UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

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

For the transition period from ________________ to ________________

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, FL	**32202**
(Address of principal executive offices)	(Zip Code)

904-396-5733
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [ ] No [ ]

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 "accelerated filer," "large 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 Exchange Act).

Yes [ ] No [x]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2011
Common Stock, $.10 par value per share	9,300,623 shares (adjusted for 3-for-1 stock split)

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q
QUARTER ENDED JUNE 30, 2011

CONTENTS

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 in our markets; 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. FINANCIAL INFORMATION, ITEM 1. FINANCIAL STATEMENTS
PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands, except share data)

	June 30, 2011	September 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 22,760	17,151
Accounts receivable (net of allowance for doubtful accounts of $128 and $83, respectively)	7,788	5,940
Federal and state income taxes receivable	-	930
Notes receivable	1,427	1,238
Inventory of parts and supplies	1,038	665
Deferred income taxes	895	-
Prepaid tires on equipment	1,292	1,246
Prepaid taxes and licenses	218	1,813
Prepaid insurance	697	2,185
Prepaid expenses, other	102	62
Real estate held for sale, at cost	5,808	-
Assets of discontinued operations	131	542
Total current assets	42,156	31,772
Property, plant and equipment, at cost	310,480	294,752
Less accumulated depreciation and depletion	103,308	96,636
Net property, plant and equipment	207,172	198,116
Real estate held for investment, at cost	1,040	7,124
Investment in joint venture	7,437	7,344
Goodwill	1,087	1,087
Notes receivable, less current portion	246	4,382
Unrealized rents	3,479	3,357
Other assets	3,860	4,530
Total assets	$266,477	257,712
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 4,098	3,384
Federal and state income taxes payable	1,645	-
Deferred income taxes	-	174
Accrued payroll and benefits	4,598	5,255
Accrued insurance	3,071	2,373
Accrued liabilities, other	867	994
Long-term debt due within one year	4,822	4,588
Liabilities of discontinued operations	112	1,327
Total current liabilities	19,213	18,095
Long-term debt, less current portion	63,626	67,272
Deferred income taxes	16,421	16,084
Accrued insurance	2,506	2,483
Other liabilities	1,858	1,722
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized; none issued	-	-
Common stock, $.10 par value; 25,000,000 shares authorized, 9,300,623 and 9,278,088 shares issued and outstanding, respectively	930	928
Capital in excess of par value	38,819	37,511
Retained earnings	123,084	113,597
Accumulated other comprehensive income, net	20	20
Total shareholders' equity	162,853	152,056
Total liabilities and shareholders' equity	$266,477	257,712

See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)
(Unaudited)

	THREE MONTHS ENDED JUNE 30, 2011	THREE MONTHS ENDED JUNE 30, 2010	NINE MONTHS ENDED JUNE 30, 2011	NINE MONTHS ENDED JUNE 30, 2010
Revenues:				
Transportation	$26,182	23,064	72,209	66,803
Mining royalty land	1,180	1,247	3,193	3,243
Developed property rentals	4,585	4,047	13,398	13,322
Total revenues	31,947	28,358	88,800	83,368
Cost of operations:				
Transportation	23,738	20,349	65,775	60,720
Mining royalty land	334	368	1,025	1,040
Developed property rentals	3,267	3,022	9,912	9,874
Unallocated corporate	167	138	1,275	1,144
Total cost of operations	27,506	23,877	77,987	72,778
Operating profit:				
Transportation	2,444	2,715	6,434	6,083
Mining royalty land	846	879	2,168	2,203
Developed property rentals	1,318	1,025	3,486	3,448
Unallocated corporate	(167)	(138)	(1,275)	(1,144)
Total operating profit	4,441	4,481	10,813	10,590
Interest income and other	70	106	271	340
Equity in loss of joint venture	(14)	-	(16)	(2)
Interest expense	(789)	(966)	(2,533)	(2,988)
Income before income taxes	3,708	3,621	8,535	7,940
Provision for income taxes	(1,349)	(1,121)	(3,203)	(2,780)
Income from continuing operations	2,359	2,500	5,332	5,160
Income from discontinued operations, net	20	99	5,125	217
Net income	$ 2,379	2,599	10,457	5,377
Earnings per common share:				
Income from continuing operations -				
Basic	$ .25	.27	.57	.56
Diluted	$ .25	.27	.56	.55
Discontinued operations (Note 11) -				
Basic	$ .01	.01	.56	.03
Diluted	$ -	.01	.55	.02
Net income – basic	$ .26	.28	1.13	.59
Net income – diluted	$ .25	.28	1.11	.57
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,291	9,184	9,279	9,171
-diluted earnings per common share	9,443	9,426	9,453	9,421

See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JUNE 30, 2011 AND 2010
(In thousands)
(Unaudited)

