UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013.

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.)
200 W. Forsyth St., 7th Floor, 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 [x] 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 the definitions of "large accelerated filer," "accelerated filer," "non-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, 2013
Common Stock, $.10 par value per share	9,552,220 shares

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q
QUARTER ENDED JUNE 30, 2013

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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)

Assets	June 30, 2013	September 30, 2012
Current assets:		
Cash and cash equivalents	$ 742	6,713
Accounts receivable (net of allowance for doubtful accounts of $173 and $129, respectively)	7,705	7,019
Real estate tax refund receivable	1,604	2,311
Federal and state income taxes receivable	—	426
Inventory of parts and supplies	951	843
Deferred income taxes	208	—
Prepaid tires on equipment	1,764	1,631
Prepaid taxes and licenses	265	2,050
Prepaid insurance	785	2,371
Prepaid expenses, other	97	70
Real estate held for sale, at cost	7,138	3,485
Total current assets	21,259	26,919
Property, plant and equipment, at cost	347,115	338,702
Less accumulated depreciation and depletion	113,400	110,681
Net property, plant and equipment	233,715	228,021
Real estate held for investment, at cost	4,223	3,640
Investment in joint ventures	13,363	7,521
Goodwill	1,087	1,087
Unrealized rents	4,603	4,155
Other assets	5,267	4,362
Total assets	$ 283,517	275,705
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 5,527	5,266
Federal and state income taxes payable	748	—
Deferred income taxes	—	58
Accrued payroll and benefits	5,174	5,164
Accrued insurance	1,721	3,249
Accrued liabilities, other	1,002	1,189
Long-term debt due within one year	4,557	5,239
Total current liabilities	18,729	20,165
Long-term debt, less current portion	53,998	57,131
Deferred income taxes	19,754	18,199
Accrued insurance	1,529	1,659
Other liabilities	4,159	3,833
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, 9,552,220 and 9,440,620 shares issued and outstanding, respectively	955	944
Capital in excess of par value	43,956	41,539
Retained earnings	140,405	132,203
Accumulated other comprehensive income, net	32	32
Total shareholders' equity	185,348	174,718
Total liabilities and shareholders' equity	$ 283,517	275,705

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, 2013	THREE MONTHS ENDED JUNE 30, 2012	NINE MONTHS ENDED JUNE 30, 2013	NINE MONTHS ENDED JUNE 30, 2012
Revenues:				
Transportation	$ 28,794	26,907	82,609	77,197
Mining royalty land	1,299	1,101	3,874	3,103
Developed property rentals	5,615	5,022	16,150	14,415
Total revenues	35,708	33,030	102,633	94,715
Cost of operations:				
Transportation	25,687	24,621	75,784	71,678
Mining royalty land	319	307	945	923
Developed property rentals	3,428	3,117	9,982	9,620
Unallocated corporate	204	94	1,136	945
Total cost of operations	29,638	28,139	87,847	83,166
Operating profit:				
Transportation	3,107	2,286	6,825	5,519
Mining royalty land	980	794	2,929	2,180
Developed property rentals	2,187	1,905	6,168	4,795
Unallocated corporate	(204)	(94)	(1,136)	(945)
Total operating profit	6,070	4,891	14,786	11,549
Gain on termination of sale contract	—	—	—	1,039
Gain on investment land sold	—	—	1,116	—
Interest income and other	—	(10)	37	11
Equity in loss of joint ventures	(11)	—	(30)	(8)
Interest expense	(1,137)	(537)	(2,145)	(2,135)
Income before income taxes	4,922	4,344	13,764	10,456
Provision for income taxes	(1,920)	(1,668)	(5,368)	(4,016)
Income from continuing operations	3,002	2,676	8,396	6,440
Income from discontinued operations, net	—	8	—	11
Net income	$ 3,002	2,684	8,396	6,451
Comprehensive Income	$ 3,002	2,684	8,396	6,451
Earnings per common share:				
Income from continuing operations -				
Basic	0.31	0.29	0.88	0.69
Diluted	0.31	0.28	0.88	0.68
Discontinued operations (Note 11) -				
Basic	—	—	—	—
Diluted	—	—	—	—
Net income - basic	0.31	0.29	0.88	0.69
Net income - diluted	0.31	0.28	0.88	0.68
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,549	9,382	9,511	9,341
-diluted earnings per common share	9,625	9,482	9,592	9,458

See accompanying notes

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JUNE 30, 2013 AND 2012
(In thousands)
(Unaudited)

	2013	2012
Cash flows from operating activities:		
Net income	$ 8,396	6,451
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation, depletion and amortization	10,362	9,502
Deferred income taxes	1,289	498
Equity in loss of joint ventures	30	8
Gain on sale of equipment and property	(2,141)	(1,639)
Income from discontinued operations, net	—	(11)
Stock-based compensation	812	633
Net changes in operating assets and liabilities:		
Accounts receivable	21	(393)
Inventory of parts and supplies	(108)	151
Prepaid expenses and other current assets	3,211	2,842
Other assets	(1,299)	(1,431)
Accounts payable and accrued liabilities	(1,444)	(30)
Income taxes payable and receivable	1,174	1,032
Long-term insurance liabilities and other long-term liabilities	37	(362)
Net cash provided by operating activities of continuing operations	20,340	17,251
Net cash provided by operating activities of discontinued operations	—	10
Net cash provided by operating activities	20,340	17,261
Cash flows from investing activities:		
Purchase of transportation group property and equipment	(10,672)	(6,605)
Investments in developed property rentals segment	(16,276)	(7,911)
Investments in mining royalty land	—	(11,039)
Investment in joint venture	(38)	(125)
Proceeds from the sale of property, plant and equipment	3,068	1,906
Net cash used in investing activities	(23,918)	(23,774)
Cash flows from financing activities:		
Repayment of long-term debt	(11,115)	(3,646)
Repurchase of Company Stock	(233)	(315)
Proceeds from borrowing on revolving credit facility	8,500	—
Payment on revolving credit facility	(1,200)	—
Excess tax benefits from exercises of stock options and vesting of restricted stock	585	452
Exercise of employee stock options	1,070	834
Net cash used in financing activities	(2,393)	(2,675)
Net decrease in cash and cash equivalents	(5,971)	(9,188)
Cash and cash equivalents at beginning of period	6,713	21,026
Cash and cash equivalents at end of the period	$ 742	11,838

