MANHATTAN
BRIDGE CAPITAL

ANNUAL REPORT

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NASDAQ:LOAN

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Dear valued shareholders,

In 2014 the company more than doubled its net earnings and reported an impressive profit of $0.29 per share versus $0.14 in 2013. Our revenue increased from $2.26 million in 2013 to $2.9 Million in 2014. In addition, our shareholders net equity increased from approximately $9 million to approximately $14 million. In July of 2014 the company completed a successful stock offering and became qualified to gain a REIT status. This means that we're now paying at least 90% of our earnings as cash dividends to shareholders. Furthermore, we have recently secured a $14,000,000, three year line of credit from Webster Business Credit Corp., in order to insure a clear path to continued growth during the year 2015.

As we consistently continue to grow and produce impressive results, we are very proud in our zero default track record. Since our inception, even through the financial crises of 2008, we managed to avoid problematic loans, and never experienced a default. As we grow, we take all necessary measures in order to continue exercising our strict and disciplined underwriting standards.

The real estate market in the NY metro area is strong and liquid. However, I personally believe that prices are inflated, and that a correction will occur in the near future. I believe that some neighborhoods, especially in Brooklyn and Manhattan, are deeply in a “bubble zone". The strong dollar, the political and economic situation in Russia, the slowdown of Europe and China as well as an overwhelming amount of inventory, might cause a negative impact on the market. While underwriting loans and choosing our deals, we take into consideration those factors and assumptions.

There are always opportunities in our industry. The key to success is to cherry pick the solid and safe deals and the responsible and capable individuals.

Thank you for being a shareholder. I wish you a prosperous 2015.

The best is yet to come,

Assaf Ran

CEO and Chairman of the Board

General

We are a New York-based real estate finance company that specializes in originating, servicing and managing a portfolio of first mortgage loans. We offer short-term, secured, non-banking loans (sometimes referred to as "hard money" loans) to real estate investors to fund their acquisition, renovation, rehabilitation or improvement of properties located in the New York metropolitan area. We intend to elect to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes beginning with our taxable year ending December 31, 2014.

The properties securing the loans are generally classified as residential or commercial real estate and, typically, are not income producing. Each loan is secured by a first mortgage lien on real estate. In addition, each loan is personally guaranteed by the principal(s) of borrower, which guarantee may be collaterally secured by a pledge of the guarantor's interest in the borrower. The face amount of the loans we originate historically ranged from $14,000 to a maximum of $1.3 million. Our lending policy limits the maximum amount of any loan to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) $1.4 million. Our loans typically have a maximum initial term of one year and bear interest at a flat rate of 12% to 15% per year. In addition, we usually receive origination fees or "points" ranging from 1% to 3% of the original principal amount of the loan as well as other fees relating to underwriting and funding the loan. Interest is always payable monthly, in arrears. In the case of acquisition financing, the principal amount of the loan usually does not exceed 75% of the value of the property (as determined by an independent appraiser) and in the case of construction financing, it is typically up to 80% of construction costs.

Since commencing this business in 2007, we have never foreclosed on a property and none of our loans have ever gone into default, although sometimes we have renewed or extended the tem of a loan to enable the borrower to avoid premature sale or refinancing of the property. When we renew or extend a loan we generally receive additional "points" and other fees.

Our officers are experienced in hard money lending under various economic and market conditions. Loans are originated, underwritten and structured by our chief executive officer, assisted by our chief financial officer, and then managed and serviced principally by our chief financial officer. A principal source of new transactions has been repeat business from prior customers and their referral of new business. We also receive leads for new business from real estate brokers and mortgage brokers and a limited amount of newspaper advertising.

Our primary business objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective by continuing to selectively originate, fund loans secured by first mortgages on residential real estate held for investment located in the New York metropolitan area and to carefully manage and service our portfolio in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that current market dynamics in this market, specifically the demand/supply imbalance for relatively small real estate loans, presents significant opportunities for us to selectively originate high-quality first mortgage loans on attractive terms and that these conditions should persist for a number of years. We have built our business on a foundation of intimate knowledge of the New York metropolitan area real estate market combined with a disciplined credit and due diligence culture that is designed to protect and preserve capital. We believe that our flexibility and ability to structure loans that address the needs of our borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the New York metropolitan area real estate market and our focus on newly originated first mortgage loans, has defined our success until now and should enable us to continue to achieve our objectives.

We are organized as a New York corporation and operated as a fully-taxable C-corporation for federal, state and city income tax purposes through the end of our 2013 tax year. As a result, we were able to re-invest our net after-tax profits back into our business. In 2014 we concluded that it would be in the best interests of our shareholders if we operated as a REIT for U.S. federal income tax purposes. In July 2014, we completed a public offering of 1,754,386 common shares at a price to the public of $2.85 per share. As a result of that offering, we met all the requirements to qualify as a REIT and, accordingly, plan to elect REIT status when we file our U.S. federal income tax return for the year ended December 31, 2014, which should happen on or before September 15, 2015.

