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, 2009

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 (State or other jurisdiction of incorporation or organization)	**59-2924957** (I.R.S. Employer Identification No.)
501 Riverside Ave., Ste 500, Jacksonville, FL (Address of principal executive offices)	**32202** (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, 2009
Common Stock, $.10 par value per share	3,053,436 shares

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q
QUARTER ENDED JUNE 30, 2009

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 and our flatbed trucking subsidiary; 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. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands, except share data)

Assets	June 30, 2009	September 30, 2008
Current assets:		
Cash and cash equivalents	$ 12,181	7,778
Accounts receivable (including related party of $497 and $357 and net of allowance for doubtful accounts of $137 and $176, respectively)	5,956	9,280
Accounts receivable from condemnation	-	554
Inventory of parts and supplies	600	813
Deferred income taxes	1,089	-
Prepaid tires on equipment	1,255	1,304
Prepaid taxes and licenses	229	1,510
Prepaid insurance	1,051	3,224
Prepaid expenses, other	111	92
Assets of discontinued operations	11,238	17,297
Total current assets	33,710	41,852
Property, plant and equipment, at cost	290,225	281,173
Less accumulated depreciation and depletion	88,618	83,350
Net property, plant and equipment	201,607	197,823
Real estate held for investment, at cost	6,933	6,918
Investment in joint venture	6,735	6,395
Goodwill	1,087	1,087
Unrealized rents	3,333	3,208
Other assets	4,181	4,757
Total assets	$257,586	262,040
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 2,584	6,933
Federal and state income taxes payable	1,075	-
Accrued payroll and benefits	4,765	5,164
Accrued insurance reserves	3,628	3,463
Accrued liabilities, other	649	1,158
Long-term debt due within one year	4,223	4,019
Liabilities of discontinued operations	5,829	7,874
Total current liabilities	22,753	28,611
Long-term debt, less current portion	72,960	76,153
Deferred income taxes	15,938	15,227
Accrued insurance reserves	3,112	3,158
Other liabilities	1,540	1,536
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, 3,053,436 and 3,039,086 shares issued and outstanding, respectively	305	304
Capital in excess of par value	35,713	34,540
Retained earnings	105,227	102,473
Accum. other comprehensive income, net of tax	38	38
Total shareholders' equity	141,283	137,355
Total liabilities and shareholders' equity	$257,586	262,040

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,		NINE MONTHS ENDED JUNE 30,	
	2009	2008	2009	2008
Revenues:				
Transportation	$22,604	28,067	69,108	76,415
Real estate	5,486	6,071	17,603	18,702
Total revenues (including revenue from related parties of $1,600, $1,961, $4,809 and $6,183, respectively)	28,090	34,138	86,711	95,117
Cost of operations:				
Transportation	17,660	22,944	55,582	63,809
Real estate	3,249	3,016	9,698	9,359
Total cost of operations	20,909	25,960	65,280	73,168
Gross profit:				
Transportation	4,944	5,123	13,526	12,606
Real estate	2,237	3,055	7,905	9,343
Total gross profit	7,181	8,178	21,431	21,949
Selling, general and administrative expense	2,894	3,190	9,555	11,954
Operating profit	4,287	4,988	11,876	9,995
Gain on condemnation of land	-	-	-	2,507
Interest income and other	2	296	30	788
Equity in loss of joint venture	-	(6)	(5)	(20)
Interest expense	(892)	(1,353)	(2,542)	(4,101)
Income before income taxes	3,397	3,925	9,359	9,169
Provision for income taxes	(1,184)	(1,345)	(3,507)	(3,466)
Income from continuing operations	2,213	2,580	5,852	5,703
Income from discontinued operations, net	(2,615)	194	(3,098)	(898)
Net income	$ (402)	2,774	2,754	4,805
Earnings per common share:				
Income from continuing operations -				
Basic	$ .73	.85	1.93	1.88
Diluted	$ .70	.83	1.88	1.82
Discontinued operations including loss on disposition (Note 12) -				
Basic	$ (.86)	.07	(1.02)	(.30)
Diluted	$ (.83)	.06	(1.00)	(.28)
Net income – basic	$ (.13)	.92	.91	1.58
Net income – diluted	$ (.13)	.89	.88	1.54
Number of shares (in thousands) used in computing:				
-basic earnings per common share	3,044	3,024	3,039	3,034
-diluted earnings per common share	3,123	3,114	3,114	3,130

See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JUNE 30, 2009 AND 2008
(In thousands)
(Unaudited)

