

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

or

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

For the transition period from _____ to _____

Commission File Number: 000-25991

MANHATTAN BRIDGE CAPITAL, INC.

(Exact name of registrant as specified in its charter)

New York

11-3474831

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

60 Cutter Mill Road, Great Neck, New York 11021

(Address of principal executive offices)

(516) 444-3400

(Registrant's telephone number, including area code)

192 Lexington Avenue, New York, New York 10016

(Former name, former address and former fiscal year, if changed since last report)

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

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

As of August 10, 2011, the Issuer had a total of 3,324,459 shares of Common Stock, \$.001 par value per share, outstanding.

MANHATTAN BRIDGE CAPITAL, INC.
TABLE OF CONTENTS

	Page Number
Part I	FINANCIAL INFORMATION
Item 1.	Consolidated Financial Statements (unaudited)
	Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010
	2
	Consolidated Statements of Operations for the Three and Six Month Periods Ended June 30, 2011 and 2010
	3
	Consolidated Statements of Cash Flows for the Six Month Periods Ended June 30, 2011 and 2010
	4
	Notes to Consolidated Financial Statements
	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	12
Item 3.	Quantitative and Qualitative Disclosures about Market Risk
	16
Item 4.	Controls and Procedures
	16
Part II	OTHER INFORMATION
Item 6.	Exhibits
	16
SIGNATURES	17
EXHIBITS	E-1

Forward Looking Statements

This report contains forward-looking statements within the meaning of section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are typically identified by the words "believe," "expect," "intend," "estimate" and similar expressions. Those statements appear in a number of places in this report and include statements regarding our intent, belief or current expectations or those of our directors or officers with respect to, among other things, trends affecting our financial condition and results of operations and our business and growth strategies. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected, expressed or implied in the forward-looking statements as a result of various factors (such factors are referred to herein as "Cautionary Statements"), including but not limited to the following: (i) the successful integration of new businesses that we may acquire; (ii) the success of new operations which we have commenced and of our new business strategy; (iii) our limited operating history in our new business; (iv) potential fluctuations in our quarterly operating results; and (v) challenges facing us relating to our growth. The accompanying information contained in this report, including the information set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations", identifies important factors that could cause such differences. These forward-looking statements speak only as of the date of this report, and we caution potential investors not to place undue reliance on such statements. We undertake no obligation to update or revise any forward-looking statements. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Cautionary Statements.

PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

**MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET**

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,446	\$ 386,023
Short term loans	9,040,839	8,156,293
Interest receivable on short term loans	117,028	91,593
Other current assets	45,912	13,427
Total current assets	9,212,225	8,647,336
Investment in real estate	675,000	—
Long term loan receivable	73,391	—
Property and equipment, net	909	2,425
Security deposit	23,864	17,515
Investment in privately held company, at cost	100,000	100,000
Deferred financing costs	90,986	109,183
Total assets	\$ 10,176,375	\$ 8,876,459
Liabilities and Shareholders' Equity		
Current liabilities:		
Short term loans and line of credit	\$ 1,359,465	\$ 300,000
Accounts payable and accrued expenses	53,761	56,405
Deferred origination fees	104,850	76,428
Income taxes payable	196,512	180,513
Total current liabilities	1,714,588	613,346
Long term liabilities:		
Senior secured notes	500,000	500,000
Total liabilities	2,214,588	1,113,346
Commitments and contingencies		
Shareholders' equity:		
Preferred shares - \$.01 par value; 5,000,000 shares authorized; no shares issued	—	—
Common shares - \$.001 par value; 25,000,000 authorized; 3,405,190 issued and 3,324,459 outstanding	3,405	3,405
Additional paid-in capital	9,619,604	9,588,849
Treasury stock, at cost- 80,731 shares	(241,400)	(241,400)
Accumulated deficit	(1,419,822)	(1,587,741)
Total shareholders' equity	7,961,787	7,763,113
Total liabilities and shareholders' equity	\$ 10,176,375	\$ 8,876,459

The accompanying notes are an integral part of these consolidated financial statements.