The Company recorded non-cash transactions for a receivable on previously capitalized real estate taxes on the Anacostia property of $2,250 in the first nine months of fiscal 2012.
See accompanying notes.

PATRIOT TRANSPORTATION HOLDING, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013
(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. Investment in Riverfront Investment Partners I, LLC is accounted for under the equity method of accounting (See Note 14). 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, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2013. 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, 2012.

(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) **Recent Accounting Pronouncements.** In February 2013, accounting guidance was issued to update the presentation of reclassifications from comprehensive income to net income in consolidated financial statements. Under this new guidance, an entity is required to provide information about the amounts reclassified out of accumulated other comprehensive income either by the respective line items of net income or by cross-reference to other required disclosures. The new guidance does not change the requirements for reporting net income or other comprehensive income in financial statements. This guidance is effective for fiscal years beginning after December 15, 2012 and is not expected to have a material effect on the Company's financial position or results of operations.

(4) **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.

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,	
	2013	2012	2013	2012
Revenues:				
Transportation	$ 28,794	26,907	$ 82,609	77,197
Mining royalty land	1,299	1,101	3,874	3,103
Developed property rentals	5,615	5,022	16,150	14,415
	$ 35,708	33,030	$102,633	94,715
Operating profit:				
Transportation	$ 3,513	2,682	$ 8,109	6,706
Mining royalty land	1,156	958	3,457	2,671
Developed property rentals	2,451	2,150	6,960	5,531
Corporate expenses:				
Allocated to transportation	(406)	(396)	(1,284)	(1,187)
Allocated to mining land	(176)	(164)	(528)	(491)
Allocated to developed property	(264)	(245)	(792)	(736)
Unallocated	(204)	(94)	(1,136)	(945)
	(1,050)	(899)	(3,740)	(3,359)
	$ 6,070	4,891	$ 14,786	11,549
Interest expense:				
Mining royalty land	$ 15	10	$ 38	29
Developed property rentals	1,122	527	2,107	2,106
	$ 1,137	537	$ 2,145	2,135
Capital expenditures:				
Transportation	$ 3,311	1,202	$ 10,672	6,605
Mining royalty land	—	11,039	—	11,039
Developed property rentals:				
Capitalized interest	367	533	1,375	1,111
Internal labor	106	173	324	431
Real estate taxes (a)	254	243	761	(1,454)
Other costs	9,978	2,916	13,816	5,573
	$ 14,016	16,106	$ 26,948	23,305

(a)Includes $2,250 receivable on previously capitalized real estate taxes on the Anacostia property for the nine months ended June 30, 2012.

Depreciation, depletion and amortization:				
Transportation	$ 1,865	1,690	$ 5,445	5,018
Mining royalty land	27	27	75	86
Developed property rentals	1,629	1,382	4,532	4,096
Other	103	97	310	302
	$ 3,624	3,196	$ 10,362	9,502

Identifiable net assets	June 30, 2013	September 30, 2012
Transportation	$ 46,690	42,642
Mining royalty land	39,492	39,695
Developed property rentals	194,744	184,358
Cash items	742	6,713
Unallocated corporate assets	1,849	2,297
	$ 283,517	275,705

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

	June 30, 2013	September 30, 2012
Revolving credit (uncollateralized)	$ 7,300	—
5.6% to 8.6% mortgage notes due in installments through 2027	51,255	62,370
	58,555	62,370
Less portion due within one year	4,557	5,239
	$ 53,998	57,131

On December 21, 2012, the Company entered into a modified credit agreement with Wells Fargo Bank, N.A. (the "Credit Agreement"). The Credit Agreement modifies the Company's prior Amended and Restated Revolving Credit Agreement with Wachovia Bank, National Association ("Wachovia"), Bank of America, N.A., SunTrust Bank, and Compass Bank dated as of November 10, 2004. The Credit Agreement is for a 5 year term with a maximum facility amount of $55 million. The Credit Agreement provides a revolving credit facility (the “Revolver”) with a maximum facility amount of $40 million, with a $20 million sublimit for standby letters of credit, and a term loan facility of $15 million. Wells Fargo Bank, N.A. is the sole lender under the modified Credit Agreement. The Credit Agreement 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 Revolver portion of the credit agreement. The commitment fee may also change quarterly based upon the ratio described above. The Credit Agreement contains certain conditions, affirmative financial covenants and negative covenants including limitations on paying cash dividends. Letters of credit in the amount of $5,600,000 were issued under the Revolver. As of June 30, 2013, $7,300,000 was borrowed under the Revolver, $42,100,000 was available for additional borrowing and $62,230,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of June 30, 2013.

On June 3, 2013 the Company prepaid the $7,281,000 remaining principal balance on a 6.12% mortgage under an early prepayment provision the note allowed after 7.5 years. The $561,000 cost of the prepayment included a penalty of $386,000 and the remaining deferred loan costs of $175,000.

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, 2013, the carrying amount and fair value of such other long-term debt was $51,255,000 and $54,623,000, respectively.