In order to maintain our status as a REIT we are required to distribute at least 90% of our taxable income to our shareholders each year. To the extent we distribute less than 100% of our taxable income to our shareholders (but more than 90%) we will maintain our REIT status but the undistributed portion will be subject to regular corporate income taxes. As a REIT, we may also be subject to federal excise taxes and minimum state taxes. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act.

The Market Opportunity

Real estate investment is a capital-intensive businesses that relies heavily on debt capital to acquire, develop, improve, construct, renovate and maintain properties. We believe that the demand for relatively small loans to acquire, renovate or improve residential real estate held in the New York metropolitan market, presents a compelling opportunity to generate attractive returns for an established, well-financed, non-bank lender like us. We have competed successfully in this market notwithstanding the fact that many traditional lenders, such as banks and other institutional lenders, also service this market. Our primary competitive advantage is our ability to approve and fund loans quickly and efficiently. In this environment, characterized by a supply-demand imbalance for financing and increasing asset values, we believe we are well positioned to capitalize and profit from these industry trends.

We believe there is a significant market opportunity for a well-capitalized ”hard money” real estate finance company to originate attractively priced loans with strong credit fundamentals. Particularly in the New York metropolitan area, where real estate values in many neighborhoods continue to increase and substandard properties are being improved, rehabilitated and renovated, we believe there are many opportunities for a “hard money” lender providing capital for these purposes to small scale developers. We further believe that our flexibility to structure loans to suit the particular needs of our borrower and our ability to close quickly make us an attractive alternative to banks and other large institutional lenders for small real estate developers and investors.

Our Business and Growth Strategies

Our objective is to protect and preserve capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term principally through dividends. We intend to achieve this objective by continuing to focus exclusively on selectively originating, servicing and managing a portfolio of short-term real estate loans secured by first mortgages on real estate located in the New York metropolitan area that are designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that our ability to react quickly to the needs of borrowers, our flexibility in terms of structuring loans to meet the needs of borrowers, our intimate knowledge of the New York metropolitan area real estate market, our expertise in “hard money” lending and our focus on newly originated first mortgage loans, should enable us to achieve this objective. Nevertheless, we will remain flexible in order to take advantage of other real estate related opportunities that may arise from time to time, whether they relate to the mortgage market or to direct or indirect investments real estate.

Our strategy to achieve our objective includes the following:

- capitalize on opportunities created by the long-term structural changes in the real estate lending market and the continuing lack of liquidity in the real estate market;

- take advantage of the prevailing economic environment as well as economic, political and social trends that may impact real estate lending currently and in the future as well as the outlook for real estate in general and particular asset classes;

- remain flexible in order to capitalize on changing sets of investment opportunities that may be present in the various points of an economic cycle; and

- operate so as to qualify as a REIT and for an exemption from registration under the Investment Company Act.

In furtherance of these strategies, on February 27, 2015, we obtained a three-year $14 million revolving line of credit with a new lender, Webster Business Credit Corporation (“Webster”), to replace our existing $7.7 million credit facility with Sterling National Bank (the “Sterling Credit Line”).

Our Competitive Strengths

We believe our competitive strengths include:

- Experienced management team. Our management team has successfully originated and serviced a portfolio of real estate mortgage loans generating attractive annual returns under varying economic and real estate market conditions. We expect that the experience of our management team will provide us with the ability to effectively deploy our capital in a manner that we believe will provide for attractive risk-adjusted returns but with a focus on capital preservation and protection.

- Long-standing relationships. A significant portion of our business comes from repeat customers with whom we have long-standing relationships. These customers are also a referral source for new borrowers. So long as these customers remain active real estate investors they provide us with an advantage in securing new business and help us maintain a pipeline to attractive new opportunities that may not be available to many of our competitors or to the general market.

- Knowledge of the market. Our intimate knowledge of the New York metropolitan area real estate market enhances our ability to identify attractive opportunities and helps distinguish us from many of our competitors.

- Disciplined lending. We seek to maximize our risk-adjusted returns, and preserve and protect capital, through our disciplined and credit-based approach. We utilize rigorous underwriting and loan closing procedures that include numerous checks and balances to evaluate the risks and merits of each potential transaction. We seek to protect and preserve capital by carefully evaluating the condition of the property, the location of the property, the creditworthiness of the guarantors and the availability of other forms of collateral.

- Vertically-integrated loan origination platform. We manage and control the loan process from origination through closing with our own personnel or independent legal counsel and appraisers, with whom we have long relationships, who together constitute a team highly experienced in credit evaluation, underwriting and loan structuring. We also believe that our procedures and experience allows us to quickly and efficiently execute opportunities we deem desirable.

- Structuring flexibility. As a relatively small, non-bank real estate lender, we can move quickly and have much more flexibility than traditional lenders to structure loans to suit the needs of our clients. Our ability to customize financing structures to meet borrowers' needs is one of our key business strengths.

