine repairs and maintenance to property and equipment is expensed as incurred.

INVESTMENTS - The Company uses the equity method to account for its investment in Brooksville, in which it has a voting interest of 50%. Under the equity method, the investment is originally recorded at cost and adjusted to recognize the Company’s share of net earnings or losses of the investee, limited to the extent of the Company’s investment in and advances to the investee and financial guarantees on behalf of the investee that create additional basis. The Company regularly monitors and evaluates the realizable value of its investments. When assessing an investment for an other-than-temporary decline in value, the Company considers such factors as, the performance of the investee in relation to its own operating targets and its business plan, the investee’s revenue and cost trends, as well as liquidity and cash position, and the outlook for the overall industry in which the investee operates. From time to time, the Company may consider third party evaluations or valuation reports. If events and circumstances indicate that a decline in the value of these assets has occurred and is other-than-temporary, the Company records a charge to investment income (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 of $250,000 per covered participant per year plus a $53,000 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. 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 employees in its income statement over the requisite employee service period. 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 straight-line attribution model is used to measure compensation expense. 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 current year impact is discussed in Footnote 7.

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 and collectability of unrealized rents, 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.

NEW ACCOUNTING PRONOUNCEMENTS – In September 2006, the FASB issued an accounting standard related to fair value measurements which defined fair value, established a framework for measuring fair value in generally accepted accounting principles (GAAP), and expanded disclosures requirements about fair value measurements. Adoption of this standard is limited to financial assets and financial liabilities, which primarily applies to the valuation of our long term mortgage debt. The Company deferred adoption of the accounting standard related to fair value measurements for the Company’s non-financial assets and non-financial liabilities until October 1, 2009 and management believes that the adoption will only require additional disclosure on the fair value of its goodwill, asset retirement obligations, and long-term mortgages and as such will not have a material impact on the consolidated financial results of the Company. This accounting standard was subsequently codified into ASC Topic 820, “Fair Value Measurements and Disclosures”. The Company adopted the applicable provisions on October 1, 2008 and its adoption had no affect on consolidated financial results of the Company.

In February 2007, the FASB issued a standard which permits an entity to choose to measure many financial instruments and certain other items at fair value. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings. The fair value option (a) may be applied instrument by instrument, (b) is irrevocable, and (c) is applied to entire instruments and not to portions of instruments. This accounting standard was subsequently codified into ASC Topic 825, “Financial Instruments”. The Company adopted this guidance on October 1, 2008 and, as of this time, has not elected to measure financial instruments and other items at fair value that were not required to be measured at fair value under other generally accepted accounting principles.

In December 2007 the FASB issued a standard that requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition); establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; requires expensing of most transaction and restructuring costs; and requires the acquirer to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. The guidance was subsequently codified into ASC Topic 805, “Business Combinations”, and applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. The impact of ASC Topic 805 on the consolidated financial statements will depend upon the nature, terms and size of the acquisitions consummated after the effective date.

In May 2009, the FASB issued an accounting standard which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This standard was subsequently codified into ASC Topic 855 “Subsequent Events” and is effective for interim or annual financial periods ending after June 15, 2009. We adopted the provisions of ASC 855 on issuance and it had no material impact on our consolidated financial statements. (See Note 17 Subsequent Events)

In June 2009, the FASB issued an accounting standard which provides for the FASB Accounting Standards Codification (the “Codification”) to become the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP). The standard is included in ASC Topic 105 “Generally Accepted Accounting Principles”. The Codification did not change GAAP but reorganizes the literature. The adoption of the FASB Codification as of September 30, 2009 did not have any impact on the Company’s consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-05, "Fair Value Measurements and Disclosures: Measuring Liabilities at Fair Value". This ASU provides amendments for fair value measurements of liabilities. It provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more techniques. ASU 2009-05 also clarifies that when estimating a fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. ASU 2009-05 is effective for the first reporting period (including interim periods) beginning after issuance. The adoption of ASU 2009-05 did not have any impact on the Company’s consolidated financial statements.