(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,		Nine Months ended June 30,	
	2013	2012	2013	2012
Weighted average common shares outstanding during the period - shares used for basic earnings per common share	9,549	9,382	9,511	9,341
Common shares issuable under share based payment plans which are potentially dilutive	76	100	81	117
Common shares used for diluted earnings per common share	9,625	9,482	9,592	9,458
Net income	$ 3,002	2,684	8,396	6,451
Earnings per common share				
Basic	$ 0.31	0.29	0.88	0.69
Diluted	$ 0.31	0.28	0.88	0.68

For the three and nine months ended June 30, 2013, 87,550 and 173,240 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, 2012, 172,060 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, 2012, 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 537,880 at June 30, 2013.

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

	Three Months ended June 30,		Nine Months ended June 30,	
	2013	2012	2013	2012
Stock option grants	$ 86	86	305	313
Annual director stock award	–	–	507	320
	$ 86	86	812	633

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, 2012	481,210	$ 17.52	3.8	$ 3,782
Granted	46,180	$ 26.20		$ 489
Exercised	100,800	$ 10.61		$ 542
Outstanding at June 30, 2013	426,590	$ 20.10	4.3	$ 3,729
Exercisable at June 30, 2013	338,078	$ 18.63	3.3	$ 2,769
Vested during nine months ended June 30, 2013	28,112			$ 275

The aggregate intrinsic value of exercisable in-the-money options was $3,897,000 and the aggregate intrinsic value of all outstanding in-the-money options was $4,300,000 based on the market closing price of $30.04 on June 28, 2013 less exercise prices. Gains of $1,577,000 were realized by option holders during the nine months ended June 30, 2013. The realized tax benefit from options exercised for the nine months ended June 30, 2013 was $610,000. Total compensation cost of options granted but not yet vested as of June 30, 2013 was $781,000, which is expected to be recognized over a weighted-average period of 3.4 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 segment 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 petroleum industry 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 2013, the transportation segment’s ten largest customers accounted for approximately 54.3% of the transportation segment’s revenue. One of these customers accounted for 20.0% 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 $3,703,000 and $2,988,000 at June 30, 2013 and September 30, 2012 respectively.

The mining royalty land segment has one lessee that accounted for 73.2% of the segment’s revenues and $134,000 of accounts receivable at June 30, 2013. The loss of this customer would have an adverse effect on the segment.

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, 2013 the Company had no assets or liabilities measured at fair value on a recurring basis or non-recurring basis. The fair value of all other financial instruments with the exception of mortgage notes (see Note 5) 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"). SunBelt has been accounted for as discontinued operations in accordance with ASC Topic 205-20 Presentation of Financial Statements – Discontinued Operations. All periods presented have been restated accordingly.

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

	Three Months ended June 30,		Nine Months ended June 30,	
	2013	2012	2013	2012
Revenue	$ –	15	–	45
Operating expenses	–	2	–	27
Gain on sale before taxes	–	–	–	–
Income before income taxes	$ –	13	–	18
Permanent tax benefit	–	–	–	–
Provision for income taxes	–	(5)	–	(7)
Income from discontinued operations	$ –	8	–	11

(12) Real Estate Held for Sale. In September 2012 the Company received a non-binding letter of intent to sell phase 1 of the Windlass Run Residential property. The property was under contract and expected to close during fiscal 2013 for $7.9 million but the contract expired during the due diligence period. The Company executed a similar contract on April 17, 2013 with another buyer with a due diligence period that expired on June 15, 2013. The contract contemplates the sale of phase 1 of the property in the quarter ending September 30, 2013 for $8.0 million. The book value of the property at June 30, 2013 was $2,948,000.

In February 2012 the Company signed an agreement to sell 15.18 acres of land at Patriot Business Park for a purchase price of $4,774,577 subject to an escrow for the Company’s obligations related to future site and offsite development. The book value of the property at June 30, 2013 was $3,602,000. The sale closed in July 2013.

On April 22, 2013 the Company signed an agreement to sell 5.38 acres of land at Hollander 95 Business Park for a purchase price of $1,520,000 subject to the Company’s obligations related to future site and offsite development. The book value of the property at June 30, 2013 was $588,000.

(13) Unusual or Infrequent Items Impacting Quarterly Results. On June 3, 2013 the Company prepaid the $7,281,000 remaining principal balance on a 6.12% mortgage under an early prepayment provision the note allowed after 7.5 years. The prepayment penalty of $386,000 is included in interest expense. The remaining deferred loan costs of $175,000 were also included in interest expense.

Income from continuing operations for the first quarter of fiscal 2013 included a gain on the sale of the developed property rentals Commonwealth property in Jacksonville, Florida, of $1,116,000 before income taxes. The book value of the property was $723,000.

Income from continuing operations for the first quarter of fiscal 2012 included a gain on termination of sale contract in the amount of $1,039,000 before income taxes for the receipt of non-refundable deposits related to the termination of an agreement to sell the Company’s Windlass Run Residential property.

Accrued insurance liabilities decreased $1,659,000 during the nine months ending June 30, 2013 due to payments to our new insurer under a captive agreement along with payment in settlement of three unusually large prior year liability and health claims. Payments under the captive agreement are for the fiscal 2013 year-to-date loss fund as estimated in advance using actuarial methodology. The captive agreement provides that we will share in the underwriting results, good or bad, within a $250,000 per occurrence layer of loss through retrospective premium adjustments.