- No legacy issues. Unlike many of our competitors, we are not burdened by distressed legacy real estate assets. We do not have a legacy portfolio of lower-return or problem loans that could potentially dilute the attractive returns we believe are available in the current liquidity-challenged environment and/or distract and monopolize our management team's time and attention. We do not have any adverse credit exposure to, and we do not anticipate that our performance will be negatively impacted by, previously purchased assets.

Our Real Estate Lending Activities

Our real estate lending activities involve originating, funding servicing and managing short-term loans (i.e., loans with an initial term of not more than one year), secured by first mortgage liens on real estate property held for investment purposes in the New York metropolitan area. Generally, borrowers use the proceeds from our loans for one of three purposes: (i) to acquire and renovate existing residential (single, one or two family) real estate properties; (ii) to acquire vacant real estate and construct residential real properties; and (iii) to purchase and hold income producing properties. Our mortgage loans are structured to fit the needs and business plans of the borrowers. Revenue is generated primarily from the interest borrowers pay on our loans and, to a lesser extent, loan fee income generated on the origination and extension of loans.

Most of our loans are funded in full at the closing. However, in the case of a construction loan, where all or a portion of the loan proceeds are to be used to fund the costs of renovating or constructing improvements on the property, only a portion of the loan may be funded at closing. At December 31, 2014, our loan portfolio included seven construction loans under which we had a total funding commitment of approximately \$3.8 million, the aggregate amount outstanding was approximately \$2.8

million and our unfunded commitment was approximately $1.0 million. Advances under construction loans are funded against requests supported by all required documentation (including lien waivers) as and when needed to pay contractors and other costs of construction. In the case of construction loans, the borrower will either deliver multiple notes or one global note for the entire commitment. In either case, interest only accrues on the funded portion of the loan.

In general, our strategy is to service and manage the loans we originate until they are paid. However, there have been a few instances where we have either sold loans, at par, or sold participating interests in loans. All of our loans are secured by properties located in the New York metropolitan area, which is where we are based. We have no intention at this time to attempt to expand into any other geographic market. Most of the properties we finance are residential, although on occasion they are classified as commercial. However, in all instances the properties are held only for investment by the borrowers. Most of these properties do not generate any cash flow.

The typical terms of our loans are as follows:

Principal amount — Historically, $14,000 to $1.3 million. Our lending policy limits the maximum loan amount to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) $1.4 million.

Loan-to-Value Ratio — Up to 75%.

Interest rate — A fixed rate typically 12% to 15%.

Term — Generally, one year with early termination in the event of a sale of the property. We would consider granting extensions under certain conditions.

Prepayments — Borrower may prepay the loan at any time beginning three months after the funding date.

Covenants — To timely pay all taxes, insurance, assessments, and similar charges with respect to the property; to maintain hazard insurance; to maintain and protect the property.

Events of default — Include: (i) failure to make payment when due; (ii) breach of a covenant.

Payment terms — Interest only is payable monthly in arrears. Principal is due in a “balloon” payment at the maturity date.

Escrow — None.

Reserves — None.

Security — The loan is evidenced by a promissory note, which is secured by a first mortgage lien on the real property owned by the borrower. In addition, each loan is guaranteed by the principals of the borrower, which may be collaterally secured by a pledge of the guarantor’s interest in the borrower.

Fees and Expenses — Borrowers generally pay an origination fee equal to 1% to 3% of the loan amount. If we agree to extend the term of the loan, we usually collect the same origination fee we charged on the initial funding of the loan. In addition, borrowers also pay a processing fee, wire fee, bounced check fee and, in the case of construction loans, check requisition fee for each draw from the loan. Finally, as is typical in the real estate finance transactions, the borrower pays all expenses relating to obtaining the loan including the cost of a property appraisal, the cost of an environmental assessment report, if any, the cost of credit report and all title, recording fees and legal fees.

Operating Data

Our lending activities increased each year since 2007, the first year we started making real estate loans. We believe our business will continue to grow given the strength of the New York real estate market and our reputation among real estate investors as a reliable and reasonable financing source.

Our loan portfolio

The following table highlights certain information regarding our real estate lending activities for the periods indicated:

($ in thousands)	Year Ended December 31, 2014	2013
Loans originated	$ 22,586	$ 15,159
Loans repaid	$ 13,248	$ 14,089
Mortgage lending revenues	$ 2,904	$ 2,260
Mortgage lending expenses	$ 566	$ 444
Number of loans outstanding	86	60
Principal amount of loans earning interest	$ 24,032	$ 14,695
Average outstanding loan balance	$ 279	$ 245
Percent of loans secured by New York area properties (1)	100.0%	100.0%
Weighted average contractual interest rate	12.5%	12.6%
Weighted average term to maturity (in months) (2)	5.57	4.83

(1) Calculated based on the number of loans.