2. Transactions with Related Parties.

The Company may be considered a related party to Vulcan Materials Company (Vulcan). One director of the Company is employed by Vulcan and is related to two other Company directors. Those three directors own approximately 3% of the stock of Vulcan and 45% of the stock of the Company.

The Company, through its transportation subsidiaries, hauls commodities by tank trucks for Vulcan. Charges for these services are based on prevailing market prices. The real estate subsidiaries lease certain construction aggregates mining and other properties to Vulcan.

A summary of revenues derived from Vulcan follows (in thousands):

	2009	2008	2007
Transportation	$ 1,659	1,952	2,171
Real estate	4,591	6,052	6,086
	$ 6,250	8,004	8,257

The Company outsourced certain functions to Vulcan in prior years, including some administrative, and property management functions. The cost of these administrative services was $45,000 in 2008 and $191,000 in 2007.

On October 4, 2006, a subsidiary of the Company (FRP) entered into a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.) to form Brooksville Quarry, LLC, a real estate joint venture to develop approximately 4,300 acres of land near Brooksville, Florida. Under the terms of the joint venture, FRP contributed its fee interest in approximately 3,443 acres formerly leased to Vulcan under a long-term mining lease which had a net book value of $2,548,000. Vulcan is entitled to mine the property until 2018 and pay royalties for the benefit of FRP for as long as mining does not interfere with the development of the property. Real estate revenues included $158,000 of such royalties in fiscal 2009 and $148,000 in fiscal 2008. Allocated depletion expense of $6,000 was included in real estate cost of operations for fiscal 2009. FRP also contributed $3,018,000 for one-half of the acquisition costs of a 288-acre contiguous parcel. Vulcan also contributed 553 acres that it owned as well as its leasehold interest in the 3,443 acres that it leased from FRP. The joint venture is jointly controlled by Vulcan and FRP, and they each have a mandatory obligation to fund additional capital contributions of up to $2 million. Capital contributions of $1,500,000 have been made by each party as of September 30, 2009. Distributions will be made on a 50-50 basis except for royalties and depletion specifically allocated to FRP. Other income for fiscal 2009 includes a loss of $6,000 representing the Company’s equity in the loss of the joint venture. The property does not yet have the necessary entitlements for real estate development. Approval to develop real property in Florida entails an extensive entitlements process involving multiple and overlapping regulatory jurisdictions and the outcome is inherently uncertain.

In connection with the Joint Venture, the independent directors of the Company also approved certain extensions of lease agreements between FRP and FRI on FRI’s corporate headquarters in Jacksonville, Florida, the Astatula and Marion Sand mining properties, also in Florida. The Company and FRI also agreed that a 2,500 acre tract of the Grandin mining property, in Florida, due to be released will remain subject to the lease and available for future mining.

3. Debt.

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

	2009	2008
Revolving credit (uncollateralized)	$ -	-
5.6% to 8.6% mortgage notes,		
due in installments through 2027	76,153	80,172
	76,153	80,172
Less portion due within one year	4,293	4,019
	$71,860	76,153

The aggregate amount of principal payments, excluding the revolving credit, due subsequent to September 30, 2009 is: 2010 - $4,293,000; 2011 – $4,588,000; 2012 - $4,902,000; 2013 - $5,239,000; 2014 - $5,308,000; 2015 and subsequent years - $51,823,000.

The Company has a $37,000,000 uncollaterized Revolving Credit Agreement with three banks, which matures on December 13, 2013. The Revolver bears interest at a rate of 1.00% over the selected LIBOR, which may change quarterly based on the Company's ratio of Consolidated Total Debt to Consolidated Total Capital, as defined. A commitment fee of 0.15% per annum is payable quarterly on the unused portion of the commitment. The commitment fee may also change quarterly based upon the ratio described above. The Revolver contains limitations on availability and restrictive covenants including limitations on paying cash dividends. During fiscal 2009 letters of credit in the amount of $8,737,000 were issued under the Revolver. As of September 30, 2009, $28,263,000 was available for borrowing and $38,397,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of September 30, 2009.