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Six Months</u> <u>Ended June 30,</u>	
	2011	2010	2011	2010
Interest income from short term loans	\$ 276,037	\$ 259,661	\$ 558,402	\$ 495,864
Origination fees	65,572	55,368	122,009	110,339
Total Revenue	<u>341,609</u>	<u>315,029</u>	<u>680,411</u>	<u>606,203</u>
Operating costs and expenses:				
Interest expense on loans and line of credit	28,289	9,593	44,965	14,727
General and administrative expenses	203,809	182,451	390,529	324,527
Total operating costs and expenses	<u>232,098</u>	<u>192,044</u>	<u>435,494</u>	<u>339,254</u>
Income from operations	<u>109,511</u>	<u>122,985</u>	<u>244,917</u>	<u>266,947</u>
Interest and dividend income	—	824	—	4,167
Realized gain on marketable securities that were previously marked down	—	96,132	—	151,419
Other income	31,590	—	39,000	—
Total other income	<u>31,590</u>	<u>96,956</u>	<u>39,000</u>	<u>155,586</u>
Income from operations before income tax expense	<u>141,101</u>	<u>219,941</u>	<u>283,917</u>	<u>422,533</u>
Income tax expense	(54,000)	(65,000)	(116,000)	(127,000)
Net Income	<u>\$ 87,101</u>	<u>\$ 154,941</u>	<u>\$ 167,917</u>	<u>\$ 295,533</u>
Basic and diluted net income per common share outstanding:				
—Basic	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.09</u>
—Diluted	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.09</u>
Weighted average number of common shares outstanding				
—Basic	<u>3,324,459</u>	<u>3,324,459</u>	<u>3,324,459</u>	<u>3,324,459</u>
—Diluted	<u>3,397,597</u>	<u>3,370,329</u>	<u>3,396,873</u>	<u>3,368,096</u>

The accompanying notes are an integral part of these consolidated financial statements.

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2011	2010
Cash flows from operating activities:		
Net Income	\$ 167,917	\$ 295,533
Adjustments to reconcile net income to net cash provided by operating activities -		
Amortization of deferred financing costs	18,197	—
Depreciation	1,516	1,516
Non cash compensation expense	30,755	45,754
Realized gain on sale of marketable securities that were previously marked down	—	(151,419)
Changes in operating assets and liabilities:		
Interest receivable on short term loans	(25,435)	(8,865)
Other current and non current assets	(38,833)	(85,151)
Accounts payable and accrued expenses	(2,643)	(8,888)
Deferred origination fees	28,422	(45,859)
Income taxes payable	15,999	26,560
Net cash provided by operating activities	195,895	69,181
Cash flows from investing activities:		
Proceeds from sale of marketable securities	—	431,864
Investment in real estate	(675,000)	—
Issuance of short term loans	(3,270,800)	(2,936,500)
Collections received from loans	2,312,863	1,706,421
Net cash used in investing activities	(1,632,937)	(798,215)
Cash flows from financing activities:		
Proceeds from loans and line of credit	1,059,465	300,000
Net cash provided by financing activities	1,059,465	300,000
Net decrease in cash	(377,577)	(429,034)
Cash and cash equivalents, beginning of the year	386,023	707,449
Cash and cash equivalents, end of period	\$ 8,446	\$ 278,415
Supplemental Cash Flow Information:		
Taxes paid during the period	\$ 100,001	\$ 100,440
Interest paid during the period	\$ 44,965	\$ 14,727
Non-Cash Investing and Financing Activities:		
Forgiveness of debt	—	\$ 27,961

The accompanying notes are an integral part of these consolidated financial statements.

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011

1. THE COMPANY

The accompanying unaudited consolidated financial statements of Manhattan Bridge Capital, Inc., a New York corporation, (referred to herein as “Manhattan Bridge Capital” “we”, “MBC”, “us” or “our” have been prepared by the Company in accordance with U.S. generally accepted accounting principles for interim financial information and with instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2010 and the notes thereto included in the Company’s Form 10-K. Results of consolidated operations for the interim period are not necessarily indicative of the operating results to be attained in the entire fiscal year.