On June 20, 2013, the Company purchased for approximately $8 million, Transit Business Park in Baltimore, Maryland which consists of 5 buildings on 14.5 acres totaling 232,318 square feet. The Company has accounted for this acquisition in accordance with the provisions of ASC 805, Business Combinations (ASC 805). The Company has allocated the purchase price of the property, through the use of a third party valuation, based upon the fair value of the assets acquired, consisting of land, buildings and intangible assets, including in-place leases and below market leases. Based on the third party valuation performed, $865,000 and $159,000 of the purchase price has been allocated to the fair value of the in-place leases and below market in-place leases, respectively. These intangible assets are recorded within Other assets and Other liabilities, respectively, in the consolidated balance sheets as of June 30, 2013. The value of the in-place lease intangibles will be amortized to amortization expense over the remaining lease term. The fair value assigned pertaining to the below-market in-place leases will be amortized to rental revenue over the remaining non-cancelable terms of the respective leases.

(14) Riverfront I Joint Venture. On March 30, 2012 the Company entered into a Contribution Agreement with MRP SE Waterfront Residential, LLC. (“MRP”) to form a joint venture to develop the first phase only of the four phase master development known as RiverFront on the Anacostia in Washington, D.C. The purpose of the Joint Venture is to develop, own, lease and ultimately sell an approximately 300,000 square foot residential apartment building (including approximately 18,000 square feet of retail) on a portion of the roughly 5.82 acre site. The joint venture, Riverfront Investment Partners I, LLC (“Riverfront I) was formed in June 2013 as contemplated. The Company’s cost of the property to be contributed of $5,839,000 was transferred from Property, plant and equipment to Investment in joint ventures and is accounted for under the equity method of accounting. MRP will contribute capital of at least $4,000,000 to the joint venture including development costs paid prior to formation of the joint venture. MRP will raise any additional equity capital and obtain a nonrecourse loan for the balance of the estimated construction and lease up costs. At this point the Company anticipates commencement of construction of Phase I in mid 2014 with lease up scheduled between late 2015 and all of 2016. The Company's equity interest in the joint venture will be determined based on leverage of the entity, additional cash contributions by the Company, and negotiations with potential third partners.

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, leases, operates and manages 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.

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 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.

Comparative Results of Operations for the Three months ended June 30, 2013 and 2012

Consolidated Results – Net income for the third quarter of fiscal 2013 was $3,002,000 compared to $2,684,000 for the same period last year. Diluted earnings per common share for the third quarter of fiscal 2013 were $.31 compared to $.28 for the same quarter last year.

Transportation segment results were higher due to the increase in miles driven, lower health insurance claims and higher gains on equipment sales. The mining royalty land segment's results were higher due to new property royalties along with a shift in production at two locations increasing the share of mining on property owned by the Company. The Developed property rentals segment's results were higher due to higher occupancy and lower maintenance expenses partially offset by higher property taxes and professional fees. Interest expense included $342,000 after income taxes related to mortgage prepayment.

Transportation Results

	Three months ended June 30			
(dollars in thousands)	2013	%	2012	%
Transportation revenue	$ 24,047	84%	22,052	82%
Fuel surcharges	4,747	16%	4,855	18%
Revenues	28,794	100%	26,907	100%
Compensation and benefits	10,330	36%	9,348	35%
Fuel expenses	6,248	22%	6,002	23%
Insurance and losses	1,852	6%	2,175	8%
Depreciation expense	1,812	6%	1,642	6%
Other, net	3,192	11%	3,077	11%
Sales, general & administrative	2,175	8%	2,093	8%
Allocated corporate expenses	406	1%	396	1%
Gain on equipment sales	(328)	-1%	(112)	0%
Cost of operations	25,687	89%	24,621	92%
Operating profit	$ 3,107	11%	2,286	8%

Transportation segment revenues were $28,794,000 in the third quarter of 2013, an increase of $1,887,000 over the same quarter last year. Revenue miles in the current quarter were up 6.6% compared to the third quarter of fiscal 2012 due to business growth and a longer average haul length. Revenue per mile increased .7% over the same quarter last year due to rate increases partially offset by lower fuel surcharges and a longer average haul length. Fuel surcharge revenue decreased $108,000 due to the lower cost of fuel. The average price paid per gallon of diesel fuel decreased by $.09 over the same quarter in fiscal 2012. 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. Excluding fuel surcharges, revenue per mile increased 2.4% over the same quarter last year.

The Transportation segment's cost of operations was $25,687,000 in the third quarter of 2013, an increase of $1,066,000 over the same quarter last year. The Transportation segment's cost of operations in the third quarter of 2013 as a percentage of revenue was 89% compared to 92% in the third quarter of 2012. Compensation and benefits increased $982,000 or 10.5% compared to the same quarter last year primarily due to the increase in miles driven, a driver pay increase, and increased new driver training pay. Fuel cost increased by $246,000 due to the increase in miles driven partially offset by the lower cost per gallon. Insurance and losses decreased $323,000 compared to the same quarter last year primarily due to lower health insurance claims. Depreciation expense increased $170,000 due to the higher cost of newer equipment. Other expense increased $115,000 due to increased employee moving expenses and increased miles driven. Sales, general and administrative costs increased $82,000 or 3.9% compared to the same quarter last year due to increased bonus compensation partially offset by one-time lower IT related costs. Allocated corporate expenses increased $10,000. Gains on equipment sales increased $216,000 due to increased sales of tractors.

Mining Royalty Land Results

	Three months ended June 30			
(dollars in thousands)	2013	%	2012	%
Mining royalty land revenue	$ 1,299	100%	1,101	100%
Property operating expenses	121	9%	116	11%
Depreciation and depletion	27	2%	27	2%
Management Company indirect	(5)	0%	-	0%
Allocated corporate expenses	176	14%	164	15%
Cost of operations	319	25%	307	28%
Operating profit	$ 980	75%	794	72%

Mining royalty land segment revenues for the third quarter of fiscal 2013 were $1,299,000, an increase of $198,000 or 18.0% over the same quarter last year due to royalties on a new property purchased in May 2012 along with a shift in production at two locations increasing the share of mining on property owned by the Company.