The non-recourse fully amortizing mortgage notes payable are collateralized by real estate having a carrying value of approximately $80,656,000 at September 30, 2009. Certain properties having a carrying value at September 30, 2009 of $98,000 are encumbered by $1,300,000 of industrial revenue bonds that are the liability of Vulcan. Vulcan has agreed to pay such debt when due (or sooner if Vulcan cancels its lease of such property) and further has agreed to indemnify and hold harmless the Company.

During fiscal 2009, 2008 and 2007 the Company capitalized interest costs of $1,707,000, $890,000 and $849,000, respectively.

The Company had $15,355,000 of irrevocable letters of credit outstanding at September 30, 2009. Most of the letters of credit are irrevocable for a period of one year and are automatically extended for additional one-year periods unless notified by the issuing bank not less than thirty days before the expiration date. These were issued for insurance retentions and to guarantee certain obligations to state agencies related to real estate development.

4. Leases.

At September 30, 2009, the total carrying value of property owned by the Company which is leased or held for lease to others is summarized as follows (in thousands):

Construction aggregates property	$ 24,044
Commercial property	194,772
	218,816
Less accumulated depreciation and depletion	44,333
	$174,483

The minimum future straight-lined rentals due the Company on noncancelable leases as of September 30, 2009 are as follows: 2010 - $13,389,000; 2011 - $11,488,000; 2012 - $10,026,000; 2013 - $8,235,000; 2014 - $7,091,000; 2015 and subsequent years $28,053,000.

5. Preferred Shareholder Rights Plan.

On May 5, 1999, the Board of Directors of the Company declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock. The dividend was payable on June 2, 1999. The Rights expired on September 30, 2009 and are no longer exercisable.

6. Earnings Per Share.

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		
	2009	2008	2007
Common shares:			
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	3,041	3,033	3,022
Common shares issuable under share based payment plans which are potentially dilutive	76	93	109
Common shares used for diluted earnings per common share	3,117	3,126	3,131
Net income	$ 3,753	7,968	9,505
Earnings per common share			
Basic	$1.23	2.63	3.15
Diluted	$1.20	2.55	3.04

For 2009 and 2008, 28,000 and 10,000 shares, respectively, attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For 2007, all outstanding stock options were included in the calculation of diluted earnings per common share because the sum of the hypothetical amount of future proceeds from the exercise price, unrecorded compensation, and tax benefits to be credited to capital in excess of par for all grants of stock options were lower than the average price of the common shares, and therefore were dilutive. For 2009, 2008 and 2007, all outstanding restricted shares were included in the calculation of diluted earnings per common share because the unrecorded compensation and tax benefits to be credited to capital in excess of par for all awards of restricted stock were lower than the average price of the common shares, and therefore were dilutive.

7. Stock-Based Compensation Plans.

The Company has two Stock Option Plans (the 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. The 2006 plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units, or stock awards. The options awarded under the plans have similar characteristics. All stock options are non-qualified and expire ten years from the date of grant. Options awarded to directors are exercisable immediately and options awarded to officers and employees become exercisable in cumulative installments of 20% or 25% at the end of each year following the date of grant. When stock options are exercised the Company issues new shares after receipt of exercise proceeds and taxes due, if any, from the grantee. In February 2006, 15,960 shares of restricted stock were granted subject to forfeiture restrictions, tied to continued employment, that lapse 25% annually beginning on January 1, 2007. The number of common shares available for future issuance was 241,000 at September 30, 2009.

The Company 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 were no dividend yield, expected volatility between 37% and 53%, risk-free interest rate of 3.1% to 4.9% and expected life of 6.0 to 7.0 years.