(2) Without giving effect to extension options.

At December 31, 2014, none of our loans outstanding accounted for more than 10.0% of our loan portfolio. At December 31, 2013 we had loans outstanding to two affiliated groups of borrowers, which, together accounted for 25.5% of our loan portfolio. One group consisted of eight borrowers, each of which was at least 50% owned by the same individual, and the second group consisted of six borrowers, each of which was at least 25% owned by the same individual. The aggregate outstanding principal balance on the loans to the first group was approximately $2.0 million, representing 13.5% of our loan portfolio and the aggregate outstanding principal balance on the loans to the second group was approximately $1.8 million, representing 12.0% of our loan portfolio.

The following table sets forth information regarding the types of properties securing our mortgage loans outstanding at December 31, 2014 and 2013, and the interest earned in each category (dollars in thousands):

	2014			2013		
	Number of Loans	Interest Earned	Percentage	Number of Loans	Interest Earned	Percentage
Residential	80	$1,585	90%	52	$ 968	82%
Commercial	4	172	10%	3	140	12%
Mixed Use	1	3	0%	5	72	6%
Other	1	3	0%	0	--	0%
Total	86	$1,763	100%	60	$1,180	100%

Our Origination Process and Underwriting Criteria

We primarily rely on our relationships with existing and former borrowers, real estate investors, real estate brokers and mortgage brokers to originate loans. Many of our borrowers are "repeat customers." When underwriting a loan, the primary focus of our analysis is the value of a property and the credit worthiness of the borrower and its principals. Prior to making a final decision on a loan application we conduct extensive due diligence of the borrower and its principals. In terms of the property, we usually require a third party appraisal and a third party assessment report. We also order title, lien and judgment searches. In most cases, we will also make an on-site visit to evaluate not only the property but the neighborhood in which it is located. Finally, we analyze and assess financial and operational data provided by the borrower relating to its operation and maintenance of the property. In terms of the borrower and its principals, we usually obtain third party credit reports from one of the major credit reporting services as well as personal financial information provided by the borrower and its principals. We analyze all this information carefully prior to making a final determination. Ultimately, our decision is based on our conclusions regarding the value of the property, which takes into account factors such as the neighborhood in which the property is located, the current use and potential alternative use of the property, current and potential net income from the property, the local market, sales information of comparable properties, existing zoning regulations, the creditworthiness of the borrower and its principles and their experience in real estate ownership, construction, development and management. In conducting our due diligence we rely, in part, on third party professionals and experts including appraisers, engineers, title insurers and attorneys.

Before a loan commitment is issued, the loan must be reviewed and approved by our chief executive officer. Our loan commitments are generally issued subject to receipt by us of title documentation and title report, in a form satisfactory to us, for the underlying property. We require a personal guarantee from the principal or principals of the borrower.

Our Current Financing Strategies

Our financing strategies are critical to the success and growth of our business. Our financing strategies at this time are limited to equity and debt offerings. Our principal capital raising transactions have consisted of the following:

Credit line. On February 27, 2015, we repaid and terminated the Sterling Credit Line, as described in "Liquidity and Capital Resources" below, and simultaneously entered into a Line of Credit Agreement with Webster pursuant to which we may borrow up to $14 million during the next three years (the "Webster Credit Line"). The Webster Credit Line provides for an interest rate equal to (i) LIBOR plus 4.75% or (ii) Webster's base commercial lending rate plus 3.25%, as chosen by us for each drawdown, and expires on February 27, 2018. The credit line is secured by assignment of mortgages and other collateral and is guaranteed by Assaf Ran, our chief executive officer. (See Note 7 to the financial statements included elsewhere in this report.)

Short-term loans. Over the five-year period ending December 31, 2014, we raised an aggregate of approximately $4.9 million through the sale of short and medium-term promissory notes from third-party investors. Senior secured notes having an aggregate principal amount of $500,000 were repaid in full in 2013. As of December 31, 2014, eight short-term notes having an aggregate principal amount of approximately $2.4 million and bearing interest from 8% to 12% are outstanding. All of these notes will mature within the next 12 months. Pursuant to the Webster Credit Line, we may not renew or extend these notes when they become due.

In July 2014, we sold 1,754,386 common shares in a registered public offering for an aggregate of $5.0 million or approximately $4.3 million, after deducting our underwriting discounts and commissions and offering expenses.

The following table shows our sources of capital, including our financing arrangements, and our loan portfolio as of December 31, 2014:

Sources of Capital ($ in thousands):		
Debt:		
Short-term loans	$	2,469
Line of credit		7,700
Total debt	$	10,169
Other liabilities		409
Capital (equity)		13,866
Total sources of capital	$	24,444
Assets:		
Loans:		
Short-term loans	$	19,138
Long-term loans		4,894
Total loans	$	24,032
Other assets		412
Total assets	$	24,444

Competition

The real estate finance market in the New York metropolitan area is highly competitive. We face competition for lending and investment opportunities from a variety of institutional lenders and investors and many other market participants, including specialty finance companies, REITs, commercial banks and thrift institutions, investment banks, insurance companies, hedge funds and other financial institutions as well as private equity funds, family offices and high net worth individuals. Many of these competitors enjoy competitive advantages over us, including greater name recognition, established lending relationships with customers, financial resources, and access to capital.