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

The Company provides short term secured non-banking commercial loans, to real estate investors (also known as hard money) to fund their acquisition and construction of properties located in the New York Metropolitan area.

The Company recognizes revenues in accordance with ASC 605, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. ASC 605 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. In general, the Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery of the product has occurred or services have been rendered, (iii) the sales price charged is fixed or determinable, and (iv) collectibility is reasonably assured.

Interest income from short term commercial loans is recognized, as earned, over the loan period.

Origination fee revenue on short term commercial loans is amortized over the term of the respective note.

Costs incurred in connection with the Company’s senior secured notes are being amortized over the term of the notes using the straight-line method.

Effective January 1, 2008, the Company adopted ASC 820, *Fair Value Measurements*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1—Quoted prices in active markets.

Level 2—Observable inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3—Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Cash equivalents and investment instruments are classified within Level 1 or Level 2 of the fair value hierarchy. The Company's Level 1 investments are valued using quoted market prices in active markets. As of June 30, 2011 and December 31, 2010 the Company's Level 1 investments consisted of cash and money market accounts in the amount of approximately \$8,000 and \$386,000, respectively, and were recorded as cash and cash equivalents in the Company's consolidated balance sheets.

2. RECENT TECHNICAL ACCOUNTING PRONOUNCEMENTS

In February 2010, FASB issued ASU 2010-9 as an amendment to ASC 855. This update eliminates the requirement to provide a specific date through which subsequent events were evaluated. This update was issued to alleviate potential conflicts between ASC 855 and SEC reporting requirements. The update was effective upon issuance and has no impact on the Company's consolidated financial statements.

In July 2010, FASB issued ASU 2010-20, entitled "*Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*," which is effective for public entities interim and annual financial statements ending after December 15, 2010. The objective of this amended guidance is for an entity to provide disclosures that facilitate financial statement users' evaluation of; the nature of credit risk inherent in the entities portfolio of financing receivables; how risk is analyzed and assessed in arriving at the allowance for credit losses; and the changes and reasons for those changes in the allowance for credit losses. Existing guidance has been amended to provide enhanced disaggregated disclosures in situations involving impairments or troubled loan restructurings, with the guidance for trouble debt restructuring disclosures delayed pursuant to ASU 2011-01. Company disclosures herein are based on the Company's adoption of ASU 2010-20, and providing disclosures there under that apply to its short term loan portfolio in the current circumstances.

In April 2011, FASB issued ASU 2011-02, "Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring." ASU 2011-02 provides amendments to Topic 310 to clarify which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. For public companies, the new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. Early adoption is permitted. The Company believes that the adoption of ASU No. 2011-02 will not have a material effect on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effected, accounting standards if currently adopted would have a material effect on the Company's consolidated financial statements.

3. SHORT TERM COMMERCIAL LOANS

At June 30, 2011, we were committed to an additional \$2,115,900 in construction loans that can be drawn by the borrower when certain conditions are met.

Some of the loans in the Company's portfolio at June 30, 2011, were jointly funded by the Company and unrelated entities, for aggregate loans of \$1,105,600. The accompanying balance sheet includes the Company's portion of the loans in the amount of \$552,800.

At June 30, 2011, the Company had made loans to seven borrowers in the aggregate amount of \$1,564,000. One individual holds a fifty percent interest in each of the borrowers. The Company also had made loans to five borrowers in the aggregate amount of \$1,040,000. Two individuals hold one hundred percent interest in each of the borrowers. The Company also had made loans to three borrowers in the aggregate amount of \$1,015,000. One individual holds one hundred percent interest in each of the borrowers. The Company also had made loans to four borrowers in the aggregate amount of \$965,000. One individual holds one hundred percent interest in each of the borrowers. All individuals have no relationship to any of the officers or directors of the Company.