The dividend yield of zero is based on the fact that the Company does not pay cash dividends and has no present intention to pay cash dividends. Expected volatility is estimated based on the Company'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.

The Company recorded the following stock compensation expense in its consolidated statement of income (in thousands):

	Years Ended September 30		
	2009	2008	2007
Stock option grants	$ 381	315	525
Restricted stock awards granted in 2006	193	206	221
Annual non-employee Director stock award	294	395	388
Shares purchased in connection with previous CEO retirement	-	162	-
Modification to accelerate prior awards made in connection with CEO retirement	-	216	-
	868	1,294	1,134
Deferred income tax benefit	333	497	436
Stock compensation net of tax expense	$ 535	797	698

A summary of changes in outstanding options is presented below:

Options	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value (000's)
Outstanding at October 1, 2006	304,746	$31.03	6.9	$ 4,760
Granted	0	$ 0		$ 0
Exercised	(35,935)	$27.76		$ 500
Forfeited	(2,200)	$37.70		
Outstanding at September 30, 2007	266,611	$31.42	5.9	$ 4,221
Granted	10,000	$86.24		$ 369
Exercised	(39,531)	$30.17		$ 588
Forfeited	(5,000)	$43.50		
Outstanding at September 30, 2008	232,080	$33.73	5.0	$ 3,900
Granted	18,000	$74.43		$ 556
Exercised	(10,550)	$35.20		$ 180
Forfeited	(1,600)	$39.84		
Outstanding at September 30, 2009	237,930	$36.70	4.5	$ 4,246
Exercisable at September 30, 2009	204,030	$31.17	3.8	$ 3,235
Vested during Twelve months ended September 30, 2009	13,200			$ 291

The following table summarizes information concerning stock options outstanding at September 30, 2009:

Range of Exercise Prices per Share	Shares under Option	Weighted Average Exercise Price	Weighted Average Remaining Life
Non-exercisable:			
$34.01 – $51.00	7,900	43.50	5.2
$51.01 - $76.00	18,000	74.43	9.8
$76.01 - $87.00	8,000	86.24	8.7
	33,900	$70.01	8.5 years
Exercisable:			
$15.00 - $23.00	70,380	19.69	2.3
$23.01 - $34.00	81,000	29.75	3.9
$34.01 - $51.00	41,650	44.36	5.3
$51.01 - $76.00	9,000	60.40	5.8
$76.01 - $87.00	2,000	86.24	8.7
	204,030	$31.17	3.8 years
Total	237,930	$36.70	4.5 years

The aggregate intrinsic value of exercisable in-the-money options was $9,067,000 and the aggregate intrinsic value of outstanding in-the-money options was $9,341,000 based on the market closing price of $75.50 on September 30, 2009 less exercise prices. Gains of $494,000 were realized by option holders during the twelve months ended September 30, 2009. The realized tax benefit from options exercised for the twelve months ended September 30, 2009 was $190,000. Total compensation cost of options granted but not yet vested as of September 30, 2009 was $828,000, which is expected to be recognized over a weighted-average period of 2.0 years. Fiscal 2008 included stock compensation expense of $180,000 related to the modification to accelerate the vesting of 4,000 shares in connection with the retirement benefits for John E. Anderson, the Company's previous President and CEO, whose retirement was effective February 6, 2008.

A summary of changes in restricted stock awards is presented below:

Restricted Stock	Number Of Shares	Weighted Average Grant Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value (000's)
Outstanding at September 30, 2006	15,600	$63.64	3.3	$ 993
Granted	0			$ 0
Vested	(3,800)	$63.65		$ 242
Forfeited	(1,000)	$63.54		64
Outstanding at September 30, 2007	10,800	$63.65	2.3	$ 687
Granted	0			$ 0
Vested	(3,600)	$63.65		$ 229
Forfeited	(1,000)	$63.54		63
Outstanding at September 30, 2008	6,200	$63.67	1.3	$ 395
Granted	0			$ 0
Vested	(3,050)	$63.67		$ 194
Forfeited	(600)	$63.54		$ 38
Outstanding at September 30, 2009	2,550	$63.70	.3	$ 163

Total compensation cost of restricted stock granted but not yet vested as of September 30, 2009 was $51,000 which is expected to be recognized over a weighted-average period of 3 months. Fiscal 2008 included stock compensation expense of $36,000 related to the modification to accelerate the vesting of 400 shares in connection with retirement benefits for John E. Anderson, the Company's previous President and CEO, whose retirement was effective February 6, 2008.