Notwithstanding the intense competition and some of our competitive disadvantages, we believe we have carved a niche for ourselves among small real estate developers, owners and contractors throughout the New York metropolitan area because of our ability to structure each loan to suit the needs of each individual borrower and our ability to act quickly. In addition, we believe we have developed a reputation among these borrowers as offering reasonable terms and providing outstanding customer service. We believe our future success will depend on our ability to maintain and capitalize on our existing relationships with borrowers and brokers and to expand our borrower base by continuing to offer attractive loan products, remain competitive in pricing and terms, and provide superior service.

Sales and Marketing

We do not engage any third parties for sales and marketing. Rather, we rely on our chief executive officer to generate lending opportunities as well as referrals from existing or former borrowers, brokers, and bankers and newspaper advertising and direct mail to generate lending opportunities. A principal source of new transactions has been repeat business from prior customers and their referral of new leads.

Intellectual Property

Our business does not depend on exploiting or leveraging any intellectual property rights. To the extent we own any rights to intellectual property, we rely on a combination of federal, state and common law trademarks, service marks and trade names, copyrights and trade secret protection. We have registered some of our trademarks and service marks in the United States Patent and Trademark Office (USPTO) including the following marks relating to our current business:

Manhattan Bridge Capital

DAG Funding Solutions

The protective steps we have taken may not deter misappropriation of our proprietary information. These claims, if meritorious, could require us to license other rights or subject us to damages and, even if not meritorious, could result in the expenditure of significant financial and managerial resources on our part.

Employees

As of December 31, 2014, we employed three full-time employees. In addition, during 2014 we used outside lawyers and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers were used to assist management in evaluating the worth of collateral, when deemed necessary by management. We also used independent construction inspectors as well as mortgage brokers and deal initiators.

Regulation

Our operations are subject, in certain instances, to supervision and regulation by state and federal governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. In addition, we may rely on exemptions from various requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, the Investment Company Act and ERISA. These exemptions are sometimes highly complex and may in certain circumstances depend on compliance by third-parties who we do not control.

Regulatory Reform

The Dodd-Frank Act, which went into effect on July 21, 2010, is intended to make significant structural reforms to the financial services industry. For example, pursuant to the Dodd-Frank Act, various federal agencies have promulgated, or are in the process of promulgating, regulations with respect to various issues that may affect us. Certain regulations have already been adopted and others remain under consideration by various governmental agencies, in some cases past the deadlines set in the Dodd-Frank Act for adoption. At the present time, we do not believe any regulations adopted under the Dodd-Frank Act apply to us. However, it is possible that regulations that will be adopted in the future will apply to us or that existing regulations will apply to us as our business evolves.

Regulation of Commercial Real Estate Lending Activities

Although most states do not regulate commercial finance, certain states impose limitations on interest rates and other charges and on certain collection practices and creditor remedies, and require licensing of lenders and financiers and adequate disclosure of certain contract terms. We also are required to comply with certain provisions of, among other statutes and regulations, certain provisions of the Equal Credit Opportunity Act that are applicable to commercial loans, The USA PATRIOT Act, regulations promulgated by the Office of Foreign Asset Control and federal and state securities laws and regulations.

Investment Company Act Exemption

Although we reserve the right to modify our business methods at any time, we are not currently required to register as an investment company under the Investment Company Act. However, we cannot assure you that our business strategy will not evolve over time in a manner that could subject us to the registration requirements of the Investment Company Act.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. Government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Real estate mortgages are excluded from the term "investment securities."

We rely on the exception set forth in Section 3(c)(5)(C) of the Investment Company Act which excludes from the definition of investment company "[a]ny person who is not engaged in the business of issuing redeemable securities, face-amount certificates of the installment type or periodic payment plan certificates, and who is primarily engaged in one or more of the following businesses... (C) purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." The U.S. Securities and Exchange Commission (the "SEC") generally requires that, for the exception provided by Section 3(c)(5)(C) to be available, at least 55% of an entity's assets be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying interests," and at least another 25% of the entity's assets must be comprised of additional qualifying interests or real estate-type interests (with no more than 20% of the entity's assets comprised of miscellaneous assets). At the present time, we qualify for the exemption under this section and our current intention is to continue to focus on originating short term loans secured by first mortgages on real property. However, if, in the future, we do acquire non-real estate assets without the acquisition of substantial real estate assets, we may qualify as an "investment company" and be required to register as such under the Investment Company Act, which could have a material adverse effect on us.