	2009	2008
Cash flows from operating activities:		
Net income	$ 2,754	4,805
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation, depletion and amortization	9,515	8,402
Deferred income taxes	(425)	1,719
Equity in loss of joint venture	5	20
(Gain) loss on sale of equipment	(718)	(420)
Gain on condemnation of land	-	(2,507)
Loss from discontinued operations, net of tax	3,098	898
Stock-based compensation	726	943
Net changes in operating assets and liabilities:		
Accounts receivable	3,878	(1,088)
Inventory of parts and supplies	213	(148)
Prepaid expenses and other current assets	3,484	1,570
Other assets	(56)	-
Accounts payable and accrued liabilities	(5,045)	908
Income taxes payable	1,075	(83)
Long-term insurance reserves and other long-term liabilities	(42)	(1,290)
Net cash provided by operating activities of continuing operations	18,462	13,729
Net cash provided by operating activities of discontinued operations	1,235	1,163
Net cash provided by operating activities	19,697	14,892
Cash flows from investing activities:		
Purchase of transportation group property and equipment	(3,064)	(10,325)
Purchase and development of real estate group property	(9,762)	(16,096)
Investment in joint venture	(350)	(425)
Proceeds from the sale of property, plant and equipment	742	6,457
Net cash used in investing activities of continuing operations	(12,434)	(20,389)
Net cash used in investing activities of discontinued operations	(319)	80
Net cash used in investing activities	(12,753)	(20,309)
Cash flows from financing activities:		
Repayment of long-term debt	(2,989)	(2,798)
Repurchase of Company stock	-	(4,388)
Excess tax benefits from exercises of stock options and vesting of restricted stock	77	614
Exercise of employee stock options	371	961
Net cash used in financing activities	(2,541)	(5,611)
Net increase (decrease) in cash and cash equivalents	4,403	(11,028)
Cash and cash equivalents at beginning of period	7,778	26,944
Cash and cash equivalents at end of the period	$ 12,181	15,916

See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009
(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, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2009. 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, 2008.

(2) **Recent Accounting Pronouncements.** In September 2006, the FASB issued Statement No. 157, “Fair Value Measurement” (SFAS 157). The Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB agreed to a one-year delay of FAS 157 for certain nonfinancial assets and liabilities. Accordingly, adoption of this standard is limited to financial assets and liabilities, which primarily applies to the valuation of our long term mortgage debt. Management believes that the adoption of SFAS 157 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. The Company adopted the applicable provisions of SFAS 157 on October 1, 2008 and its adoption had no affect on consolidated financial results of the Company.

In February 2007, the FASB issued Statement No. 159 (SFAS 159), “The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No 115.” This Statement 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. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company adopted SFAS 159 on October 1, 2008 and, as of this time, has not elected to measure financial instruments and other items at fair value that are not required to be measured at fair value.

In December 2007 the FASB issued Statement No. 141(R) "Business Combinations" (FAS 141(R)). FAS 141(R) 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. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. The impact of FAS No. 141R on the consolidated financial statements will depend upon the nature, terms and size of any acquisitions consummated after the effective date.

In April 2009, the FASB issued FASB Staff Position No. 107-1 (FSP FAS 107-1) and APB 28-1 (APB 28-1), which amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments and APB Opinion No. 28, Interim Financial Reporting, to require disclosures about the fair value of financial instruments for interim reporting periods. FSP FAS 107-1 and APB 28-1 are effective for the interim reporting periods ending after June 15, 2009. The Company adopted FSP FAS 107-1 and APB 28-1 for the period ending June 30, 2009.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" (SFAS 165). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. We adopted SFAS 165 on issuance and it had no material impact on our consolidated financial statements. We evaluated all events or transactions that occurred after June 30, 2009 up through August 13, 2009, the date we issued these financial statements. (See Note 13, Subsequent Events).

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162" (SFAS 168). SFAS 168 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 Codification did not change GAAP but reorganizes the literature. SFAS 168 is effective for interim and annual periods ending after September 15, 2009.

(3) **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, dry bulk commodities and construction materials 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 develops commercial and industrial properties.