8. Income Taxes.

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

	2009	2008	2007
Current:			
Federal	$3,800	440	3,856
State	777	350	950
	4,577	790	4,806
Deferred	245	4,734	(21)
Total	$4,822	5,524	4,785

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

	2009	2008	2007
Amount computed at statutory Federal rate	$4,359	4,951	4,697
State income taxes (net of Federal income tax benefit)	541	607	604
Other, net	(78)	(34)	(516)
Provision for income taxes	$4,822	5,524	4,785

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):

	2009	2008
Deferred tax liabilities:		
Property and equipment	$15,819	15,439
Depletion	421	417
Unrealized rents	1,285	1,232
Prepaid expenses	1,675	2,012
Gross deferred tax liabilities	19,200	19,100
Deferred tax assets:		
Insurance liabilities	2,238	2,385
Employee benefits and other	1,387	1,375
Gross deferred tax assets	3,625	3,760
Net deferred tax liability	$15,575	15,340

The Company adopted the provisions of ASC 740-10 on October 1, 2007. As a result, the Company recognized a $216,000 reduction in the liability for unrecognized tax benefits, which was accounted for as an increase to retained earnings. As of October 1, 2007 there was $337,000 of unrecognized tax benefits that, if recognized, would impact the Company's effective tax rate. Interest and penalties of $200,000 was reflected as a component of the total liability at October 1, 2007. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2009	2008
Balance at October 1	$372	537
Reductions due to lapse of statute of limitations	(135)	(165)
Balance at September 30	237	372

As of September 30, 2009 there was $175,000 of unrecognized tax benefits that, if recognized, would impact the Company's effective tax rate. Interest and penalties of $62,000 was reflected as a component of the total liability at September 30, 2009. The Company expects a decrease in the liability of up to $154,000 for uncertain tax positions during the next 12 months. The Company files income tax returns in the U.S. and various states which are subject to audit for up to five years after filing.

9. 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. The Company 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 cost was $760,000 in 2009, $828,000 in 2008 and $843,000 in 2007.

The Company has a Management Security Plan (MSP) for certain officers and key employees. The accruals for future benefits are based upon the remaining years to retirement of the participating employees and other actuarial assumptions. Life insurance on the lives of one of the participants has been purchased to partially fund this benefit and the Company is the owner and beneficiary of that policy. The expense for fiscal 2009, 2008 and 2007 was $136,000, $191,000 and $365,000, respectively. The accrued benefit under this plan as of September 30, 2009 and 2008 was $1,017,000 and $952,000 respectively. On December 5, 2007, the board of directors approved certain retirement benefits for John E. Anderson, the Company's previous President and Chief Executive Officer who retired effective February 6, 2008. Upon Mr. Anderson's retirement, the Company paid him $1,331,000 for his GAAP accrued benefit under the MSP.

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 the Company. The plan is contributory and unfunded. The Company accrues the estimated cost of retiree health benefits over the years that the employees render service. The accrued postretirement benefit obligation for this plan as of September 30, 2009 and 2008 was $308,000 and $333,000, respectively. The net periodic postretirement benefit cost was $(1,000), $13,000 and $16,000 for fiscal 2009, 2008, and 2007, respectively. The discount rate used in determining the Net Periodic Postretirement Benefit Cost was 6.75% for 2009, 6.0% for 2008 and 6.0% for 2007. The discount rate used in determining the Accumulated Postretirement Benefit Obligation (APBO) was 5.5% for 2009, 6.75% for 2008 and 6.0% for 2007. No medical trend is applicable because the Company's share of the cost is frozen.