If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), portfolio composition, including restrictions with respect to diversification and industry concentration, and other matters.

Qualification for exclusion from the definition of an investment company under the Investment Company Act will limit our ability to make certain investments. In addition, complying with the tests for such exclusion could restrict the time at which we can acquire and sell assets.

Property

Our executive and principal operating office is located in Great Neck, New York. We use this space for all of our operations. This space is occupied under a lease that expires August 31, 2016. The current monthly rent is $3,443, including electricity. We believe this facility is adequate to meet our requirements at our current level of business activity.

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes thereto contained elsewhere in this report. This discussion 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.

Overview

We are a New York-based real estate finance company that specializes in originating, servicing and managing a portfolio of first mortgage loans. We offer short-term secured, non–banking loans (sometimes referred to as "hard money" loans) to real estate investors to fund their acquisition, renovation, rehabilitation or improvement of properties located in the New York metropolitan area. We intend to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes, beginning with our tax year ending December 31, 2014.

The properties securing the loans are generally classified as residential or commercial real estate and, typically, are not income producing. Each loan is secured by a first mortgage lien on real estate. In addition, each loan is also personally guaranteed by the principal(s) of the borrower, which may be collaterally secured by a pledge of the guarantor's interest in the borrower.

The face amounts of the loans we originate historically have ranged from $14,000 to a maximum amount of $1.3 million. The Board recently established a policy limiting the maximum amount of any loan to the lower of (i) 9.9% of the aggregate amount of our loan portfolio (not including the loan under consideration) and (ii) $1.4 million. Our loans have an initial term of one year and bear interest at a flat rate of 12% to 15% per year. In addition, we usually receive origination fees or "points" ranging from 1% to 3% of the original principal amount of the loan as well as other fees relating to underwriting and funding the loan. Interest is always payable monthly, in arrears. In the case of acquisition financing, the principal amount of the loan usually does not exceed 75% of the value of the property (as determined by an independent appraiser) and in the case of construction financing, typically up to 80% of construction costs.

Since commencing this business in 2007, we have made over 342 loans, have never foreclosed on a property and none of our loans have ever gone into default although sometimes we have renewed or extended our loans to enable the borrower to avoid premature sale or refinancing of the property. When we renew or extend a loan we receive additional "points" and other fees.

At December 31, 2014, our loan portfolio included 86 loans with an aggregate loan amount of $27,383,490 of which $24,032,476 was outstanding. The difference, $3,351,014, represents unfunded commitments for future advances under construction loans and repayments of principal. The principal amounts of the loans range from $30,000 to $1.3 million.

Our primary business objective is to grow our loan portfolio while protecting and preserving capital in a manner that provides for attractive risk-adjusted returns to our shareholders over the long term through dividends. We intend to achieve this objective by continuing to selectively originate loans and carefully manage our portfolio of first mortgage real estate loans in a manner designed to generate attractive risk-adjusted returns across a variety of market conditions and economic cycles. We believe that the demand for relatively small loans secured by residential and commercial real estate held for investment in the New York metropolitan market is significant and growing and that traditional lenders, including banks and other financial institutions, that usually address this market are unable to satisfy this demand. This demand/supply imbalance has created an opportunity for non-bank "hard money" real estate lenders like us to selectively originate high-quality first mortgage loans on attractive terms and that this condition should persist for a number of years. We have built our business on a foundation of intimate knowledge of the New York metropolitan area real estate market combined with a disciplined credit and due diligence culture that is designed to protect and preserve capital. We believe that our flexibility in terms of meeting the needs of borrowers without compromising our standards on credit risk, our expertise, our intimate knowledge of the New York metropolitan area real estate market and our focus on newly originated first mortgage loans, has defined our success until now and should enable us to continue to achieve our objectives.

A principal source of new transactions has been repeat business from prior customers and their referral of new business. We also receive leads for new business from banks, brokers and a limited amount of newspaper advertising and direct mail. Finally, our chief executive officer also spends a significant portion of his time on new business development. We rely on our own employees, independent legal counsel, and other independent professionals to verify titles and ownership, to file liens and to consummate the transactions. Outside appraisers are used to assist us in evaluating the worth of collateral, when deemed necessary by management. We also use independent construction inspectors.

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-collectible in the future.

In July 2014, we completed a public offering of 1,754,386 common shares. The gross proceeds from the offering were $5.0 million and the net proceeds were approximately $4.3 million, after deducting our underwriting discounts and commissions and offering expenses.

As a result of the July 2014 public offering, we satisfy all of the requirements to be taxed as a REIT and intend to elect REIT status beginning with our 2014 tax year. In order to maintain our qualification as a REIT and avoid any excise tax on our net taxable income, we are required to distribute each year at least 90% of our taxable income. If we distribute less than 100% of our taxable income (but more than 90%), the undistributed portion will be taxed at the regular corporate income tax rates. As a REIT, we may also be subject to federal excise taxes and minimum state taxes.