	2011	2010
Cash flows from operating activities:		
Net income	$10,457	5,377
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation, depletion and amortization	9,126	8,647
Deferred income taxes	(813)	(853)
Equity in loss of joint venture	16	2
(Gain) on sale of equipment	(245)	(311)
(Income) from discontinued operations, net	(5,125)	(217)
Stock-based compensation	624	737
Net changes in operating assets and liabilities:		
Accounts receivable	(1,848)	(1,189)
Inventory of parts and supplies	(373)	(60)
Prepaid expenses and other current assets	2,997	3,207
Other assets	54	(176)
Accounts payable and accrued liabilities	628	(1,272)
Income taxes payable and receivable	2,917	(1,560)
Long-term insurance liabilities and other long-term liabilities	159	(213)
Net cash provided by operating activities of continuing operations	18,574	12,119
Net cash used in operating activities of discontinued operations	(605)	(946)
Net cash provided by operating activities	17,969	11,173
Cash flows from investing activities:		
Purchase of transportation group property and equipment	(4,660)	(6,433)
Investments in mining royalty land segment	-	(41)
Investments in developed property rentals segment	(8,365)	(2,843)
Investment in joint venture	(114)	(445)
Proceeds from the sale of property, plant and equipment	528	809
Proceeds received on note for sale of SunBelt	3,947	881
Net cash used in investing activities	(8,664)	(8,072)
Cash flows from financing activities:		
Repayment of long-term debt	(3,412)	(3,193)
Repurchase of Company Stock	(1,145)	-
Excess tax benefits from exercises of stock options and vesting of restricted stock	323	65
Exercise of employee stock options	538	192
Net cash used in financing activities	(3,696)	(2,936)
Net increase in cash and cash equivalents	5,609	165
Cash and cash equivalents at beginning of period	17,151	15,803
Cash and cash equivalents at end of the period	$ 22,760	15,968

The Company recorded a non-cash transaction from an exchange of real estate of $4,941 in December 2010 along with a related deferred tax liability of $1,792 and a $2,053 permanent tax benefit on the value of donated minerals and aggregates which was recorded as a $342 receivable and $1,711 deferred tax.

See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2011
(Unaudited)

(1) **Basis of Presentation.** The accompanying consolidated financial statements include the accounts of Patriot Transportation Holding, Inc. and its subsidiaries (the "Company"). Investment in the 50% owned Brooksville Joint Venture is accounted for under the equity method of accounting. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (primarily consisting of normal recurring accruals) considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the nine months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2011. The accompanying consolidated financial statements and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Form 10-K for the year ended September 30, 2010.

In connection with the presentation adopted in March, 2010 of our real estate operations as two reportable segments, two properties in Washington, D.C. and two properties in Duval County, Florida were reclassified out of the Royalties and rent division and the division was renamed the Mining royalty land segment. Historical results have been reclassified to conform to the new segment presentation.

(2) **Stock Split.** On December 1, 2010, the board of directors declared a 3-for-1 stock split of the Company's common stock in the form of a stock dividend. The record date for the split was January 3, 2011 and the new shares were issued on January 17, 2011. The total authorized shares remained 25 million and par value of common stock remained unchanged at $.10 per share. All share and per share information presented has been adjusted to reflect this stock split.

(3) **Business Segments.** The Company operates in three reportable business segments. The Company's operations are substantially in the Southeastern and Mid-Atlantic states. The transportation segment hauls petroleum and other liquids and dry bulk commodities by tank trailers. The Company's real estate operations consist of two reportable segments. The Mining royalty land segment owns real estate including construction aggregate royalty sites and parcels held for investment. The Developed property rentals segment acquires, constructs, and leases office/warehouse buildings primarily in the Baltimore/Northern Virginia/Washington area and holds real estate for

future development or related to its developments.

The Company’s transportation and real estate groups operate independently and have minimal shared overhead except for corporate expenses. Corporate expenses are allocated in fixed quarterly amounts based upon budgeted and estimated proportionate cost by segment. Unallocated corporate expenses primarily include stock compensation and corporate aircraft expenses. Reclassifications to prior period amounts have been made to be comparable to the current presentation.

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

	Three Months ended June 30,		Nine Months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Transportation	$ 26,182	23,064	$ 72,209	66,803
Mining royalty land	1,180	1,247	3,193	3,243
Developed property rentals	4,585	4,047	13,398	13,322
	$ 31,947	28,358	88,800	83,368
Operating profit:				
Transportation	$ 2,834	3,062	7,603	7,123
Mining royalty land	999	1,021	2,626	2,628
Developed property rentals	1,547	1,237	4,172	4,085
Corporate expenses:				
Allocated to transportation	(390)	(347)	(1,169)	(1,040)
Allocated to mining land	(153)	(142)	(458)	(425)
Allocated to developed property	(229)	(212)	(686)	(637)
Unallocated	(167)	(138)	(1,275)	(1,144)
	(939)	(839)	(3,588)	(3,246)
	$ 4,441	4,481	10,813	10,590
Interest expense:				
Mining royalty land	$ 9	9	27	30
Developed property rentals	780	957	2,506	2,958
	$ 789	966	2,533	2,988
Capital expenditures:				
Transportation	$ 1,501	790	4,660	6,433
Mining royalty land	-	25	-	41
Developed property rentals:				
Capitalized interest	345	243	928	700
Internal labor	190	83	450	201
Real estate taxes	303	288	875	867
Other costs (a)	2,517	256	6,112	1,075
	$ 4,856	1,685	13,025	9,317

(a)Net of 1031 exchange of $4,941 for the 9 months ending June 30, 2011.

	2011	2010	2011	2010
Depreciation, depletion and amortization:				
Transportation	$ 1,582	1,536	4,680	4,605
Mining royalty land	29	30	80	77
Developed property rentals	1,300	1,257	3,917	3,805
Other	54	48	449	160
	$ 2,965	2,871	9,126	8,647

	June 30, 2011	September 30, 2010
Identifiable net assets		
Transportation	$ 38,819	43,100
Discontinued Transportation Operations	131	542
Mining royalty land	28,295	28,651
Developed property rentals	173,423	164,601
Cash items	22,760	17,151
Unallocated corporate assets	3,049	3,667
	$266,477	257,712

(4) **Long-Term debt.** Long-term debt is summarized as follows (in thousands):

	June 30, 2011	September 30, 2010
5.6% to 8.6% mortgage notes due in installments through 2027	68,448	71,860
Less portion due within one year	4,822	4,588
	$ 63,626	67,272

The Company has a $37,000,000 uncollateralized 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. Letters of credit in the amount of $11,262,000 were issued under the Revolver. As of June 30, 2011, $25,738,000 was available for borrowing and $50,270,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of June 30, 2011.