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,	
	2009	2008	2009	2008
Revenues:				
Transportation	$ 22,604	28,067	69,108	76,415
Real estate	5,486	6,071	17,603	18,702
	$ 28,090	34,138	86,711	95,117
Operating profit				
Transportation	$ 2,961	3,003	7,238	6,398
Real estate	2,237	3,055	7,905	9,343
Corporate expenses	(911)	(1,070)	(3,267)	(5,746)
	$ 4,287	4,988	11,876	9,995

Identifiable assets	June 30, 2009	September 30, 2008
Transportation	$ 37,571	45,214
Discontinued Transportation Operations	11,238	17,297
Real estate	191,702	187,239
Cash items	12,181	7,778
Unallocated corporate assets	4,894	4,512
	$257,586	262,040

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

	June 30, 2009	September 30, 2008
5.6% to 8.6% mortgage notes due in installments through 2027	77,183	80,172
Less portion due within one year	4,223	4,019
	$ 72,960	76,153

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 bears interest at a rate of 1.25% 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

0.2% 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 including limitations on paying cash dividends. Under the terms of this amended Revolver agreement, as of June 30, 2009, the full $37,000,000 amount of the line was available for borrowing and $37,732,000 of consolidated retained earnings was available for the payment of dividends. The Company was in compliance with all covenants as of June 30, 2009.

(5) **Related Party Transactions.** The Company, through its transportation subsidiaries, hauls commodities by tank and flatbed trucks for Vulcan Materials Company (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 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. The 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 of which capital contributions of $1,375,000 have been made by each party as of June 30, 2009. 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, 2009 and 2008 includes a loss of $5,000 and $20,000, 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, 2009	THREE MONTHS ENDED JUNE 30, 2008	NINE MONTHS ENDED JUNE 30, 2009	NINE MONTHS ENDED JUNE 30, 2008
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	3,044	3,024	3,039	3,034
Common shares issuable under share based payment plans which are potentially dilutive	79	90	75	96
Common shares used for diluted earnings per common share	3,123	3,114	3,114	3,130
Net income	$ (402)	2,774	2,754	4,805
Earnings per common share				
Basic	$ (.13)	.92	.91	1.58
Diluted	$ (.13)	.89	.88	1.54

For the three and nine months ended June 30, 2009, 20,000 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 2008, 10,000 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. For the three and nine months ended June 30, 2009 and 2008, 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.** 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, 2008, 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 258,600 at June 30, 2009.

Under provisions of SFAS 123R, the Company recorded the following stock compensation expense in its consolidated statement of income (in thousands):

	Three Months ended June 30,		Nine Months ended June 30,	
	2009	2008	2009	2008
Stock options issued prior to 123R adoption	$ 94	60	208	226
Stock options issued after 123R adoption	26	4	72	4
Restricted stock awards granted in 2006	51	51	152	156
Annual director stock award	-	-	294	395
Shares repurchased in connection with previous CEO retirement	-	-	-	162
Modification to accelerate prior awards made in connection with CEO retirement	-	-	-	216
	171	115	726	1,159
Deferred income tax benefit	66	44	278	444
Stock compensation, net of tax	$ 105	71	448	715

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 September 30, 2008	232,080	$33.73	5.0	$ 3,900

Granted	10,000	$73.35		$ 305
Exercised	10,550	$35.20		$ 180
Forfeited	1,100	$38.18		$ 20
Outstanding at June 30, 2009	230,430	$35.36	4.5	$ 4,005
Exercisable at June 30, 2009	204,030	$31.17	4.0	$ 3,235
Vested during nine months ended June 30, 2009	13,200			$ 291

The aggregate intrinsic value of exercisable in-the-money options was $8,547,000 and the aggregate intrinsic value of all outstanding in-the-money options was $8,795,000 based on the market closing price of $72.93 on June 30, 2009 less exercise prices. Gains of $494,000 were realized by option holders during the nine months ended June 30, 2009. The realized tax benefit from options exercised for the nine months ended June 30, 2009 was $190,000. Total compensation cost of options granted but not yet vested as of June 30, 2009 was $678,000, which is expected to be recognized over a weighted-average period of 1.8 years.

A summary of changes in restricted stock awards is presented below (in thousands, except per share amounts):

Restricted Stock	Number Of Shares	Weighted Average Grant Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value
Outstanding at September 30, 2008	6,200	$63.67	1.3	$ 395
Granted	-	$ -		$ -
Vested	3,050	$63.67		$ 194
Forfeited	200	$63.54		$ 13
Outstanding at June 30, 2009	2,950	$63.68	.5	$ 188

Total compensation cost of restricted stock granted but not yet vested as of June 30, 2009 was $102,000 which is expected to be recognized over a weighted-average period of six months.