On February 27, 2015 we repaid and terminated the Sterling Credit Line, as described in “Liquidity and Capital Resources” below, and simultaneously entered into the Webster Credit Line pursuant to which we may borrow up to $14 million during the next three years. The Webster Credit Line provides for an interest rate of either LIBOR plus 4.75% or the base commercial lending rate of Webster plus 3.25%, as chosen by us for each drawdown, and expires on February 27, 2018. The credit line is secured by assignment of mortgages and other collateral and is guaranteed by Assaf Ran, our chief executive officer.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections, and (c) general financial market conditions. Actual amounts could differ from those estimates.

We recognize 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, we recognize 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) collectability is reasonably assured.

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

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

We continually monitors events and changes in circumstances that could indicate that the carrying amounts of long lived assets, including intangible assets and goodwill, may not be recoverable. When such events or changes in circumstances occur, We assess the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted cash flows is less than the carrying amount of these assets, we recognize an impairment loss based on the excess of the carrying amount over the fair value of the assets.

There are also areas in which in management's judgment in selecting any available alternative would not produce a materially different result. See our audited consolidated financial statements and notes thereto which begin on page 21 of this Annual Report which contain accounting policies and other disclosures required by generally accepted accounting principles in the United States of America.

Results of operations
Years ended December 31, 2014 and 2013

Total revenue

Total revenue for the year ended December 31, 2014 was approximately $2,904,000 compared to approximately $2,260,000 for the year ended December 31, 2013, an increase of $644,000, or 28.5%. The increase in revenue represents an increase in lending operations. In 2014, approximately $2,401,000 of our revenue represents interest income on secured, real estate loans that we offer to small businesses compared to approximately $1,858,000 in 2013, and approximately $503,000 represents origination fees on such loans compared to approximately $402,000 in 2013. The loans are principally secured by collateral consisting of real estate and, generally, accompanied by personal guarantees from the principals of the businesses.

Interest and amortization of debt service costs

Interest and amortization of debt service costs for the year ended December 31, 2014 were approximately $563,000 compared to approximately $443,000 for the year ended December 31, 2013, an increase of $120,000 or 27.1%. The increase in interest and amortization of debt service costs was primarily attributable to our use of the Sterling Credit Line (described in "Liquidity and Capital Resources" below). (See note 7 to the financial statements included elsewhere in this report.)

General and administrative expenses

General and administrative expenses for the year ended December 31, 2014 were approximately $877,000 compared to approximately $838,000 for the year ended December 31, 2013, an increase of $39,000 or 5%. The increase is primarily attributable to an excise tax in the amount of $14,000 on undistributed income in connection with becoming a REIT and increases in consulting fees and in customer relationship expenses, which were offset by decreases in travel expense and in board member fees.

Other income

Other income for the year ended December 31, 2014 was approximately $21,000 compared to approximately $28,000 for the year ended December 31, 2013. Other income represents the fees generated from the seller buy back options (See Note 5 to the financial statements included elsewhere in this report).

Write-down of investment in privately held company

Write-down of investment in privately held company was $0 and $35,000 for the years ended December 31, 2014 and 2013, respectively. In 2013, we wrote down the value of our investment due to the fact that the privately held company experienced delays in executing its business plan. (See Note 6 to the financial statements included elsewhere in this report).

Income before income tax expense

Income before provision for income tax for the year ended December 31, 2014 was approximately $1,482,000 compared to approximately $970,000 for the year ended December 31, 2013, an increase of $512,000 or 52.8%. This increase is primarily attributable to the increase in revenue, offset by the increase in interest expense.

Income tax expense

Income tax expense, including interest and penalties, for the year ended December 31, 2014 was approximately $28,000 compared to $387,000 for the year ended December 31, 2013. The income tax expense for the year ended December 31, 2014, represents the under accrual of the prior year's income tax expense.

We believe that we satisfy all of the requirements to be taxed as a REIT and intend to elect REIT status when we file our 2014 tax return, which we expect will be on or before September 15, 2015. As a REIT, we are entitled to claim deductions for distributions of taxable income to our shareholders thereby eliminating any corporate tax on such taxable income. Any taxable income not distributed to shareholders is subject to tax at the regular corporate tax rates and may also be subject to a 4% exercise tax to the extent it exceeds 10% of our total taxable income.

Liquidity and Capital Resources

At December 31, 2014, we had cash and cash equivalents of approximately $48,000 and working capital of approximately $8.8 million compared to cash and cash equivalents of approximately $1.0 million and working capital of approximately $4.7 million at December 31, 2013. The decrease in cash and cash equivalents primarily reflects an increase in lending operations. The increase in working capital is primarily attributable to the net proceeds from the public offering of approximately $4.3 million and the net income of approximately $1.5 million, offset by an increase in long-term loans receivable of approximately $897,000 and an increase in dividends paid to shareholders of approximately $725,000.