The fair values of the Company’s mortgage notes payable were estimated based on current rates available to the Company for debt of the same remaining maturities. At June 30, 2011, the carrying amount and fair value of such other long-term debt was $68,448,000 and $70,819,000, respectively.

(5) **Transactions with Vulcan Materials Company**. The Company previously may have been considered a related party to Vulcan Materials Company (Vulcan). One director of the Company was employed by Vulcan until September 17, 2010 and is related to two other Company directors. 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. Revenue from Vulcan for the first nine months of fiscal 2011 was $4,942,000 compared to $4,446,000 for the same period last year.

A subsidiary of the Company (FRP) has a Joint Venture Agreement with Vulcan Materials Company (formerly Florida Rock Industries, Inc.), Brooksville Quarry, LLC, to develop approximately 4,300 acres of land near Brooksville, Florida. Distributions will be made on a 50-50 basis except for royalties and depletion specifically allocated to FRP. Other income for the nine months ended June 30, 2011 and June 30, 2010 includes a loss of $16,000 and $2,000, respectively, representing the Company's equity in the loss of the joint venture.

(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):

	THREE MONTHS ENDED JUNE 30, 2011	THREE MONTHS ENDED JUNE 30, 2010	NINE MONTHS ENDED JUNE 30, 2011	NINE MONTHS ENDED JUNE 30, 2010
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	9,291	9,184	9,279	9,171
Common shares issuable under share based payment plans which are potentially dilutive	152	242	174	250
Common shares used for diluted earnings per common share	9,443	9,426	9,453	9,421
Net income	$ 2,379	2,599	10,457	5,377
Earnings per common share				
Basic	$ .26	.28	1.13	.59
Diluted	$ .25	.28	1.11	.57

For the three and nine months ended June 30, 2011, 140,370 and 132,870 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the three and nine months ended June 30 2010, 34,570 and 37,070 shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per common share because their inclusion would have been anti-dilutive.

(7) **Stock-Based Compensation Plans.** As more fully described in Note 7 to the Company's notes to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended September 30, 2010, the Company's stock-based compensation plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units, and stock awards. The number of common shares available for future issuance was 644,250 at June 30, 2011.

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

	Three Months ended June 30, 2011	Three Months ended June 30, 2010	Nine Months ended June 30, 2011	Nine Months ended June 30, 2010
Stock option grants	$ 79	68	290	335
Restricted stock awards granted in 2006	-	-	-	48
Annual director stock award	-	-	334	354
	79	68	624	737

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

Options	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value
Outstanding at October 1, 2010	633,900	$14.00	4.1	$ 4,206
Granted	29,160	$25.60		$ 293
Exercised	54,035	$ 9.95		$ 274
Forfeited	-	$ -		$ -
Outstanding at June 30, 2011	609,025	$14.92	3.8	$ 4,225
Exercisable at June 30, 2011	522,397	$12.93	3.0	$ 3,254
Vested during nine months ended June 30, 2011	23,442			$ 248

The aggregate intrinsic value of exercisable in-the-money options was $5,223,000 and the aggregate intrinsic value of all outstanding in-the-money options was $5,223,000 based on the market closing price of $22.37 on June 30, 2011 less exercise prices. Gains of $869,000 were realized by option holders during the nine months ended June 30, 2011. The realized tax benefit from options exercised for the nine months ended June 30, 2011 was $333,000. Total compensation cost of options granted but not yet vested as of June 30, 2011 was $777,000, which is expected to be recognized over a weighted-average period of 2.5 years.

(8) **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. There is a reasonable possibility that the Company’s estimate of vehicle and workers’ compensation liability for the transportation group or discontinued operations may be understated or overstated but the possible range can not be estimated. The liability at any point in time depends upon the relative ages and amounts of the individual open claims. In the opinion of management none of these matters are expected to have a material adverse effect on the Company’s consolidated financial condition, results of operations or cash flows.

(9) **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 the first nine months of fiscal 2011, the transportation segment’s ten largest customers accounted for approximately 55.4% of the transportation segment’s revenue. One of these customers accounted for 20.2% 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 $3,364,000 and $2,797,000 at June 30, 2011 and September 30, 2010 respectively.

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

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

As of June 30, 2011 the Company had no assets or liabilities measured at fair value on a recurring basis and only one asset recorded at fair value on a non-recurring basis as it was deemed to be other-than-temporarily impaired. The fair value of the corporate aircraft of $1,550,000 is based on level 2 inputs for similar assets in the current market. The first quarter of fiscal 2011 includes $300,000 for the impairment to estimated fair value of the corporate aircraft due to indications of a decrease in value versus the previous year end. The Company’s decision to discontinue its regular use requires adjustment to the current estimated value as necessary.

The fair value of note receivable (see Note 11) approximates the unpaid principal balance based upon the interest rate and credit risk of the note. The fair value of all other financial instruments with the exception of mortgage notes (see Note 4) approximates the carrying value due to the short-term nature of such instruments.

(11) **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. Proceeds from the sale of equipment of $923,000 and an extra payment of $2,055,000 were partial prepayments to the note in fiscal 2011. 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.

In December 2010, a subsidiary of the Company, Florida Rock Properties, Inc., sold approximately 1,777 acres of land in Caroline County, Virginia, to the Commonwealth of Virginia, Board of Game and Inland Fisheries. The purchase price for the property was $5,200,000, subject to certain deductions. The Company also donated the $5,402,000 value of minerals and aggregates and recognized a $2,053,000 permanent tax benefit. The Company's book value of the property was $276,000.