(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. 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 petroleum, other liquid and dry bulk commodities, and

construction industries in the Southeastern U.S. Petroleum and bulk commodities accounted for approximately 79% and construction customers accounted for approximately 21% of transportation segment revenues for the nine months ended June 30, 2009. 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 2009, the transportation segment's ten largest customers accounted for approximately 56.1% of the transportation segment's revenue. One of these customers accounted for 20.3% 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 $3,674,000 and $5,255,000 at June 30, 2009 and September 30, 2008 respectively.

(10) **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 ending 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 ending 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

(11) **Fair Values of Financial Instruments.** At June 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 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 June 30, 2009, the carrying amount and fair value of such other long-term debt was $77,183,000 and $71,736,000, 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) **Discontinued operations.** In June 2009 the Company offered for sale its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Discussions progressed such that an agreement of sale was completed August 12, 2009 and closed August 13, 2009. 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 those Tennessee facilities at the end of the lease for payment of an additional $100,000. 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, 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 in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). All periods presented have been restated accordingly.

A summary of discontinued operations is as follows:

	Three months Ended June 30,		Nine months Ended June 30,	
	2009	2008	2009	2008
Revenue	$ 5,849	11,923	18,391	31,232
Operating expenses	6,831	11,608	20,158	32,690
Income (loss) before taxes	(982)	315	(1,767)	(1,458)
Income taxes	377	(121)	679	560
Income (loss) from discontinued operations	$ (605)	194	(1,088)	(898)
Loss on sale before taxes	$(3,263)	-	(3,263)	-
Income taxes	1,253	-	1,253	-
Loss from pending sale of discontinued operations	$(2,010)	-	(2,010)	-
Total discontinued operations and loss on sale	$(2,615)	194	(3,098)	(898)

The components of the balance sheet are as follows:

	June 30,	September 30,

	2009	2008
Accounts receivable	$ 2,310	3,084
Inventories	86	78
Prepaid expenses	696	1,146
Other assets	52	52
Deferred income taxes	333	-
Property and equipment, net	7,761	12,937
Assets of discontinued operations	$ 11,238	17,297
Accounts payable	$ 312	730
Accrued payroll and benefits	535	697
Accrued liabilities, other	39	68
Insurance reserves	3,132	2,721
Deferred income taxes	1,811	3,658
Liabilities of discontinued operations	$ 5,829	7,874

In the quarter ending September 30, 2009 the Company will recognize $261,000 in severance costs related to a change-in-control agreement triggered by the sale of SunBelt.

(13) **Subsequent Events.** See Note 12 regarding subsequent event. In addition the Company made the decision to discontinue use and place up for sale the corporate aircraft in July 2009 to reduce overhead expenses. The aircraft is included in net property, plant and equipment at $2.75 million at July 31, 2009. The Company will recognize a loss of $900,000 for the estimated write-down to fair value less cost to sell in the quarter ending September 30, 2009.

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

Overview - The Company has two business segments: transportation and real estate.

The Company's 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.

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. Financial results of the Company for any individual quarter are not necessarily indicative of results to be expected for the year.

Discontinued Operation. In June 2009 the Company offered for sale its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Discussions progressed such that an agreement of sale was completed August 12, 2009 and closed August 13, 2009. 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 those Tennessee facilities at the end of the lease for payment of an additional $100,000. 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, 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 in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). All periods presented have been restated accordingly.

Comparative Results of Operations for the Three Months Ended June 30, 2009 and 2008

Consolidated Results – Net loss for the third quarter of fiscal 2009 was $402,000 compared to net income of $2,774,000 for the same period last year. Diluted earnings per common share for the third quarter of fiscal 2009 were ($0.13) compared to $0.89 the same quarter last year. Increased loss from discontinued operations accounted for the majority of the decrease in earnings. Reduced miles driven in the transportation segment and lower fuel surcharges were mostly offset by improved insurance and loss experience and other cost management. The real estate segment's results were impacted by lower royalty revenues, increased depreciation and maintenance expense for new buildings that are not leased, and severance costs but were assisted by increased capitalization of property taxes and interest expense.