The Company generally grants loans for a term of one year. In certain situations the Company and its borrowers have mutually agreed to the extension of the loans as a result of the downturn in the economy and the real estate industry in the New York metropolitan area. Potential buyers of the real estate serving as collateral for the short-term loans may have difficulty securing financing due to restrictions imposed by financial institutions resulting from the recent mortgage crisis. In addition, the Company's borrowers may be having difficulty securing permanent financing. Prior to the Company granting an extension of any loan, it reevaluates the underlying collateral. At June 30, 2011, the Company's short-term and long term loans include loans in the amount of \$250,000, \$535,100, \$3,125,200, and \$510,000, originally due in 2008, 2009, 2010 and 2011, respectively. In all instances the borrowers are currently paying their interest and, generally, the Company receives a fee in connection with the extension of the loans. Accordingly, at June 30, 2011, no loan impairments exist and there are no provisions for impairments of loans or recoveries thereof included in operations. Subsequent to the balance sheet date \$1,320,000 of the extended loans outstanding at June 30, 2011 have been partially or fully paid off.

Credit risk profile based on loan activity as of June 30, 2011:

	Developers- Residential	Developers- Commercial	Developers Mixed Used	Total outstanding loans
Performing loans	<u>\$ 8,814,230</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 9,114,230</u>

4. INVESTMENT IN REAL ESTATE

On March 21, 2011, the Company purchased three 2-family buildings located in the Bronx, New York for \$675,000, including related costs, and sold to the seller a one year option to buy back the properties. The buy back option was sold for \$3,900, plus a monthly fee of \$10,530 payable to the Company by the option holder for the life of the option. We believe that the option holder will exercise the buy back option within the next 9 months.

5. LONG TERM LOAN RECEIVABLE

One of the Company's borrowers with a short-term loan originally due in 2009 has agreed to repay the loan over a period of two years. The principal in the amount of \$73,391 which will be repaid after twelve months from June 30, 2011 is reclassified to long term loan receivables.

6. EARNINGS PER SHARE OF COMMON STOCK

Basic and diluted earnings per share are calculated in accordance with ASC 260 "Earnings Per Share". Under ASC 260, basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the denominator is increased to include the potential dilution from the exercise of stock options and warrants for common shares using the treasury stock method. The numerator in calculating both basic and diluted earnings per common share for each period is the reported net income.

The denominator is based on the following weighted average number of common shares:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Basic	3,324,459	3,324,459	3,324,459	3,324,459
Incremental shares for assumed conversion of options	73,138	45,870	72,414	43,637
Diluted	3,397,597	3,370,329	3,396,873	3,368,096

For the three and six month periods ended June 30, 2011, 414,195, and 414,919, stock options were not included in the diluted earnings per share calculation, respectively, as their effect would have been anti-dilutive.

For the three and six month periods ended June 30, 2010, 584,797, and 587,030, stock options were not included in the diluted earnings per share calculation, respectively, as their effect would have been anti-dilutive.

7. STOCK – BASED COMPENSATION

The Company measures and recognizes compensation awards for all stock option grants made to employees and directors, based on their fair value in accordance with ASC 718 “Compensation- Stock Compensation”, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. The cost will be recognized over the service period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). The Company accounts for equity instruments issued to non-employees in accordance with the provisions of ASC 718 and ASC 505-50, “Equity Based Payment to Non-Employees”. All transactions with non-employees, in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more appropriately measurable.

Share based compensation expense recognized under ASC 718 for the three and six months ended June 30, 2011 were \$19,505 and \$30,755, respectively. Share based compensation expense recognized under ASC 718 for the three and six months ended June 30, 2010 were \$36,147 and \$45,755, respectively.

The exercise price of options granted under our stock option plan may not be less than the fair market value on the date of grant. The options may vest over a period not to exceed ten years. Stock options under our stock option plan may be awarded to officers, key-employees, consultants and non-employee directors of the Company. Under our stock option plan, every non-employee director of the Company is granted 7,000 options upon first taking office, and then 7,000 upon each additional year in office. The objectives of our stock option plan include attracting and retaining key personnel, providing for additional performance incentives and promoting the success of the Company by increasing the efforts of such officers, employees, consultants and directors. Our stock option plan is the only plan that the Company has adopted with stock options available for grant.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average share assumptions used for grants in 2011 and 2010, respectively: (1) expected life of 5 years; (2) no annual dividend yield; (3) expected volatility 62% to 73%; and (4) risk free interest rate of 1.5% to 2.7%.