A summary of discontinued operations is as follows (in thousands):

	Three months Ended June 30,		Nine months Ended June 30,	
	2011	2010	2011	2010
Revenue	$ 15	15	45	70
Operating expenses	(18)	(147)	(278)	(283)
Gain on property sale before taxes	-	-	4,665	-
Income before income taxes	$ 33	162	4,988	353
Provision for income taxes	(13)	(63)	137	(136)
Income from Discontinued operations	$ 20	99	5,125	217

The components of the balance sheet are as follows:

	June 30, 2011	September 30, 2010
Accounts receivable	$ 2	8
Deferred income taxes	20	417
Property and equipment, net	109	117
Assets of discontinued operations	$ 131	542
Accounts payable	$ 16	154
Accrued payroll and benefits	2	2
Accrued liabilities, other	22	61
Insurance liabilities	72	1,110
Liabilities of discontinued operations	$ 112	1,327

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 liquids and dry bulk commodities in tank trailers.

The Company's real estate operations consist of two reportable segments. The Mining royalty land segment owns real estate including construction aggregate royalty sites and parcels held for investment. The Developed property rentals segment acquires, constructs, and leases office/warehouse buildings primarily in the Baltimore/Northern Virginia/Washington area and holds real estate for future development or related to its developments. Substantially all of the real estate operations are conducted within the Southeastern and Mid-Atlantic United States.

Prior to the quarter ending March 31, 2010 the Company's real estate operations were aggregated and reported as a single segment. The prior filings additionally included results by division. In connection with the new presentation of our real estate operations as two reportable segments, two properties in Washington, D.C. and two properties in Duval County, Florida were reclassified out of the Royalties and rent division and the division was renamed the Mining royalty land segment. Historical results have been reclassified to conform to the new segment presentation.

On December 1, 2010, the board of directors declared a 3-for-1 stock split of the Company's common stock in the form of a stock dividend. The record date for the split was January 3, 2011 and the new shares were issued on January 17, 2011. All share and per share information presented has been adjusted to reflect this stock split.

The Company's operations are influenced by a number of external and internal factors. External factors include levels of economic and industrial activity in the United States and the Southeast, driver availability and cost, regulations regarding driver qualifications and hours of service, petroleum product usage in the Southeast which is driven in part by tourism and commercial aviation, fuel costs, construction activity, aggregates sales by lessees from the Company's mining properties, interest rates, market conditions and attendant prices for casualty insurance, demand for commercial warehouse space in the Baltimore-Washington-Northern Virginia area, and ability to obtain zoning and entitlements necessary for property development. Internal factors include revenue mix, capacity utilization, auto and workers' compensation accident frequencies and severity, other operating factors, administrative costs, group health claims experience, and construction costs of new projects. There is a reasonable possibility that the Company’s estimate of vehicle and workers’ compensation liability for the transportation group or discontinued operations may be understated or overstated but the possible range can not be estimated. The liability at any point in time depends upon the relative ages and amounts of the individual open claims. Financial results of the Company for any individual quarter are not necessarily indicative of results to be expected for the year.

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. Proceeds from the sale of equipment of $923,000 and an extra payment of $2,055,000 were partial prepayments to the note in fiscal 2011. 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.

In December 2010, a subsidiary of the Company, Florida Rock Properties, Inc., sold approximately 1,777 acres of land in Caroline County, Virginia, to the Commonwealth of Virginia, Board of Game and Inland Fisheries. The purchase price for the property was $5,200,000 and expenses of the sale were $259,000. The Company also donated the $5,402,000 value of minerals and aggregates and recognized a $2,053,000 permanent tax benefit. The Company's book value of the property was $276,000. Caroline County 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.

Comparative Results of Operations for the Three months ended June 30, 2011 and 2010

Consolidated Results – Net income for the third quarter of fiscal 2011 was $2,379,000 compared to $2,599,000 for the same period last year. Diluted earnings per common share for the third quarter of fiscal 2011 were $.25 compared to $.28 for the same quarter last year. Transportation segment results were lower due to a $353,000 smaller reduction to the actuarial projections of risk insurance claims and lower gains on equipment sales partially offset by increased miles.

The mining royalty land segment's results were lower due to lower tons mined at most locations mostly offset by a shift of production from land held by other lessors to land held by the Company. The Developed property rentals segment's results were higher due to higher occupancy partially offset by increased unbillable maintenance costs.

Transportation Results

(dollars in thousands)	Three months ended June 30 2011	%	2010	%
Transportation revenue	$ 20,806	79%	19,593	85%
Fuel surcharges	5,376	21%	3,471	15%
Revenues	26,182	100%	23,064	100%
Compensation and benefits	9,047	35%	8,573	37%
Fuel expenses	6,256	24%	4,465	19%
Insurance and losses	1,799	7%	1,394	6%
Depreciation expense	1,554	6%	1,499	6%
Other, net	2,765	11%	2,198	10%
Sales, general & administrative	1,927	7%	1,873	8%
Allocated corporate expenses	390	1%	347	2%
Cost of operations	23,738	91%	20,349	88%
Operating profit	$ 2,444	9%	2,715	12%

Transportation segment revenues were $26,182,000 in the third quarter of 2011, an increase of $3,118,000 over the same quarter last year. Revenue miles in the current quarter were up 5.4% compared to the third quarter of fiscal 2010 due to business growth and a longer average haul length. Fuel surcharge revenue increased $1,905,000. Excluding fuel surcharges, revenue per mile increased 0.9% over the same quarter last year. The average price paid per gallon of diesel fuel increased by $.96 or 35.4% over the same quarter in fiscal 2010.