10. Business Segments.

The Company has identified two business segments, each of which is managed separately along product lines. The Company's operations are substantially in the Southeastern and Mid-Atlantic states.

The transportation segment hauls primarily petroleum related bulk liquids and dry bulk commodities by motor carrier. The real estate segment owns real estate of which a substantial portion is under mining royalty agreements or leased. The real estate segment also holds certain other real estate for investment and is developing commercial and industrial properties.

Operating results and certain other financial data for the Company's business segments are as follows (in thousands):

	2009	2008	2007
Revenues:			
Transportation	$ 91,420	105,087	89,366
Real estate	23,133	24,813	22,340
	$114,553	129,900	111,706
Operating profit:			
Transportation	$ 10,924	9,479	8,845
Real estate	10,210	12,288	12,105
Corporate expenses			
Allocated to transportation	(1,617)	(1,665)	(1,711)
Allocated to real estate	(1,377)	(1,200)	(1,194)
Unallocated	(2,012)	(3,873)	(541)
	(5,006)	(6,738)	(3,446)
	$ 16,128	15,029	17,504
Interest expense:			
Real estate	$ 3,482	4,551	3,878
Capital expenditures:			
Transportation	$ 3,298	17,124	7,943
Real estate	10,826	24,192	9,153
	$ 14,124	41,316	17,096
Depreciation, depletion and amortization:			
Transportation	$ 6,670	6,036	5,663
Real estate	5,215	4,881	4,677
Other	1,558	504	237
	$ 13,443	11,421	10,577
Identifiable assets at September 30:			
Transportation	$ 43,229	45,214	35,335
Discontinued Transportation Operations	1,519	17,297	20,766
Real estate	192,461	187,239	168,587
Cash	15,803	7,778	26,944
Unallocated corporate assets	3,842	4,512	1,898
	$256,854	262,040	253,530

11. 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 is for quoted prices in active markets for identical assets or liabilities. Level 2 is inputs that are derived principally from or corroborated by observable market data. Level 3 Inputs are those that are unobservable and significant to the overall fair value measurement.

The following table summarizes the Company's assets and liabilities measured at fair value as required by FASB ASC Topic 820 – "Fair Value Measurements and Disclosures", as of September 30, 2009 (in thousands):

	Fair Value Measurements as of September 30, 2009			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
Assets:				
Notes Receivable	$ -	$ 6,805	$ -	$ 6,805
Corporate Aircraft	-	1,850	-	1,850
	$ -	$ 8,655	$ -	$ 8,655
Liabilities:				
Mortgage Notes	$ -	$72,750	$ -	$72,750
	$ -	$72,750	$ -	$72,750

At September 30, 2009 and 2008, the carrying amount reported in the consolidated balance sheets for cash and cash equivalents, short-term notes payable and revolving credit approximate their fair value based upon the short-term nature of these items. The fair value of the note receivable is based on the terms of the sale agreement as described in Note 16 Discontinued Operations. The fair value of the aircraft is based on similar assets in the current market. The fourth quarter of fiscal 2009 includes $900,000 for the impairment to estimated fair value of the corporate aircraft. The Company's decision to discontinue its use required adjustment to the lower values of the current economic environment. The fair values of the Company's other mortgage notes payable were estimated based on current rates available to the Company for debt of the same remaining maturities. At September 30, 2009, the carrying amount and fair value of such other long-term debt was $76,153,000 and $72,750,000, respectively. At September 30, 2008, the carrying amount and fair value of other long-term debt was $80,172,000 and $78,839,000, respectively.