The following summarizes stock option activity for the six month period ended June 30, 2011:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2010	631,000	\$ 1.41		
Granted	140,000	1.61		
Exercised	—	—		
Forfeited	(166,000)	2.20		
Outstanding at June 30, 2011	605,000	\$ 1.24	2.94	\$ 398,152
Vested and exercisable at June 30, 2011	487,333	\$ 1.16	2.56	\$ 300,452

The weighted-average fair value of each option granted during the three month periods ended June 30, 2011 and 2010, estimated as of the grant date using the Black-Scholes option valuation model, was \$0.85 per option and \$0.78 per option, respectively.

8. LOANS AND LINE OF CREDIT

In September 2009 the Company established a secured line of credit with Valley National Bank. The line of credit provides for maximum borrowings in the amount of up to \$300,000, which may be prepaid by the Company at any time without penalty. The line requires monthly payments of interest only at the rate of 9%, per annum, with borrowings still outstanding due in October, 2012. Pursuant to a security agreement, the line of credit is secured by the Company's short term loans. As of both June 30, 2011 and December 31, 2010, \$300,000 is outstanding under this line.

In March 2011, the Company received three separate short-term loans from three different entities, in the aggregate amount of \$603,845, bearing interest at rates ranging from 8% to 14%, per annum. On April 18, 2011, one of the loans in the amount of \$170,000 was repaid in full by the Company. In June 2011, the Company received two additional short-term loans from two different entities, in the aggregate amount of \$525,620, bearing interest at rates ranging from 8% to 10%, per annum. Four of the short-term loans payable are secured by the Company's short term loans, pursuant to a security agreement and three of the loans are also personally guaranteed by our CEO.

On June 30, 2011, the Company also received a short-term loan from its CEO, Assaf Ran, in the amount of \$100,000, bearing interest at the rate of 12%, per annum. The loan was repaid in full on July 6, 2011.

9. SENIOR SECURED NOTES

On December 28, 2010, MBC Funding completed a \$500,000 private placement of three-year 6.63% senior secured notes. In connection therewith, MBC assigned approximately \$750,000 of its short-term loans to MBC Funding to use as collateral for the notes. Pursuant to the agreement, MBC has also guaranteed the repayment of the notes. The notes require quarterly payments of interest only through the expiration date in December, 2013, at which time the notes become due. The private placement was the initial tranche of a \$5,000,000 offering which expired on March 31, 2011.

Financing costs incurred in connection with the agreement totaled \$109,183, including five year warrants (the "warrants") to purchase 20,000 shares of the Company's Common Stock issued to the underwriter at \$2.50 per share, which were valued at \$11,683. These costs are amortized over the life of the senior secured notes. The amortization costs for the three and six month periods ended June 30, 2011 were \$9,099 and \$18,197, respectively.

10. Commitments and Contingencies

Office Space

On June 9, 2011, the Company entered into a new lease agreement (the "Lease") to relocate its corporate headquarters to 60 Cutter Mill Road, Great Neck, New York. The Lease is for a term of 5 years and two months commencing June 2011 and ending August 2016. The rent increases annually during the term and ranges from approximately \$2,800 per month during the first year to \$3,200 per month during the fifth year.