The mining royalty land segment’s cost of operations was $319,000 in the third quarter of 2013, an increase of $12,000 over the same quarter last year due primarily to higher professional fees and maintenance expense.

Developed Property Rentals Results

	Three months ended June 30			
(dollars in thousands)	2013	%	2012	%
Developed property rentals revenue	$ 5,615	100%	5,022	100%
Property operating expenses	1,358	24%	1,079	21%
Depreciation and amortization	1,429	25%	1,382	28%
Management Company indirect	377	7%	411	8%
Allocated corporate expenses	264	5%	245	5%
Cost of operations	3,428	61%	3,117	62%
Operating profit	$ 2,187	39%	1,905	38%

Developed property rentals segment revenues for the third quarter of fiscal 2013 were $5,615,000, an increase of $593,000 or 11.8% due to higher occupancy and revenue on the 117,600 square foot build to suit building completed and occupied during the quarter ending March 2013. Occupancy at June 30, 2013 was 89.9% as compared to 87.0% at June 30, 2012.

On June 20, 2013 the Company purchased, through a qualified intermediary, Transit Business Park in Baltimore, Maryland which consists of 5 buildings on 14.5 acres totaling 232,318 square feet which were 87.9% occupied (including 6.4% for temporary leases and 7.1% for holdover tenant). This purchase is planned as a forward 1031 exchange upon the closing of phase 1 of Windlass Run Residential scheduled to close during the fourth quarter of fiscal 2013.

Developed property rentals segment’s cost of operations was $3,428,000 in the third quarter of 2013, an increase of $311,000 or 10.0% over the same quarter last year. Property operating expenses increased $279,000 due to higher occupancy, property taxes, and professional fees and the newly completed building, partially offset by lower maintenance expenses. Depreciation and amortization increased $47,000 primarily due to the newly completed build to suit building. Management Company indirect expenses (excluding internal allocations for lease related property management and construction fees) decreased $34,000 due to the prior year including severance costs partially offset by higher professional fees. Allocated corporate expenses increased $19,000.

Consolidated Results

Operating Profit - Consolidated operating profit was $6,070,000 in the third quarter of fiscal 2013, an increase of $1,179,000 or 24.1% compared to $4,891,000 in the same period last year. Operating profit in the transportation segment increased $821,000 or 35.9% due to the increase in miles driven, lower health insurance claims and higher gains on sales of equipment. Operating profit in the mining royalty land segment increased $186,000 or 23.4% due to royalties on a new property purchased in May 2012 along with a shift in production at two locations increasing the share of mining on property owned by the Company partially offset by higher professional fees and maintenance expenses. Operating profit in the Developed property rentals segment increased $282,000 or 14.8% due to higher occupancy, the 117,600 square foot build to suit building completed and occupied during the second quarter, and lower maintenance expenses partially offset by higher property taxes and professional fees. Consolidated operating profit includes corporate expenses not allocated to any segment in the amount of $204,000 in the third quarter of fiscal 2013, an increase of $110,000 compared to the same period last year.

Interest income and other (expense) income, net – Interest income and other (expense) income, net decreased $10,000 over the same quarter last year.

Interest expense – Interest expense increased $600,000 over the same quarter last year due to accelerated prepayment on long-term debt and lower capitalized interest partially offset by declining mortgage principal balance. On June 3, 2013 the Company prepaid the $7,281,000 remaining principal balance on a 6.12% mortgage under an early prepayment provision the note allowed after 7.5 years. The $561,000 cost of the prepayment included a penalty of $386,000 and the remaining deferred loan costs of $175,000. The amount of interest capitalized on real estate projects under development was $166,000 lower than the same quarter in fiscal 2012 primarily due to the completion of Patriot Business Park's horizontal development.

Income taxes – Income tax expense increased $252,000 over the same quarter last year due to higher earnings from continuing operations compared to the same quarter last year.

Income from continuing operations – Income from continuing operations was $3,002,000 or $.31 per diluted share in the third quarter of fiscal 2013, an increase of 12.2% compared to $2,676,000 or $.28 per diluted share for the same period last year. The $326,000 increase was primarily due to the $1,179,000 increase in operating profits offset by higher income taxes.

Discontinued operations – The after tax income from discontinued operations for the third quarter of fiscal 2012 was $8,000.

Net income - Net income for the third quarter of fiscal 2013 was $3,002,000 compared to $2,684,000 for the same period last year. Diluted earnings per common share for the third quarter of fiscal 2013 were $.31 compared to $.28 for the same quarter last year. Transportation segment results were higher due to the increase in miles driven, lower health insurance claims and higher gains on equipment sales. The mining royalty land segment's results were higher due to new property royalties along with a shift in production at two locations increasing the share of mining on property owned by the Company. The Developed property rentals segment's results were higher due to higher occupancy and lower maintenance expenses partially offset by higher property taxes and professional fees. Interest expense included $342,000 after income taxes related to mortgage prepayment.

Comparative Results of Operations for the Nine months ended June 30, 2013 and 2012

Consolidated Results – Net income for the first nine months of fiscal 2013 was $8,396,000 compared to $6,451,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2013 were $.88 compared to $.68 for the same period last year. Transportation segment results were higher due to incremental profits on increased revenue and higher gains on equipment sales. The mining royalty land segment's results were higher due to new property royalties along with a shift in production at two locations increasing the share of mining on property owned by the Company. The Developed property rentals segment's results were higher due to higher occupancy, reduced severance costs, and lower maintenance costs partially offset by higher property taxes. Interest expense included $342,000 after income taxes related to mortgage prepayment.