The Transportation segment's cost of operations was $23,738,000 in the third quarter of 2011, an increase of $3,389,000 over the same quarter last year. The Transportation segment's cost of operations in the third quarter of 2011 as a percentage of revenue was 91% compared to 88% in the third quarter of 2010. Compensation and benefits increased $474,000 or 5.5% compared to the same quarter last year primarily due to the increase in miles driven. Fuel surcharge revenue increased $1,905,000 while fuel cost increased by $1,791,000 leaving a positive impact to operating profit of $114,000. There is a time lag between changes in fuel prices and surcharges and often fuel costs change more rapidly than the market indexes used to determine fuel surcharges, particularly when the price falls. Insurance and losses increased $405,000 compared to the same quarter last year primarily due to a smaller reduction to the actuarial projections of risk insurance claims. Depreciation expense increased $55,000 due to more trucks in service. Other expense increased $567,000 due to higher vehicle repair costs, increased tire prices, increased miles driven and lower gains on equipment sales. Selling general and administrative costs increased $54,000 or 2.9% compared to the same quarter last year. Allocated corporate expenses increased $43,000.

Mining Royalty Land Results

(dollars in thousands)	Three months ended June 30 2011	%	2010	%
Mining royalty land revenue	$ 1,180	100%	1,247	100%
Property operating expenses	113	10%	155	13%
Depreciation and depletion	30	2%	30	3%
Management Company indirect	38	3%	41	3%
Allocated corporate expense	153	13%	142	11%
Cost of operations	334	28%	368	30%
Operating profit	$ 846	72%	879	70%

Mining royalty land segment revenues for the third quarter of fiscal 2011 were $1,180,000, a decrease of $67,000 or 5.4% over the same quarter last year, due to lower tons mined at most locations mostly offset by a shift of production from land held by other lessors to land held by the Company.

The mining royalty land segment's cost of operations was $334,000 in the third quarter of 2011, a decrease of $34,000 over the same quarter last year due to reduced maintenance and professional fees.

Developed Property Rentals Results

(dollars in thousands)	Three months ended June 30 2011	%	2010	%
Developed property rentals revenue	$ 4,585	100%	4,047	100%
Property operating expenses	1,392	30%	1,179	29%
Depreciation and amortization	1,300	28%	1,257	32%
Management Company indirect	346	8%	374	9%
Allocated corporate expense	229	5%	212	5%
Cost of operations	3,267	71%	3,022	75%
Operating profit	$ 1,318	29%	1,025	25%

Developed property rentals segment revenues for the third quarter of fiscal 2011 were $4,585,000, an increase of $538,000 or 13.3% due to higher occupancy.

Developed property segment's cost of operations was $3,267,000 in the third quarter of 2011, an increase of $245,000 or 8.1% over the same quarter last year. Property operating expenses increased $213,000 due to higher occupancy and increased unbillable maintenance costs. Depreciation and amortization increased $43,000 due to the purchase of a building. Management Company indirect expenses (excluding internal allocations for lease related property management fees) decreased $28,000. Allocated corporate expenses increased $17,000.

Consolidated Results

Operating Profit - Consolidated operating profit was $4,441,000 in the third quarter of fiscal 2011, a decrease of $40,000 or 0.9% compared to $4,481,000 in the same period last year. Operating profit in the transportation segment decreased $271,000 or 10.0% primarily due to a $353,000 smaller reduction to the actuarial projections of risk insurance claims and lower gains on equipment sales partially offset by increased miles. Operating profit in the mining royalty land segment decreased $33,000 or 3.8% due to lower tons mined at most locations mostly offset by a shift of production from land held by other lessors to land held by the Company. Operating profit in the Developed property rentals segment increased $293,000 or 28.6% due to higher occupancy partially offset by increased unbillable maintenance costs. Consolidated operating profit includes corporate expenses not allocated to any segment in the amount of $167,000 in the third quarter of fiscal 2011, an increase of $29,000 compared to the same period last year.

Interest expense – Interest expense decreased $177,000 over the same quarter last year due to declining mortgage interest expense and higher capitalized interest.

Income taxes – Income tax expense increased $228,000 over the same quarter last year of which $34,000 was due to higher earnings and the balance due to smaller amounts of tax credits funded by legislative action related to fiscal 2008 and 2009 expenditures and a smaller reduction in uncertain tax positions related to the expiration of statutes of limitation than the same items in the prior year.

Income from continuing operations – Income from continuing operations was $2,359,000 or $.25 per diluted share in the third quarter of fiscal 2011, a decrease of 5.6% compared to $2,500,000 or $.27 per diluted share for the same period last year. The $141,000 decrease was primarily due to the $40,000 decrease in operating profits and $177,000 reduction in interest expense offset by higher income taxes.

Discontinued operations – The after tax income from discontinued operations for the third quarter of fiscal 2011 was $20,000 versus $99,000 for the same period last year. Diluted earnings per share on discontinued operations for the third quarter of fiscal 2011 was $.00 compared to $.01 in the third quarter of fiscal 2010. Results in both periods were due to lower than expected retained liabilities and losses from prior year operations.

Net income - Net income for the third quarter of fiscal 2011 was $2,379,000 compared to $2,599,000 for the same period last year.

Diluted earnings per common share for the third quarter of fiscal 2011 were $.25 compared to $.28 for the same quarter last year. Transportation segment results were lower due to a $353,000 smaller reduction to the actuarial projections of risk insurance claims and lower gains on equipment sales partially offset by increased miles. The mining royalty land segment's results were lower due to lower tons mined at most locations mostly offset by a shift of production from land held by other lessors to land held by the Company. The Developed property rentals segment's results were higher due to higher occupancy partially offset by increased unbillable maintenance costs.