Restricted Stock Grant

On June 29, 2011, the Company's Board of Directors authorized, subject to shareholder approval, the grant of 1,000,000 restricted common shares (the "Restricted Shares") to Assaf Ran, the Company's President and Chief Executive Officer. Under the terms of the applicable restricted shares agreement (the "Restricted Shares Agreement"), Mr. Ran has agreed to the termination and cancellation of 210,000 options with exercise prices above \$1.50 per share that he currently holds and further agreed that he will not exercise an additional 280,000 options with exercise prices below \$1.50 per share. If Mr. Ran exercises any of the 280,000 options that are not being terminated and cancelled, he will forfeit approximately 3.5 Restricted Shares for each such option exercised. Under the Restricted Shares Agreement Mr. Ran may not sell, convey, transfer, pledge, encumber or otherwise dispose of the Restricted Shares until the earliest to occur of the following: (i) June 30, 2026, with respect to 1/3 of the Restricted Shares, June 30, 2027 with respect to an additional 1/3 of the Restricted Shares and June 30, 2028 with respect to the final 1/3 of the Restricted Shares; (ii) the date on which Mr. Ran's employment is terminated by the Company for any reason other than for "Cause" (i.e., misconduct that is materially injurious to the Company monetarily or otherwise, including engaging in any conduct that constitutes a felony under federal, state or local law); or (iii) the date on which Mr. Ran's employment is terminated on account of (A) his death; (B) his disability, which, in the opinion of his personal physician and a physician selected by the Company, prevents him from being employed by the Company on a full-time basis (each such date being referred to as a "Risk Termination Date"). If at any time prior to a Risk Termination Date either the Company terminates Mr. Ran's employment for Cause or Mr. Ran voluntarily terminates his employment with the Company for any reason other than death or disability, Mr. Ran will forfeit that portion of the Restricted Shares which have not previously vested. Mr. Ran will have the power to vote the Restricted Shares and will be entitled to all dividends payable with respect to the Restricted Shares from the date the Restricted Shares are issued.

Under the existing program of annual option grants to Mr. Ran, the Company incurred amortization charges of \$46,920 in 2010. Assuming the continuation of this program into the future and the trading of the Common Stock at an assumed price of \$1.50 per share, future amortization charges would range from \$68,044 in 2011 to \$122,136 in 2015 and thereafter. Under this grant of Restricted Shares, which is subject to shareholder approval, and related option forfeitures, Management anticipates that future annual amortization charges will decline substantially.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q. The discussion and analysis contains forward-looking statements based on current expectations that involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in such forward-looking statements .

We offer short-term, secured, non-banking loans to real estate investors (also known as hard money) to fund their acquisition and construction of properties located in the New York Metropolitan area. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses. The loans are generally for a term of one year. Most of the loans provide for receipt of interest only during the term of the loan and a balloon payment at the end of the term. For the six month period ended June 30, 2011 the total amounts of \$3,270,800 have been lent, offset by collections received from borrowers, under the short term commercial loans in the amount of \$2,312,863. Loans ranging in size from \$50,000 to \$1,000,000 were concluded at stated interest rates of 12% to 16%, but often at higher effective rates based upon points or other up-front fees. We use our own employees, outside lawyers and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers are also employed to assist us in evaluating the worth of collateral.

The Company generally grants loans for a term of one year. In certain situations the Company and its borrowers have mutually agreed to the extension of the loans as a result of the downturn in the economy and the real estate industry in the New York metropolitan area. Potential buyers of the real estate serving as collateral for the short-term loans may have difficulty securing financing due to restrictions imposed by financial institutions resulting from the recent mortgage crisis. In addition, the Company's borrowers may be having difficulty securing permanent financing. Prior to the Company granting an extension of any loan, it reevaluates the underlying collateral.

To date, we have not experienced any defaults and none of the loans previously made have been non-collectable, although no assurances can be given that existing or future loans may not go into default or prove to be non-collectable in the future.

At June 30, 2011, we were committed to an additional \$2,115,900 in construction loans that can be drawn by the borrower when certain conditions are met.

On June 21, 2010, the board of directors of the Company decided to dissolve DAG Interactive. In connection with such dissolution, the Company recorded forgiveness of debt in the amount of \$27,961, for accounts payable due to a related party, as an increase in equity on its balance sheet.

Results of Operations
Three Months Ended June 30, 2011 Compared to Three Months Ended June 30, 2010

Revenue

Total revenues for the three month period ended June 30, 2011 were approximately \$342,000 compared to approximately \$315,000 for the three month period ended June 30, 2010, an increase of \$27,000 or 8.6 %. The increase in revenue represents an increase in lending operations. For the three month period ended June 30, 2011, \$276,000 of our revenues represent interest income on the short term secured commercial loans that we offer to small businesses compared to \$260,000 for the same period in 2010, and \$66,000 represents origination fees on such loans compared to \$55,000 for the same period in 2010. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses.