Transportation Results

(dollars in thousands)	Nine months ended June 30 2013	%	2012	%
Transportation revenue	$ 68,497	83%	63,024	82%
Fuel surcharges	14,112	17%	14,173	18%
Revenues	82,609	100%	77,197	100%
Compensation and benefits	29,497	36%	27,410	36%
Fuel expenses	18,974	23%	18,098	23%
Insurance and losses	5,933	7%	5,771	7%
Depreciation expense	5,300	6%	4,894	6%
Other, net	9,278	11%	8,722	12%
Sales, general & administrative	6,505	8%	6,183	8%
Allocated corporate expenses	1,284	2%	1,187	2%
Gain on equipment sales	(987)	-1%	(587)	-1%
Cost of operations	75,784	92%	71,678	93%
Operating profit	$ 6,825	8%	5,519	7%

Transportation segment revenues were $82,609,000 in the first nine months of 2013, an increase of $5,412,000 over the same period last year. Revenue miles in the first nine months of fiscal 2013 were up 5.1% compared to the first nine months of fiscal 2012 due to business growth and a slightly longer average haul length. Revenue per mile increased 1.7% over the same period last year due to rate increases. Fuel surcharge revenue decreased $61,000 due to changes to certain customer rates to incorporate fuel surcharges into base rates. The average price paid per gallon of diesel fuel increased by $.02 or .7% over the same period in fiscal 2012. 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. Excluding fuel surcharges, revenue per mile increased 3.7% over the same period last year.

The Transportation segment's cost of operations was $75,784,000 in the first nine months of 2013, an increase of $4,106,000 over the same period last year. The Transportation segment's cost of operations in the first nine months of 2013 as a percentage of revenue was 92% compared to 93% in the first nine months of 2012. Compensation and benefits increased $2,087,000 or 7.6% compared to the same period last year primarily due to the increase in miles driven and a driver pay increase. Fuel cost increased by $876,000 due to the increase in miles driven and higher cost per gallon. Insurance and losses increased $162,000 compared to the same period last year primarily due to higher accident claims partially offset by lower health insurance claims. Depreciation expense increased $406,000 due to the higher cost of new equipment. Other expense increased $556,000 due to increased miles driven, higher vehicle repair costs, increased site maintenance, and increased tire prices. Sales, general and administrative costs increased $322,000 or 5.2% compared to the same period last year due to severance costs and increased bonus compensation. Allocated corporate expenses increased $97,000. Gains on equipment sales increased $400,000 due to increased sales of tractors.

Mining Royalty Land Results

(dollars in thousands)	Nine months ended June 30			
	2013	%	2012	%
Mining royalty land revenue	$ 3,874	100%	3,103	100%
Property operating expenses	355	9%	345	11%
Depreciation and depletion	75	2%	86	3%
Management Company indirect	(13)	0%	1	0%
Allocated corporate expenses	528	13%	491	16%
Cost of operations	945	24%	923	30%
Operating profit	$ 2,929	76%	2,180	70%

Mining royalty land segment revenues for the first nine months of fiscal 2013 were $3,874,000, an increase of $771,000 or 24.8% over the same period last year due to royalties on a new property purchased in May 2012 along with a shift in production at two locations increasing the share of mining on property owned by the Company partially offset by lower timber sales.

The mining royalty land segment's cost of operations was $945,000 in the first nine months of 2013, an increase of $22,000 over the same period last year due primarily to the $37,000 increase in allocated corporate expenses offset by a $11,000 decrease in depletion expenses.

Developed Property Rentals Results

(dollars in thousands)	Nine months ended June 30			
	2013	%	2012	%
Developed property rentals revenue	$ 16,150	100%	14,415	100%
Property operating expenses	3,715	23%	3,523	25%
Depreciation and amortization	4,280	27%	4,096	28%
Management Company indirect	1,195	7%	1,265	9%
Allocated corporate expenses	792	5%	736	5%
Cost of operations	9,982	62%	9,620	67%
Operating profit	$ 6,168	38%	4,795	33%

Developed property rentals segment revenues for the first nine months of fiscal 2013 were $16,150,000, an increase of $1,735,000 or 12.0% due to higher occupancy and revenue on a 117,600 square foot build to suit building completed and occupied during the period. Occupancy at June 30, 2013 was 89.9% as compared to 87.0% at June 30, 2012.

On June 20, 2013 the Company purchased, through a qualified intermediary, Transit Business Park in Baltimore, Maryland which consists of 5 buildings on 14.5 acres totaling 232,318 square feet which were 87.9% occupied (including 6.4% for temporary leases and 7.1% for holdover tenant). This purchase is planned as a forward 1031 exchange upon the closing of phase 1 of Windlass Run Residential scheduled to close during the fourth quarter of fiscal 2013.

Developed property rentals segment's cost of operations was $9,982,000 in the first nine months of 2013, an increase of $362,000 or 3.8% over the same period last year. Property operating expenses increased $192,000 due to higher property taxes, snow removal costs and higher occupancy, partially offset by lower professional fees, repair costs and utilities. Depreciation and amortization increased $184,000 due to the newly completed build to suit along with other building tenant improvements. Management Company indirect expenses (excluding internal allocations for lease related property management and construction fees) decreased $70,000 due to the prior year including severance costs. Allocated corporate expenses increased $56,000.