Transportation Results

(dollars in thousands)	Three Months Ended June 30 2009	%	2008	%
Transportation revenue	$ 20,796	92%	21,834	78%
Fuel surcharges	1,808	8%	6,233	22%
Revenues	22,604	100%	28,067	100%
Compensation and benefits	8,855	39%	9,707	35%
Fuel expenses	3,443	15%	7,134	25%
Insurance and losses	1,447	7%	1,914	7%
Depreciation expense	1,633	7%	1,498	5%
Other, net	2,282	10%	2,691	10%
Cost of operations	17,660	78%	22,944	82%
Gross profit	$ 4,944	22%	5,123	18%

Transportation segment revenues were $22,604,000 in the third quarter of 2009, a decrease of $5,463,000 over the same quarter last year. Revenue miles in the current quarter were down 8.0% compared to the third quarter of 2008 due to the economic environment. Excluding fuel surcharges, revenue per mile increased 3.4% over the same quarter last year. The average price paid per gallon of diesel fuel decreased by $2.07 or 49.2% over the same quarter in fiscal 2008. Fuel surcharge revenue decreased $4,425,000.

The Transportation segment's cost of operations was $17,660,000 in the third quarter of 2009, a decrease of $5,284,000 over the same quarter last year. The Transportation segment's cost of operations in the third quarter of 2009 as a percentage of revenue was 78% versus 82% in the third quarter of 2008. Compensation and benefits decreased $852,000 or 8.8% compared to the same quarter last year due to the decrease in miles driven and lower driver turnover related pay. Fuel cost decreased $734,000 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 $467,000 due to the reduction in miles driven and improved loss experience partially offset by higher health insurance claims. Other expense decreased $409,000 primarily due to the decrease in miles driven, reduced vehicle maintenance, reduced hiring costs, and other cost management.

Real Estate Results

(dollars in thousands)	Three Months Ended June 30 2009	%	2008	%
Royalties and rent	$ 1,509	28%	1,935	32%
Developed property rentals	3,977	72%	4,136	68%
Total Revenue	5,486	100%	6,071	100%
Mining and land rent expenses	538	10%	788	13%
Developed property expenses	2,711	49%	2,228	37%
Cost of Operations	3,249	59%	3,016	50%
Gross profit	$ 2,237	41%	3,055	50%

Real Estate segment revenues for the third quarter of fiscal 2009 were $5,486,000, a decrease of $585,000 or 9.6% over the same quarter last year. Lease revenue from developed properties decreased $159,000 or 3.8% due to reduced occupancy. Royalties and rent decreased $426,000 or 22.0% due to decreased demand for mined tons and a $120,000 decrease in revenues from timber sales.

Real estate segment expenses increased $233,000 to $3,249,000 during the third quarter of fiscal 2009 compared to $3,016,000 for the same quarter last year. Developed property expenses increased $483,000 as a result of new buildings placed in service and severance costs. Mining and land rent expenses decreased $250,000 primarily due to capitalization of property taxes on property under development.

Consolidated Results

Gross Profit - Consolidated gross profit was $7,181,000 in the third quarter of fiscal 2009, a decrease of $997,000 or 12.2% compared to $8,178,000 in the same period last year. Gross profit in the transportation segment decreased $179,000 or 3.5% due to reduced miles driven and lower fuel surcharges mostly offset by improved insurance and loss experience and other cost management. Gross profit in the real estate segment decreased $818,000 or 26.8% from the third quarter 2008, due to decreased demand for tons mined, reduced occupancy of developed properties, increased cost from new buildings placed in service and severance costs partially offset by higher capitalization of real estate taxes.

Selling, general and administrative expense - Selling, general and administrative expenses decreased $296,000 (9.3%) over the same quarter last year primarily due to amounts paid to the Company’s prior CFO who retired in the same quarter last year.

Interest expense – Interest expense decreased $461,000 over the same quarter last year due to higher capitalized interest.

Income taxes – Income tax expense decreased $659,000 over the same quarter last year due to decreased earnings. Income tax expense for the quarter was reduced by $135,000 due to a reduction of liability for unrecognized tax benefits while the same quarter last year included a similar reduction of $165,000.

Income from continuing operations – Income from continuing operations was $2,213,000 or $.70 per diluted share in the third quarter of fiscal 2009, a decrease of 14.2% compared to $2,580,000 or $.83 per diluted share for the same period last year.

Discontinued operations – The after tax loss from discontinued operations for the third quarter of fiscal 2009 was $2,615,000 versus income of $194,000 for the same period last year. Diluted loss on discontinued operations for the third quarter of fiscal 2009 was $.83

compared to diluted earnings of $.06 in the third quarter of fiscal 2008. The third quarter of fiscal 2009 includes a loss on the sale of $2,010,000 after tax or $.64 per diluted share.