Comparative Results of Operations for the Nine months ended June 30, 2011 and 2010

Consolidated Results – Net income for the first nine months of fiscal 2011 was $10,457,000 compared to $5,377,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2011 were $1.11 compared to $.57 in the first nine months of fiscal 2010. Income from discontinued operations favorably impacted net income due to an after tax gain of $4,926,000 from the exchange of property included in the first nine months of fiscal 2011. Transportation segment results were higher due to reduced health benefit claims. The mining royalty land segment's results were slightly lower due to a shift of tons sold in northern Georgia to a quarry with a lower royalty. The Developed property rentals segment's results were higher due to higher occupancy offset by increased professional fees, maintenance costs, property taxes, and depreciation.

Transportation Results

(dollars in thousands)	Nine months ended June 30 2011	%	2010	%
Transportation revenue	$ 59,315	82%	57,847	87%
Fuel surcharges	12,894	18%	8,956	13%
Revenues	72,209	100%	66,803	100%
Compensation and benefits	25,961	36%	25,189	38%
Fuel expenses	16,383	23%	12,544	19%
Insurance and losses	4,685	6%	5,230	8%
Depreciation expense	4,595	6%	4,491	7%
Other, net	7,172	10%	6,727	10%
Sales, general & administrative	5,810	8%	5,499	8%
Allocated corporate expenses	1,169	2%	1,040	1%
Cost of operations	65,775	91%	60,720	91%
Operating profit	$ 6,434	9%	6,083	9%

Transportation segment revenues were $72,209,000 in the first nine months of 2011, an increase of $5,406,000 over the same period last year. Revenue miles in the first nine months of 2011 were up 4.7%

compared to the first nine months of fiscal 2010 due to business growth and a longer average haul length. Fuel surcharge revenue increased $3,938,000. Excluding fuel surcharges, revenue per mile decreased 2.1% over the same period last year due to a longer average haul length. The average price paid per gallon of diesel fuel increased by $.70 or 26.7% over the same period in fiscal 2010.

The Transportation segment's cost of operations was $65,775,000 in the first nine months of 2011, an increase of $5,055,000 over the same period last year. The Transportation segment's cost of operations in the first nine months of 2011 as a percentage of revenue was 91% consistent with the first nine months of 2010. Compensation and benefits increased $772,000 or 3.1% compared to the same period last year primarily due to the increase in miles driven. Fuel surcharge revenue increased $3,938,000 while fuel cost increased by $3,839,000 leaving a positive impact to operating profit of $99,000. Insurance and losses decreased $545,000 compared to the same period last year due to lower health benefit claims. Depreciation expense increased $104,000 due to more trucks in service. Other expense increased $445,000 due to higher vehicle repair costs, increased miles driven and lower gains on equipment sales. Selling general and administrative costs increased $311,000 or 5.7% compared to the same period last year. Allocated corporate expenses increased $129,000.

Mining Royalty Land Results

	Nine months ended June 30			
(dollars in thousands)	2011	%	2010	%
Mining royalty land revenue	$ 3,193	100%	3,243	100%
Property operating expenses	370	12%	413	13%
Depreciation and depletion	81	2%	78	2%
Management Company indirect	116	4%	124	4%
Allocated corporate expense	458	14%	425	13%
Cost of operations	1,025	32%	1,040	32%
Operating profit	$ 2,168	68%	2,203	68%

Mining royalty land segment revenues for the first nine months of fiscal 2011 were $3,193,000, a decrease of $50,000 or 1.5% over the same period last year, due to a shift in tons sold in northern Georgia to a quarry with a lower royalty.

The mining royalty land segment's cost of operations was $1,025,000 in the first nine months of 2011, a decrease of $15,000 over the same period last year. Property operating expenses decreased $43,000 due to lower professional fees. Depreciation and depletion expenses increased $3,000 due to an increase in mined tons. Management Company indirect expenses (excluding internal allocations for lease related property management fees) decreased $8,000. Allocated corporate expenses increased $33,000.

Developed Property Rentals Results

(dollars in thousands)	Nine months ended June 30 2011	%	2010	%
Developed property rentals revenue	$ 13,398	100%	13,322	100%
Property operating expenses	4,264	32%	4,312	32%
Depreciation and amortization	3,917	29%	3,805	29%
Management Company indirect	1,045	8%	1,120	8%
Allocated corporate expense	686	5%	637	5%
Cost of operations	9,912	74%	9,874	74%
Operating profit	$ 3,486	26%	3,448	26%

Developed property rentals segment revenues for the first nine months of fiscal 2011 were $13,398,000, an increase of $76,000 or 0.6% due to higher occupancy partially offset by reduced tenant reimbursements for snow removal.

Developed property segment's cost of operations was $9,912,000 in the first nine months of 2011, an increase of $38,000 or 0.4% over the same period last year. Property operating expenses decreased $48,000 due to a $505,000 reduction in snow removal costs offset by higher professional fees, unbillable maintenance costs, property taxes and utilities. Depreciation and amortization increased $112,000 due to the purchase of a building. Management Company indirect expenses (excluding internal allocations for lease related property management fees) decreased $75,000. Allocated corporate expenses increased $49,000.

Consolidated Results

Operating Profit - Consolidated operating profit was $10,813,000 in the first nine months of fiscal 2011, an increase of $223,000 or 2.1% compared to $10,590,000 in the same period last year. Operating profit in the transportation segment increased $351,000 or 5.8% primarily due to lower health benefit claims. Operating profit in the mining royalty land segment decreased $35,000. Operating profit in the Developed property rentals segment increased $38,000 or 1.1% due to higher occupancy offset by increased professional fees, maintenance costs, property taxes, and depreciation. Consolidated operating profit includes corporate expenses not allocated to any segment in the amount of $1,275,000 in the first nine months of fiscal 2011, an increase of $131,000 compared to the same period last year due to adjustment to the fair value of the corporate aircraft of $300,000 partially offset by lower stock compensation and professional fees.