Interest expense

Interest expense on loans, the line of credit and senior secured notes for the three month period ended June 30, 2011 was \$28,000 compared to \$10,000 for the three month period ended June 30, 2010. The increase in interest expense is primarily attributable to the issuance of senior secured notes, the line of credit and short term loans in order to increase our ability to make loans. (See notes 8 and 9 to the consolidated financial statements which appear elsewhere in this quarterly report)

General and administrative costs

General and administrative expenses for the three month period ended June 30, 2011 were approximately \$204,000 compared to approximately \$182,000 for the three month period ended June 30, 2010. This increase is primarily attributable to an increase in payroll expenses due to restoration of our CEO's salary in June 2010 and the amortization of the deferred financing costs, offset by the decrease in equity-based compensation expense.

Other income

For the three month period ended June 30, 2011 we had other income in the amount of approximately \$32,000, which represents fees from the sale of a buy back option to the seller of certain real property we purchased in March 2011 (See note 4 to the consolidated financial statements which appear elsewhere in this quarterly report), compared to other income of approximately \$97,000 for the three month period ended June 30, 2010, consisting of the realized gain on the sale of marketable securities that were previously marked down in the amount of \$96,000.

Income tax expense

For the three month period ended June 30, 2011 we had income tax expense of approximately \$54,000 compared to approximately \$65,000 for the three month period ended June 30, 2010.

Six Months Ended June 30, 2011 Compared to Six Months Ended June 30, 2010

Revenue

Total revenues for the six month period ended June 30, 2011 were approximately \$680,000 compared to approximately \$606,000 for the six month period ended June 30, 2010, an increase of \$74,000, or 12.2%. The increase in revenue represents an increase in lending operations. Revenue of approximately \$558,000 for the six month period ended June 30, 2011, compared to approximately \$496,000 for the six month period ended June 30, 2010, represents interest income on the short term secured commercial loans that the Company offers to small businesses, and \$122,000 represents origination fees on such loans compared to \$110,000 for the same period in 2010. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses.

Interest expense

Interest expense on loans, the line of credit and senior secured notes for the six month period ended June 30, 2011 was approximately \$45,000 compared to \$15,000 for the six month period ended June 30, 2010. The increase in interest expense is primarily attributable to the issuance of senior secured notes, the line of credit and short term loans in order to increase our ability to make loans. (See notes 8 and 9 to the consolidated financial statements which appear elsewhere in this quarterly report)

General and administrative costs

General and administrative expenses for the six month period ended June 30, 2011 were approximately \$391,000 compared to approximately \$325,000 for the six month period ended June 30, 2010, an increase of \$66,000, or 20.3%. This increase is primarily attributable to an increase in payroll expenses due to restoration of our CEO's salary in June 2010 and the amortization of the deferred financing costs, offset by the decrease in equity-based compensation expense.

Other income

For the six month period ended June 30, 2011 we had other income in the amount of \$39,000, which represents fees from the sale of a buy back option to the seller of certain real property we purchased in March 2011 (See note 4 to the consolidated financial statements which appear elsewhere in this quarterly report), compared to other income of approximately \$156,000 for the six month period ended June 30, 2010, consisting mainly of the realized gain on the sale of marketable securities that were previously marked down of \$151,000 and dividend and interest income of approximately \$4,000.

Income tax expense

For the six month period ended June 30, 2011 we had income tax expense of approximately \$116,000 compared to approximately \$127,000 for the six month period ended June 30, 2010.

Liquidity and Capital Resources

At June 30, 2011, we had cash and cash equivalents of approximately \$8,000 and working capital of approximately \$7,498,000 as compared to cash and cash equivalents of approximately \$386,000 and working capital of \$8,034,000 at December 31, 2010. The decrease in cash and cash equivalents primarily reflects the making of short term commercial loans in the total amount of \$3,270,800, offset by proceeds of collection of these loans in the amount of \$2,312,863 and our investment in real estate in the amount of \$675,000, offset by the loans we took in March 2011 and in June 2011, in the amount of approximately \$1,059,000. The decrease in working capital is primarily attributable to the investment in real estate in the amount of \$675,000.