Net income - Net loss for the third quarter of fiscal 2009 was $402,000 compared to net income of $2,774,000 for the same period last year. Diluted earnings per common share for the third quarter of fiscal 2009 were ($0.13) compared to $0.89 the same quarter last year. Increased loss from discontinued operations accounted for the majority of the decrease in earnings. Reduced miles driven in the transportation segment and lower fuel surcharges were mostly offset by improved insurance and loss experience and other cost management. The real estate segment's results were impacted by lower royalty revenues, increased depreciation and maintenance expense for new buildings that are not leased, and severance costs but were assisted by increased capitalization of property taxes and interest expense.

Comparative Results of Operations for the Nine Months Ended June 30, 2009 and 2008

Consolidated Results – Net income for the first nine months of fiscal 2009 was $2,754,000 compared to net income of $4,805,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2009 were $.88 compared to $1.54 in fiscal 2008. Increased loss from discontinued operations accounted for the decrease in earnings. Reduced miles driven in the transportation segment were more than offset by increased revenue per mile, higher gains on equipment sales and cost management. The real estate segment's results were impacted by lower royalty revenues, increased depreciation and maintenance expense for new buildings that are not leased, and severance costs but were assisted by increased capitalization of property taxes and interest expense. Net income for the first nine months of fiscal 2008 benefited from a gain on condemnation of land of $1,544,000, net of income taxes but was adversely impacted by the accrual of retirement benefits of $1,541,000, net of income tax benefits, for the Company's former President and CEO, whose retirement was effective February 6, 2008.

Transportation Results

	Nine Months Ended June 30			
(dollars in thousands)	2009	%	2008	%
Transportation revenue	$ 61,661	89%	62,016	81%
Fuel surcharges	7,447	11%	14,399	19%
Revenues	69,108	100%	76,415	100%
Compensation and benefits	27,036	39%	27,983	37%
Fuel expenses	11,156	16%	17,905	23%
Insurance and losses	6,063	9%	6,323	8%
Depreciation expense	4,928	7%	4,304	6%
Other, net	6,399	9%	7,294	10%
Cost of operations	55,582	80%	63,809	84%
Gross profit	$ 13,526	20%	12,606	16%

Transportation segment revenues were $69,108,000 in the first nine months of 2009, a decrease of $7,307,000 over the same period last year. Revenue miles in the first nine months of fiscal 2009 were down 5.1% compared to the first nine months of 2008 due to the economic environment. Excluding fuel surcharges, revenue per mile increased 4.8% over the same period last year. The average price paid per gallon of diesel fuel decreased by $1.32 or 37.1% over the same period last year. Fuel surcharge revenue decreased $6,952,000.

The Transportation segment’s cost of operations was $55,582,000 in the first nine months of 2009, a decrease of $8,227,000 over the same period last year. The Transportation segment’s cost of operations in the first nine months of 2009 was 80% versus 84% in the first nine months of 2008. Compensation and benefits decreased $947,000 or 3.4% compared to the same period last year due to the decrease in miles driven. Fuel cost decreased $203,000 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 $260,000 due to the reduction in miles driven and improved loss experience partially offset by higher health insurance claims. Other expense decreased $895,000 due to the higher gains on equipment sales, the decrease in miles driven, and other cost management.

Real Estate Results

	Nine Months Ended June 30			
(dollars in thousands)	2009	%	2008	%
Royalties and rent	$ 4,963	28%	5,912	32%
Developed property rentals	12,640	72%	12,790	68%
Total Revenue	17,603	100%	18,702	100%
Mining and land rent expenses	1,716	10%	2,312	12%
Developed property expenses	7,982	45%	7,047	38%
Cost of Operations	9,698	55%	9,359	50%
Gross profit	$ 7,905	45%	9,343	50%

Real Estate segment revenues for the first nine months of fiscal 2009 were $17,603,000, a decrease of $1,099,000 or 5.9% over the same period last year. Lease revenue from developed properties decreased $150,000 or 1.2%. Royalties and rent decreased $949,000 or 16.1% due to decreased demand for mined tons.

Real estate segment expenses increased $339,000 to $9,698,000 during the first nine months of fiscal 2009 compared to $9,359,000 for the same period last year. Developed property expenses increased $935,000 as a result of new buildings placed in service and severance costs. Mining and land rent expenses decreased $596,000 primarily due to capitalization of property taxes on property under development.

Consolidated Results

Gross Profit - Consolidated gross profit was $21,431,000 in the first nine months of fiscal 2009, a decrease of $518,000 or 2.4% compared to $21,949,000 in the same period last year. Gross profit in the transportation segment increased $920,000 or 7.3% due to 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 $1,438,000 or 15.4% from the first nine months of fiscal 2008, due to reduced demand for mined tons, expenses related to new building additions, and severance costs.