12. Contingent Liabilities.

Certain of the Company's subsidiaries are involved in litigation on a number of matters and are 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. In the opinion of management none of these matters are expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

13. Commitments.

The Company, at September 30, 2009, had entered into various contracts to develop real estate with remaining commitments totaling $397,000, and to purchase transportation equipment for approximately $6,208,000. The Company has committed to make an additional capital contribution of up to $500,000 dollars to Brooksville Quarry, LLC in connection with a joint venture with Vulcan. In July 2008, the Company entered into an agreement to sell the Windlass Run Residential property. Windlass Run Residential (previously Bird River), located in southeastern Baltimore County, Maryland, is a 121 acre tract of land adjacent to and west of our Windlass Run Business Park. The property was rezoned in September 2007 to allow for additional density and plans are being pursued to obtain an appropriate product mix. The purchase price for the property is $25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies, including the satisfactory completion of the buyer's inspection period and additional government approvals, and closing may be two or more years away. The cost of the property of $5,674,000 was reclassified on the balance sheet from Land to Real estate held for investment in fiscal 2008.

14. Concentrations.

The transportation segment primarily serves customers in the industries in the Southeastern U.S. Significant economic disruption or downturn in this geographic region or these industries could have an adverse effect on our financial statements.

During fiscal 2009, the transportation segment’s ten largest customers accounted for approximately 63.6% of the transportation segment’s revenue. One of these customers accounted for 24.7% of the transportation segment’s revenue. The loss of any one of these customers would have an adverse effect on the Company’s revenues and income. Accounts receivable from the transportation segment’s ten largest customers was $2,578,000 and $4,402,000 at September 30 2009 and 2008 respectively.

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

15. Previous CEO Retirement.

On December 5, 2007, the board of directors approved certain retirement benefits for John E. Anderson, the Company’s previous President and Chief Executive Officer effective February 6, 2008. Upon Mr. Anderson's retirement, the Company paid him $4,851,000 for his accrued benefit under the Management Security Plan, the fair value of his outstanding stock options and restricted stock and an additional bonus. The total impact of these payments on the Company’s earnings for fiscal 2008 was $2,503,000 before taxes which is included in selling, general, and administrative expense primarily in the three months ended December 31, 2007. On December 5, 2007, the Company’s Board of Directors elected John D. Baker II to succeed Mr. Anderson as President and Chief Executive Officer. The following tables detail the expense incurred and payments made (in thousands):

Expenses	
Additional bonus paid in cash	$2,125
Repurchase of vested options and stock at 20 day average market value per agreement which exceeded the closing price on the date of repurchase	162
Accelerated vesting of options	180
Accelerated vesting of restricted stock	36
Total expense ($2,371 in quarter ended 12/31/07)	$2,503

Payments	
Total expense	$2,503
Previously accrued benefit MSP Retirement Plan	1,331
Gain on vested stock options repurchased	999
Restricted shares vested 1/1/08 repurchased	18
Total payments	$4,851

16. Discontinued Operations.

In August 2009 the Company sold its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Under the agreement, the Buyer purchased all of SunBelt's tractors and trailers, leased the SunBelt terminal facilities in Jacksonville, Florida for 36 months at a rental of $5,000 per month and leased the terminal facilities in South Pittsburgh, Tennessee for 60 months at a rental of $5,000 per month with an option to purchase the Tennessee facilities at the end of the lease for payment of an additional $100,000. The South Pittsburgh lease was recorded as a sale under bargain purchase accounting. The purchase price received for the tractors and trailers and inventories was a $1 million cash payment and the delivery of a Promissory Note requiring 60 monthly payments of $130,000 each including interest at 7%, secured by the assets of the business conveyed. In the quarter ending September 30, 2009 the Company recognized $283,000 in severance costs related to a change-in-control agreement triggered by the sale of SunBelt. The Company retained all pre-closing receivables and liabilities.

SunBelt has been accounted for as discontinued operations in accordance with ASC Topic 205-20 Presentation of Financial Statements – Discontinued Operations. All periods presented have been restated accordingly.