Consolidated Results

Operating Profit - Consolidated operating profit was $14,786,000 in the first nine months of fiscal 2013, an increase of $3,237,000 or 28.0% compared to $11,549,000 in the same period last year. Operating profit in the transportation segment increased $1,306,000 or 23.7% due to incremental profits on increased revenue and higher gains on equipment sales partially offset by higher accident costs, increased vehicle repair costs, increased site maintenance, and increased sales, general and administrative expenses. Operating profit in the mining royalty land segment increased $749,000 or 34.4% due to royalties on a new property purchased in May 2012 along with a shift in production at two locations increasing the share of mining on property owned by the Company partially offset by increased corporate expense allocation and lower timber sales. Operating profit in the Developed property rentals segment increased $1,373,000 or 28.6% due to higher occupancy, the 117,600 square foot build to suit building completed and occupied during the period, reduced severance costs, and lower maintenance costs partially offset by higher property taxes. Consolidated operating profit includes corporate expenses not allocated to any segment in the amount of $1,136,000 in the first nine months of fiscal 2013, an increase of $191,000 compared to the same period last year.

Gain on termination of sale contract – The first nine months of fiscal 2012 includes a gain of $1,039,000 on the receipt of non-refundable deposits related to the termination of an agreement to sell the Company’s Windlass Run Residential property.

Gain on investment land sold – Gain on investment land sold for the first nine months of fiscal 2013 includes a gain on the sale of the developed property rentals Commonwealth property of $1,116,000 before income taxes. The book value of the property was $723,000.

Interest income and other (expense) income, net – Interest income and other (expense) income, net increased $26,000 over the same period last year primarily due to funds received in consideration for the conveyance of easement property.

Interest expense – Interest expense increased $10,000 over the same period last year due accelerated prepayment on long-term debt mostly offset by higher capitalized interest and declining mortgage principal balance. On June 3, 2013 the Company prepaid the $7,281,000 remaining principal balance on a 6.12% mortgage under an early prepayment provision the note allowed after 7.5 years. The $561,000 cost of the prepayment included a penalty of $386,000 and the remaining deferred loan costs of $175,000. The amount of interest capitalized on real estate projects under development was $264,000 higher than the same period in fiscal 2012 primarily due to resumed development of Patriot Business Park in April 2012.

Income taxes – Income tax expense increased $1,352,000 over the same period last year due to higher earnings from continuing operations compared to the same period last year.

Income from continuing operations – Income from continuing operations was $8,396,000 or $.88 per diluted share in the first nine months of fiscal 2013, an increase of 30.4% compared to $6,440,000 or $.68 per diluted share for the same period last year. The $1,956,000 increase was primarily due to the $3,237,000 increase in operating profits offset by higher income taxes.

Discontinued operations – The after tax income from discontinued operations for the first nine months of fiscal 2012 was $11,000. Diluted earnings per share on discontinued operations for the first nine months of fiscal 2013 and fiscal 2012 was $.00.

Net income - Net income for the first nine months of fiscal 2013 was $8,396,000 compared to $6,451,000 for the same period last year. Diluted earnings per common share for the first nine months of fiscal 2013 were $.88 compared to $.68 for the same period last year. Transportation segment results were higher due to incremental profits on increased revenue and higher gains on equipment sales. The mining royalty land segment’s results were higher due to new property royalties along with a shift in production at two locations increasing the share of mining on property owned by the Company. The Developed property rentals segment’s results were higher due to higher occupancy, reduced severance costs, and lower maintenance costs partially offset by higher property taxes. Interest expense included $342,000 after income taxes related to mortgage prepayment.

Liquidity and Capital Resources. For the first nine months of fiscal 2013, the Company used cash provided by operating activities of continuing operations of $20,340,000, borrowings of $7,300,000 under its Revolver, proceeds from the sale of plant, property and equipment of $3,068,000, proceeds from the exercise of employee stock options of $1,070,000, excess tax benefits from the exercise of stock options of $585,000, and cash balances to purchase $10,672,000 in transportation equipment, to expend $16,276,000 in real estate development, to invest $38,000 in the Brooksville Joint Venture, to make $11,115,000 in payments on long-term debt and to repurchase Company stock for $233,000. Cash decreased $5,971,000.

Cash flows from operating activities for the first nine months of fiscal 2013 were $3,079,000 higher than the same period last year primarily due to higher operating profits partially offset by a decrease in accrued insurance liabilities. Accrued insurance liabilities decreased due to payments to our new insurer under a captive agreement along with payment in settlement of three unusually large prior year liability and health claims. Payments under the captive agreement are for the fiscal 2013 year-to-date loss fund as estimated in advance using actuarial methodology. The captive agreement provides that we will share in the underwriting results, good or bad, within a $250,000 per occurrence layer of loss through retrospective premium adjustments.

Cash flows used in investing activities for the first nine months of fiscal 2013 were $144,000 higher reflecting the increased purchase of transportation equipment for growth and replacement offset by the decreased investment in real estate development, higher proceeds from the sale of transportation equipment and real estate property.

Cash flows used in financing activities for the first nine months of fiscal 2013 were $282,000 lower than the same period last year due to borrowing on the Revolver and higher stock option exercises offset by accelerated repayment on long-term debt. On June 3, 2013 the Company prepaid the $7,281,000 remaining principal balance on a 6.12% mortgage under an early prepayment provision the note allowed after 7.5 years. The $561,000 cost of the prepayment included a penalty of $386,000 and the remaining deferred loan costs of $175,000.

On December 21, 2012, the Company entered into a modified credit agreement with Wells Fargo Bank, N.A. (the "Credit Agreement"). The Credit Agreement modifies the Company's prior Amended and Restated Revolving Credit Agreement with Wachovia Bank, National Association ("Wachovia"), Bank of America, N.A., SunTrust Bank, and Compass Bank dated as of November 10, 2004. The Credit Agreement is for a 5 year term with a maximum facility amount of $55 million. The Credit Agreement provides a revolving credit facility (the “Revolver”) with a maximum facility amount of $40 million, with a $20 million sublimit for standby letters of credit, and a term loan facility of $15 million. The Credit Agreement contains certain conditions, affirmative financial covenants and negative covenants including limitations on paying cash dividends. Letters of credit in the amount of $5,600,000 were issued under the Revolver. As of June 30, 2013, $7,300,000 was borrowed under the Revolver, $42,100,000 was available for additional borrowing and $62,230,000 of consolidated retained earnings would be available for payment of dividends. The Company was in compliance with all covenants as of June 30, 2013.