Interest expense – Interest expense decreased $455,000 over the same period last year due to declining mortgage interest expense and higher capitalized interest.

Income taxes – Income tax expense increased $423,000 over the same period last year of which $229,000 was due to higher earnings and the balance due to smaller amounts of tax credits funded by legislative action related to fiscal 2008 and 2009 expenditures and a smaller reduction in uncertain tax positions related to the expiration of statutes of limitation than the same items in the prior year.

Income from continuing operations – Income from continuing operations was $5,332,000 or $.56 per diluted share in the first nine months of fiscal 2011, an increase of 3.3% compared to $5,160,000 or $.55 per diluted share for the same period last year. The $172,000 increase was primarily due to the $223,000 increase in operating profits and $455,000 reduction in interest expense offset by higher income taxes.

Discontinued operations – The after tax income from discontinued operations for the first nine months of fiscal 2011 was $5,125,000 versus $217,000 for the same period last year. Diluted earnings per share on discontinued operations for the first nine months of fiscal 2011 was $.55 compared to $.02 in the first nine months of fiscal 2010. The first nine months of 2011 included a book gain on the exchange of property of $4,926,000 after tax or $.52 per diluted share.

Net income - Net income for the first nine months of fiscal 2011 was $10,457,000 compared to $5,377,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2011 were $1.11 compared to $.57 in the first nine months of fiscal 2010. Income from discontinued operations favorably impacted net income due to an after tax gain of $4,926,000 from the exchange of property included in the first nine months of fiscal 2011. Transportation segment results were higher due to reduced health benefit claims. The mining royalty land segment’s results were slightly lower due to a shift of tons sold in northern Georgia to a quarry with a lower royalty. The Developed property rentals segment’s results were higher due to higher occupancy offset by increased professional fees, maintenance costs, property taxes, and depreciation.

Liquidity and Capital Resources. For the first nine months of fiscal 2011, the Company used cash provided by operating activities of continuing operations of $18,574,000, proceeds received on notes of $3,947,000, proceeds from the sale of plant, property and equipment of $528,000, proceeds from the exercise of employee stock options of $538,000, excess tax benefits from the exercise of stock options of $323,000 and cash balances to purchase $4,660,000 in transportation equipment, to purchase Hollander 95 Business Park for $1,222,000 (net of 1031 exchange of $4,941,000), to expend $7,143,000 in real estate development, to invest $114,000 in the Brooksville Joint Venture, to make $3,412,000 scheduled payments on long-term debt and to repurchase Company stock for $1,145,000. Cash used in the operating activities of discontinued operations was $605,000. Cash increased $5,609,000.

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. Proceeds from the sale of equipment of $923,000 and an extra payment of $2,055,000 were partial prepayments to the note in fiscal 2011. The Company retained all pre-closing receivables and liabilities. SunBelt has been accounted for as discontinued operations. All periods presented have been restated accordingly.

In December 2010, a subsidiary of the Company, Florida Rock Properties, Inc., sold approximately 1,777 acres of land in Caroline County, Virginia, to the Commonwealth of Virginia, Board of Game and Inland Fisheries. The purchase price for the property was $5,200,000 and expenses of the sale were $259,000. The Company also donated the $5,402,000 value of minerals and aggregates and recognized a $2,053,000 permanent tax benefit. The $2,053,000 permanent tax benefit was recorded to income taxes receivable for $342,000 and offset to long-term deferred tax liabilities of $1,711,000. Actual realization of the $1,711,000 in deferred taxes will depend on taxable income, income tax rates, and income tax regulations over the 5 year carry forward period. The Company's book value of the property was $276,000. The Caroline County property has been accounted for as a discontinued operation and all periods presented have been restated accordingly. The Company used all the proceeds in a 1031 exchange to purchase Hollander 95 Business Park in a foreclosure sale auction through a qualified intermediary. Hollander 95 Business Park, in Baltimore City, Maryland, closed on October 22, 2010 by a 1031 intermediary for a purchase price totaling $5,750,000. This property consists of an existing 82,800 square foot warehouse building (46.9% occupied) with an additional 42 acres of partially developed land with a development capacity of 490,000 square feet (a mix of warehouse, office, hotel and flex buildings).

Cash flows from operating activities for the first nine months of fiscal 2011 were $6,796,000 higher than the same period last year primarily due to large income tax payments last year related to the sale of SunBelt and lower insurance payments.

Cash flows used in investing activities for the first nine months of fiscal 2011 were $592,000 higher primarily reflecting the purchase of Hollander 95 Business Park (net of 1031 exchange of $4,941,000) offset by proceeds on notes receivable related to the sale of SunBelt and lower purchases of transportation equipment.

Cash flows used in financing activities for the first nine months of fiscal 2011 were $760,000 higher than the same period last year due to repurchases of Company stock for $1,145,000 partially offset by increased stock options exercised.

The Company has a $37,000,000 uncollateralized Revolving Credit Agreement with three banks, which matures on December 13, 2013. The Revolver contains limitations on availability and restrictive covenants including limitations on paying cash dividends. Letters of credit in the amount of $11,262,000 were issued under the Revolver. As of June 30, 2011, $25,738,000 was available for borrowing and $50,270,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of June 30, 2011.

The Company had $11,262,000 of irrevocable letters of credit outstanding as of June 30, 2011. Most of the letters of credit are irrevocable for a period of one year and are automatically extended for additional one-year periods until notice of non-renewal is received from 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. The Company issued replacement letters of credit through the Revolver to reduce fees.