A summary of discontinued operations is as follows:

	2009	2008	2007
Revenue	$21,250	42,149	42,576
Operating expenses	24,149	43,694	41,728
Loss on sale before taxes	(3,760)	-	-
Income (loss) before taxes	(6,749)	(1,545)	848
Income taxes	2,594	594	(326)
Income (loss) from discontinued operations	$(4,155)	(951)	522

The components of the balance sheet are as follows:

	September 30, 2009	September 30, 2008
Accounts receivable	$ 142	3,084
Inventories	-	78
Prepaid expenses	-	1,146
Other assets	1	52
Deferred income taxes	1,249	-
Property and equipment, net	127	12,937
Assets of discontinued operations	$ 1,519	17,297
Accounts payable	$ 243	730
Accrued payroll and benefits	140	697
Accrued liabilities, other	73	68
Insurance liabilities	3,204	2,721
Deferred income taxes	-	3,592
Liabilities of discontinued operations	$ 3,660	7,808

17. Subsequent Events.

Subsequent events have been evaluated and disclosed herein relating to events that have occurred from October 1, 2009 through the date we issued these financial statements, December 2, 2009.

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, 2009 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of September 30, 2009, 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 balance sheets of Patriot Transportation Holding, Inc. as of September 30, 2009, and 2008, and the related consolidated statements of income, shareholder’s equity and comprehensive income, and cash flows for years ended September 30, 2009, 2008 and 2007. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated 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. An audit 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 financial position of Patriot Transportation Holding, Inc. as of September 30, 2009 and 2008, and the consolidated results of its operations and its cash flows for the years ended September 30, 2009, 2008 and 2007 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Patriot Transportation Holding, Inc.’s internal control over financial reporting as of September 30, 2009, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. A company's internal control over financial reporting is a process designed 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. A company's 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 the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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.

In our opinion, Patriot Transportation Holding, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2009, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Hancock Askew & Co., LLP

December 2, 2009
Savannah, Georgia

DIRECTORS AND OFFICERS

Directors

John D. Baker II (1)
President and Chief Executive
Officer of the Company

Edward L. Baker (1)
Chairman of the Board of the Company
and Former Chairman of the Board of
Florida Rock Industries, Inc.

John E. Anderson
Former President and Chief Executive
Officer of Patriot Transportation Holding, Inc.

Thompson S. Baker II
President of Florida Rock Division
of Vulcan Materials Company

Charles E. Commander III (2)(4)
Partner, Jacksonville office
Foley & Lardner

Luke E. Fichthorn III
Private Investment Banker,
Twain Associates

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

H. W. Shad III (2)
Owner, Bozard Ford Company

Martin E. Stein, Jr. (3)(4)
Chairman and Chief Executive Officer of
Regency Centers Corporation

James H. Winston (3)
President of LPMC of Jax, Inc. and
Citadel Life & Health Insurance Co.

____
(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

Edward L. Baker
Chairman of the Board

John D. Baker II
President and Chief Executive Officer

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

David H. deVilliers, Jr.
Vice President
President, FRP Development Corp. and
Florida Rock Properties, Inc.

John D. Klopfenstein
Controller and Chief Accounting Officer

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

Patriot Transportation Holding, Inc.

501 Riverside Avenue, Suite 500
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, 2010, at the St. Joe Company building, 245 Riverside Avenue, 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

Fowler White Boggs P.A.
Jacksonville, Florida

Independent Registered Certified Public Accounting Firm

Hancock Askew & Co., LLP
Savannah, Georgia

Common Stock Listed

The Nasdaq Stock Market
(Symbol: PATR)

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, 2009 as filed with the Securities and Exchange Commission by writing to the Treasurer at 501 Riverside Avenue, Suite 500, 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, John D. 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 2, 2009

/s/John D. Baker II
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 2, 2009

/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 2, 2009

/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 2, 2009

JOHN D. BAKER II

John D. Baker II
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.