The Company had $5,600,000 of irrevocable letters of credit outstanding as of June 30, 2013. 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 2013 the Company repurchased 8,700 shares for $233,000. As of June 30, 2013, $3,682,000 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 $123,000 to Brooksville Quarry, LLC in connection with a joint venture with Vulcan Materials Company.

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 5.1% higher than last year. The Company continues to succeed in adding drivers and customers and anticipates increasing segment miles during the balance of fiscal 2013.

Developed property rentals occupancy has increased from 87.0% to 89.9% over June 30, 2012 as the market for new tenants has improved and traffic for vacant space has increased. Occupancy at June 30, 2013 and 2012 included 77,456 square feet or 2.3% and 104,226 square feet or 3.4% respectively for temporary leases under a less than full market lease rate. The Company resumed development of Patriot Business Park in April 2012 due to two developments. In February 2012, the Company signed an agreement to sell 15.18 acres of land at the site for a purchase price of $4,774,577 and the sale was completed in July 2013. The Company also entered into a build to suit lease signed in April 2012, for a 117,600 square foot building which was completed and occupied during the quarter ending March 31, 2013.

In May 2013, The Company entered into a second build to suit lease, with the same tenant as the first, for a 125,500 square foot building which is currently under construction.

On June 20, 2013 the Company purchased, through a qualified intermediary, Transit Business Park in Baltimore, Maryland which consists of 5 buildings on 14.5 acres totaling 232,318 square feet which were 87.9% occupied (including 6.4% for temporary leases and 7.1% for holdover tenant). This purchase is planned as a forward 1031 exchange upon the closing of phase 1 of Windlass Run Residential scheduled to close during the fourth quarter of fiscal 2013.

Windlass Run Residential (previously Bird River), located in southeastern Baltimore County, Maryland, is a 121 acre tract of land adjacent to our Windlass Run Business Park. In September 2012, the Company received a non-binding letter of intent to sell the property for $18.8 million in two phases. The letter of intent to sell the property was converted into 2 executed contracts that expired during the due diligence period. The Company executed two contracts on April 17, 2013 with another buyer with a due diligence period expiring on June 15, 2013. The contracts contemplate the sale of phase 1 of the property in the quarter ending September 30, 2013 for $8.0 million and the balance for $11.0 million approximately 18 months later.

On April 22, 2013 the Company signed an agreement to sell 5.38 acres of land at Hollander 95 Business Park for a purchase price of $1,520,000 subject to the Company’s obligations related to future site and offsite development.

On March 30, 2012 the Company entered into a Contribution Agreement with MRP SE Waterfront Residential, LLC. (“MRP”) to form a joint venture to develop the first phase only of the four phase master development known as RiverFront on the Anacostia in Washington, D.C. The purpose of the Joint Venture is to develop, own, lease and ultimately sell an approximately 300,000 square foot residential apartment building (including approximately 18,000 square feet of retail) on a portion of the roughly 5.82 acre site. The joint venture, Riverfront Investment Partners I, LLC (“Riverfront I) was formed in June 2013 as contemplated. The Company’s cost of the property to be contributed of $5,839,000 was transferred from Property, Plant and Equipment to Investment in joint ventures and is accounted for under the equity method of accounting. MRP will contribute capital of at least $4,000,000 to the joint venture including development costs paid prior to formation of the joint venture. MRP will raise any additional equity capital and obtain a nonrecourse loan for the balance of the estimated construction and lease up costs. At this point the Company anticipates commencement of construction of Phase I in mid 2014 with lease up scheduled between late 2015 and all of 2016. The Company’s equity interest in the joint venture will be determined based on leverage of the entity, additional cash contributions by the Company, and negotiations with potential third partners.

On June 26, 2013 the Company announced that it has retained the investment banking services of Raymond James & Associates, Inc. to assist the Company's Board of Directors with its evaluation of a possible separation of the Company's real estate and transportation businesses into two separate public companies in a tax free spinoff transaction to existing shareholders.

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, 2013, 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 our most recent fiscal quarter 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, 2012, 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	–	$ –	–	$ 3,682,000
May 1 through May 31	–	$ –	–	$ 3,682,000
June 1 through June 30	–	$ –	–	$ 3,682,000
Total	–	$ –	–	

(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 32.

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 7, 2013 PATRIOT TRANSPORTATION HOLDING, INC.

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

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

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

PATRIOT TRANSPORTATION HOLDING, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2013
EXHIBIT INDEX

(10)(r)	Joint Venture Agreement between Florida Rock Properties, Inc. and MRP SE Waterfront Residential, Inc., incorporated by reference to an exhibit filed with Form 10-Q for the quarter ended March 31, 2012. File No. 000-17554.
(10)(s)	Limited Liability Company Agreement of Riverfront Investment Partners I LLC. between FRP Riverfront I LLC and MRP SE Waterfront Residential LLC. made as of June 13, 2013, filed herewith.
(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 7, 2013

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

CERTIFICATIONS Exhibit 31(b)

I, John D. Milton, Jr., 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 7, 2013

/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 7, 2013

/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 7, 2013

PATRIOT TRANSPORTATION HOLDING, INC.

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

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

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

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

The foregoing certification accompanies the issuer's 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.