Selling, general and administrative expense - Selling, general and administrative expenses decreased $2,399,000 over the same period last year. Fiscal year 2008 included $2,503,000 accrual of retirement benefits for the Company’s previous President and Chief Executive Officer.

Gain from condemnation of land – Gain from condemnation of land was $2,507,000 in the first nine months of 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 expense – Interest expense decreased $1,559,000 over the same period last year due to higher capitalized interest.

Income taxes – Income tax expense decreased $78,000 over the same period last year due to decreased earnings.

Income from continuing operations – Income from continuing operations was $5,852,000 or $1.88 per diluted share for the first nine months of fiscal 2009, an increase of 2.6% compared to $5,703,000 or $1.82 per diluted share for the same period last year.

Discontinued operations – The after tax loss from discontinued operations for the first nine months of fiscal 2009 was $3,098,000 compared to the after tax loss of $898,000 for the same period last year. Diluted loss per share on discontinued operations for the first nine months of fiscal 2009 was $1.00 compared to a loss of $.28 in the first nine months of fiscal 2008. The first nine months of fiscal 2009 includes a loss on the sale of $2,010,000 after tax or $.65 per diluted share.

Net income - Net income for the first nine months of fiscal 2009 was $2,754,000 compared to net income of $4,805,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2009 were $.88 compared to $1.54 in fiscal 2008. Increased loss from discontinued operations accounted for the decrease in earnings. Reduced miles driven in the transportation segment were more than offset by increased revenue per mile, higher gains on equipment sales and cost management. The real estate segment’s results were impacted by lower royalty revenues, increased depreciation and maintenance expense for new buildings that are not leased, and severance costs but were assisted by increased capitalization of property taxes and interest expense. Net income for the first nine months of fiscal 2008 benefited from a gain on condemnation of land of $1,544,000, net of income taxes but was adversely impacted by the accrual of retirement benefits of $1,541,000, net of income tax benefits, for the Company's former President and CEO, whose retirement was effective February 6, 2008.

Liquidity and Capital Resources. For the first nine months of fiscal 2009, the Company used cash provided by operating activities of continuing operations of $18,462,000, proceeds from the sale of plant, property and equipment of $742,000, proceeds from the exercise of employee stock options of $371,000, excess tax benefits from the exercise of stock options of $77,000 and cash balances to purchase $3,064,000 in transportation equipment, to expend $9,762,000 in real estate development, to invest $350,000 in the Brooksville Joint Venture and to make $2,989,000 scheduled payments on long-term debt. Cash provided by operating activities of discontinued operations was $1,235,000, proceeds from the sale of plant, property and equipment of discontinued operations was $698,000 and transportation equipment of discontinued operations was purchased for $1,017,000. Cash increased $4,403,000.

In June 2009 the Company offered for sale its flatbed trucking company, SunBelt Transport, Inc. ("SunBelt"). Discussions progressed such that an agreement of sale was completed August 12, 2009 and closed August 13, 2009. 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, 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 in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). All periods presented have been restated accordingly.

Cash flows from operating activities for the first nine months of fiscal 2009 were $4,805,000 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 the first nine months of fiscal 2009 were $7,556,000 lower 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 used in financing activities for the first nine months of fiscal 2009 were $3,070,000 lower than the same period last year due to an increase of $191,000 in mortgage payments and reduced stock options exercised by employees and the prior year including $4,388,000 for the repurchase of Company stock.

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. Under the terms of this amended Revolver agreement, as of June 30, 2009, the full $37,000,000 amount of the line was available for borrowing and $37,732,000 of consolidated retained earnings was available for the payment of dividends. The Company was in compliance with all covenants as of June 30, 2009.

The Company had $16,626,000 of irrevocable letters of credit outstanding as of June 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 until notice of non-renewal is received from the issuing bank. Substantially all of these are issued for workers' compensation and liability insurance retentions. If these letters of credit are not extended, the Company will have to find alternative methods of collateralizing or funding these obligations.

The Board of Directors has authorized Management to repurchase shares of the Company's common stock from time to time as opportunities arise. As of June 30, 2009, $5,625,000 was authorized for future repurchases of common stock. The Company does not currently pay any dividends on common stock.

The Company has committed to make additional capital contributions of up to $625,000 to Brooksville Quarry, LLC in connection with a joint venture with Vulcan.