The Board of Directors has authorized Management to repurchase shares of the Company’s common stock from time to time as opportunities arise. During the first nine months of fiscal 2011 the Company repurchased 42,000 shares for $1,145,000. As of June 30, 2011, $4,480,000 was authorized for future repurchases of common stock. The Company does not currently pay any cash dividends on common stock.

The Company has committed to make additional capital contributions of up to $41,000 over the next 12 months to Brooksville Quarry, LLC in connection with a joint venture with Vulcan.

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.

Summary and Outlook. Transportation segment miles for this year were 4.7% higher than last year. The Company continues to succeed in replacing customers from the non-renewed contracts announced January 6, 2010 and has basically recovered from new customers substantially all the lost revenue miles, albeit at lower rates per mile for longer average hauls.

Operating profit from the leasing of developed buildings has been unfavorably impacted by three newer buildings brought into service since September 2008 along with two nearly vacant buildings in Delaware impacted by automobile plant closings and the residential housing downturn. Occupancy has increased from 72.0% to 82.2% (including 104,226 square feet or 3.6% for temporary storage under a less than full market lease rate) over last fiscal year end as the market for new tenants appears to have improved and traffic for vacant space has increased. The Company is not presently engaged in the construction of any new buildings.

In July 2008, a subsidiary of the Company, FRP Bird River, LLC, entered into an agreement to sell approximately 121 acres of land in Baltimore County, Maryland to Mackenzie Investment Group, LLC. The purchase price for the property is $25,075,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including additional government approvals and closing is scheduled to occur in the first quarter of calendar 2012. The cost of the property of $5,808,000 was transferred from Real estate held for investment to Real estate held for sale as of March 31, 2011 because of the expectation that the sale will be completed within one year. The Company may choose to have any proceeds from the sale placed into escrow in anticipation of utilizing the funds to purchase replacement property under IRC Section 1031. The purchaser has placed non-refundable deposits of $1,000,000 under this contract in escrow including $650,000 in March 2009. 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 has expired.

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 "Project"). In April 2011, the Florida Department of Community Affairs issued its Final Order approving the development of the Project. Prior to commencing development of the Project the property will need to be rezoned consistent with the approved entitlements.

In May 2008, the Company received 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. This site is located adjacent to the recently opened Washington Nationals Baseball Park. The site currently is leased to Vulcan Materials Company on a month-to-month basis. 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.

In July 2011 the Company executed a Letter of Intent with MidAtlantic Realty Partners, LLC. ("MRP") for the formation of a Joint Venture to develop the first phase of the four-phase Master Development known as RiverFront on the Anacostia in Washington, D.C. adjacent to the Washington Nationals baseball stadium. Under the terms of the Letter of Intent the parties have agreed to seek a modification from the

District of Columbia authorities to the existing approved plan for the Master Development to change phase I from an office building to residential apartments. The Letter of Intent contemplates the parties will enter into a formal joint venture agreement wherein the Company will contribute the land comprising phase I to the joint venture in return for a seventy percent (70%) interest in the venture. MRP will contribute capital in the amount necessary for the venture to qualify for a nonrecourse loan for the balance of the estimated construction costs (this MRP contribution is currently estimated to be in the approximate amount of $4,500,000). At this point the Letter of Intent contemplates commencement of construction in the spring of 2013 with lease up scheduled between September of 2014 and July of 2015. The Letter of Intent further contemplates additional incentive promotional returns to MRP but only after FRP and MRP have received a stipulated cumulative return on their contributed capital. The Letter of Intent contemplates no commitments or obligations between the parties with respect to Phases II, III and IV of the Master Development Plan.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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. For its debt instruments with variable interest rates, changes in interest rates affect the amount of interest expense incurred. 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.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Chief Accounting Officer (“CAO”), as appropriate, to allow timely decisions regarding required disclosure.

The Company also maintains a system of internal accounting controls over financial reporting that are designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving the desired control objectives.

As of June 30, 2011, the Company, under the supervision and with the participation of the Company's management, including the CEO, CFO and CAO, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company’s CEO, CFO and CAO concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be included in periodic SEC filings.

There have been no changes in the Company’s internal controls over financial reporting during the first nine months that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2010, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

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)
April 1 through April 30	0	$ 0	0	$ 4,480,000
May 1 through May 31	0	$ 0	0	$ 4,480,000
June 1 through June 30	0	$ 0	0	$ 4,480,000
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. EXHIBITS

(a) Exhibits. The response to this item is submitted as a separate Section entitled "Exhibit Index", on page 29.

SIGNATURES

Pursuant to the requirements 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.

August 3, 2011 PATRIOT TRANSPORTATION HOLDING, INC.

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

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

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

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2011
EXHIBIT INDEX

(14)	Financial Code of Ethical Conduct between the Company, Chief Executive Officers and Financial Managers, as revised on January 28, 2004, which is available on the Company's website at www.patriottrans.com.
(31)(a)	Certification of Thompson S. 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.

CERTIFICATIONS Exhibit 31(a)

I, Thompson S. Baker II, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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, to 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 quarter 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: August 3, 2011

/s/Thompson S. Baker II
President and Chief Executive Officer

CERTIFICATIONS Exhibit 31(b)

I, John D. Milton, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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, to 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 quarter 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: August 3, 2011

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

I, John D. Klopfenstein, certify that:

1. I have reviewed this report on Form 10-Q of Patriot Transportation Holding, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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, to 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 quarter 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: August 3, 2011

/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.

August 3, 2011

PATRIOT TRANSPORTATION HOLDING, INC.

THOMPSON S. BAKER II
Thompson S. Baker II
President and Chief Executive Officer

JOHN D. MILTON, JR._
John D. Milton
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 Quarterly report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-4751 and IC-25967, dated June 30, 2003.