For the six month periods ended June 30, 2011 and 2010, net cash provided by operating activities were approximately \$196,000 and \$69,000, respectively. Net cash provided by operating activities for the six months period ended June 30, 2011 consisted primarily of net income of approximately \$168,000, amortization of the deferred financing costs of approximately \$18,000, non cash compensation expenses of approximately \$31,000, deferred origination fees of approximately \$28,000, and an increase in income tax payable of \$16,000, offset by increases in interest receivable on short term commercial loans of approximately \$25,000 and other current and non current assets of approximately \$39,000. In the period ended June 30, 2010 net cash provided by operating activities consisted primarily of net income of approximately \$296,000, non cash compensation expenses of approximately \$46,000, and an increase in income tax payable of approximately \$27,000, offset by a realized gain on marketable securities that were previously marked down of approximately \$151,000, increases in other current and non current assets of approximately \$85,000, and deferred origination fees of approximately \$46,000.

Net cash used in investing activities was approximately \$1,633,000 for the six months ended June 30, 2011, compared to approximately \$798,000 for the same period ended June 30, 2010. Net cash used in investing activities for the six month periods ended June 30, 2011 consisted primarily of short term commercial loans made in the amount of \$3,270,800, offset by collection of these loans in the amount of \$2,312,863 and the investment in real estate in the amount of \$675,000. In the period ended June 30, 2010 net cash used in investing activities consisted primarily of short term commercial loans made in the amount of \$2,936,500, offset by collection of these loans in the amount of \$1,706,421 and the proceeds from the sale of marketable securities in the amount of approximately \$432,000.

Net cash provided by financing activities for the six months ended June 30, 2011 was approximately \$1,059,000 as compared to \$300,000 for the period ended June 30, 2010. This increase reflects the issuance of senior secured notes, the line of credit and short term loans. (See notes 8 and 9 to the consolidated financial statements which appear elsewhere in this quarterly report)

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of our requirements for capital resources.

We anticipate that our current cash balances will be sufficient to fund our operations for the next 12 months. However, we expect our working capital requirements to increase over the next 12 months as we continue to strive for growth.

Changes to Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item.

Item 4. CONTROLS AND PROCEDURES

(a) Evaluation and Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2011. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of June 30, 2011, our disclosure controls and procedures were (1) effective in that they were designed to ensure that material information relating to us is made known to our chief executive officer and chief financial officer by others within our organization, as appropriate to allow timely decisions regarding required disclosures, and (2) effective in that they ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
31.1	Chief Executive Officer Certification as required under section 302 of the Sarbanes Oxley Act (filed herewith)
31.2	Chief Financial Officer Certification as required under section 302 of the Sarbanes Oxley Act (filed herewith)
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act (furnished herewith)
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes Oxley Act (furnished herewith)

* Furnished, not filed, in accordance with item 601(32)(ii) of Regulation S-K.

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.

Manhattan Bridge Capital, Inc. (Registrant)

Date: August 10, 2011

By: /s/ Assaf Ran
Assaf Ran, President and Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 2011

By: /s/ Vanessa Kao
Vanessa Kao, Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION

I, Assaf Ran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manhattan Bridge Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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 officer(s) 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 and procedures 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 disclosure 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 change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses 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 10, 2011

/s/ Assaf Ran

Assaf Ran
President and Chief Executive Officer
(principal executive officer)

CERTIFICATION

I, Vanessa Kao, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manhattan Bridge Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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 officer(s) 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 and procedures 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 disclosure 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 change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses 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 10, 2011

/s/ Vanessa Kao

Vanessa Kao
Chief Financial Officer
(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Manhattan Bridge Capital, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Assaf Ran, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to § 906 of the Sarbanes Oxley Act, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Assaf Ran*

Assaf Ran
President and Chief Executive Officer
(principal executive officer)

August 10, 2011

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

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Manhattan Bridge Capital, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vanessa Kao, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to § 906 of the Sarbanes Oxley Act, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vanessa Kao*

Vanessa Kao
Chief Financial Officer
(principal financial and accounting officer)

August 10, 2011

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