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 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.

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.

Recent Accounting Pronouncements. In September 2006, the FASB issued Statement No. 157, Fair Value Measurement (SFAS 157). The Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB agreed to a one-year delay of FAS 157 for certain nonfinancial assets and liabilities. Accordingly, adoption of this standard is limited to financial assets and liabilities, which primarily applies to the valuation of our long term mortgage debt. Management believes that the adoption of SFAS 157 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. The Company adopted the applicable provisions of SFAS 157 on October 1, 2008 and its adoption had no affect on consolidated financial results of the Company.

In February 2007, the FASB issued Statement No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No 115." This Statement 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. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company adopted SFAS 159 on October 1, 2008 and, as of this time, has not elected to measure financial instruments and other items at fair value that are not required to be measured at fair value.

In December 2007 the FASB issued Statement No. 141(R) "Business Combinations" ("FAS 141(R)"). FAS 141(R) 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. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. The impact of FAS No. 141R on the consolidated financial statements will depend upon the nature, terms and size of any acquisitions consummated after the effective date.

In April 2009, the FASB issued FASB Staff Position No. 107-1 (FSP FAS 107-1) and APB 28-1 (APB 28-1), which amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments and APB Opinion No. 28, Interim Financial Reporting, to require disclosures about the fair value of financial instruments for interim reporting periods. FSP FAS 107-1 and APB 28-1 are effective for the interim reporting periods ending after June 15, 2009. The Company FSP FAS 107-1 and APB

28-1 for the period ending June 30, 2009.

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” (“SFAS 165”). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The adoption of SFAS 165 did not impact our financial position or results of operations. We evaluated all events or transactions that occurred after June 30, 2009 up through August 13, 2009, the date we issued these financial statements. (See Note 13, Subsequent Events).

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162” (“SFAS 168”). SFAS 168 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 Codification did not change GAAP but reorganizes the literature. SFAS 168 is effective for interim and annual periods ending after September 15, 2009.

Related Party Transactions. The Company, through its transportation subsidiaries, hauls commodities by tank and flatbed trucks for Vulcan Materials Company (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.

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, to develop approximately 4,300 acres of land near Brooksville, Florida. The 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 of which capital contributions of $1,375,000 have been made by each party as of June 30, 2009. 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, 2009 and 2008 includes a loss of $5,000 and $20,000, respectively, representing the Company’s equity in the loss of the joint venture.

Summary and Outlook. The flatbed and dry bulk tank portions of the transportation segment continue to face poor freight demand from the housing and commercial construction downturns. During the first six months of fiscal 2009, increased revenue per mile in the transportation segment and lower fuel expenses offset reduced demand for flatbed trucking services. However, the comparison was to a weak first half of the prior year. Business picked up in the second half of last year and comparable increases did not occur in the third quarter and are not anticipated during the next months. In the real estate segment, revenues from mining royalties are expected to be down versus the prior year. Revenues from the leasing of developed buildings likewise are expected to weaken from existing levels as our three new buildings brought into service in the past twelve months 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.

On March 23, 2009, the Company's tank line subsidiary entered into an agreement to sell approximately 1.5 acres of land located in Escambia County, Florida for $1,950,000. The agreement of sale was subject to certain contingencies, including the satisfactory completion of the buyer's inspection period. The buyer elected to terminate the agreement on August 3, 2009.

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 $25,265,000, subject to certain potential purchase price adjustments. The agreement of sale is subject to certain contingencies including government approvals and closing may be two or more years away. The purchaser has placed non-refundable deposits of $1,000,000 under this contract in escrow including $650,000 in March 2009. Preliminary zoning approval for the number of residential units 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.

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. This site is located adjacent to the recently opened Washington Nationals Baseball Park. The site currently is leased to a subsidiary of Vulcan Materials Company under a short-term lease. 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.

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, 2009, 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, 2008, 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 6. EXHIBITS

(a) Exhibits. The response to this item is submitted as a separate Section entitled "Exhibit Index", on page 27.

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 13, 2009 PATRIOT TRANSPORTATION HOLDING, INC.

John D. Baker II
John D. 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, 2009
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 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.

CERTIFICATIONS Exhibit 31(a)

I, John D. 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, 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 13, 2009

/s/John D. 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, 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 13, 2009

/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, 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 13, 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.

August 13, 2009

PATRIOT TRANSPORTATION HOLDING, INC.

JOHN D. BAKER II
John D. 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.