For the years ended December 31, 2014 and 2013, net cash provided by operating activities was approximately $1.3 million and $786,000, respectively. The increase in net cash provided by operating activities primarily results from increases in net income, in accounts payable and accrued expenses, and in deferred origination fees, offset by a decrease in income taxes payable and an increase in interest receivable on loans.

For the year ended December 31, 2014 net cash used in investing activities was approximately $9.2 million, compared to approximately $1.1 million for the year ended December 31, 2013. Net cash used in investing activities for the year ended December 31, 2014, consisted of the issuance of our short term real estate loans in the amount of approximately $22.6 million and the purchase of fixed assets of approximately of $19,000, offset by collection of our real estate loans in the amount of approximately $13.2 million and the proceeds from exercise of option of approximately $147,000 (See Note 5 to the financial statements included elsewhere in this report). Net cash used in investing activities for the year ended December 31, 2013, consisted of the issuance of our short term commercial loans in the amount of approximately $15.2 million, offset by collection of these loans in the amount of approximately $14.1 million.

For the year ended December 31, 2014 net cash provided by financing activities was approximately $7.0 million, compared to approximately $1.1 million for the year ended December 31, 2013. Net cash provided by financing activities for the year ended December 31, 2014 reflects draw downs on the Sterling Credit Line (described below) of approximately $2.4 million, the proceeds of four short term loans in the aggregate amount of approximately $1.2 million received by us, the net proceeds from the July 2014 Public Offering of approximately $4.3 million, and the proceeds from exercise of stock options of approximately $55,000, offset by the dividend payments of approximately $853,000 and the deferred financing costs on the establishment of Webster Credit Line in the amount of approximately $33,000. Net cash provided by financing activities for the year ended December 31, 2013 reflects the use of the Sterling Credit Line (described below) of $1.9 million, the proceeds of a short term loan of $160,000 received by us, and the proceeds from exercise of stock options of approximately $23,000, offset by the repayments of senior secured notes of $500,000 and one of our short term loans of $240,000, the purchase of treasury shares of approximately $99,000 and the dividend payments of approximately $128,000.

Until our initial public offering in 1999, our only source of funds was cash flow from operations, which funded both our working capital needs and capital expenditures. In May 1999 we completed our initial public offering in which we raised net proceeds of approximately $6.4 million.

On May 2, 2012, we entered into a one-year revolving Line of Credit Agreement with Sterling National Bank ("Sterling") pursuant to which the Sterling agreed to advance up to $3.5 million (the "Sterling Credit Line") against assignments of mortgages and other collateral. The Sterling Credit Line was conditioned on an unlimited personal guarantee from Assaf Ran, our CEO, and required the maintenance of certain non-financial covenants including limitations on the percentage of loans outstanding in excess of one year, loans made to affiliated groups and the extent of construction loans made by us. The interest rate on the Sterling Credit Line was 2% in excess of the Wall Street Journal prime rate (3.25% at December 31, 2014), but in no event less than 6%, per annum, on the money in use. At various points in time over the ensuing 30 months we entered into a number of amendments to the Sterling Credit Line to increase the amount available under the line and to extend the maturity date. At December 31, 2014, the total amount outstanding under the Sterling Credit Line was $7.7 million, representing 100% of the total amount available.

On February 27, 2015, we repaid and terminated the Sterling Credit Line and simultaneously entered into the Webster Credit Line. The Webster Credit Line provides for an interest rate equal to (i) LIBOR plus 4.75% or (ii) Webster's base commercial lending rate plus 3.25%, as chosen by us for each drawdown, and expires on February 27, 2018. The credit line is secured by assignment of mortgages and other collateral and is guaranteed by Assaf Ran, our chief executive officer.

On July 31, 2014, we completed a public offering of 1,754,386 common shares. The gross proceeds from the offering were $5 million and the net proceeds were approximately $4.3 million, after deducting underwriting discounts and commissions and offering expenses payable.

With respect to the July 2014 public offering, the final prospectus may have been distributed and the offering consummated without distributing a preliminary prospectus meeting the requirements of Section 10 of the Securities Act although we believe that a previously distributed prospectus met those requirements. As a result, purchasers of common shares in the July 2014 public offering may be entitled to rescind their purchase and receive a refund of their original purchase price in that public offering. In order to receive a refund, a purchaser is required to notify us in writing of the purchaser's election to rescind the transaction by July 28, 2015 and, if the notice is accepted, return all common shares purchased in the July 2014 Public Offering along with dividends received on such shares. If the rescission notice is not accepted by us, the purchaser may bring a rescission action against us by such date to compel such action. We intend to contest the purchasers' right to rescission whether initiated by notice or legal action.

We anticipate that our current cash balances and the Webster Credit Line, as described above, together with our cash flows from operations 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.

Contractual Obligations

Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
Operating Lease Obligations (*)	$69,500	$41,400	$28,100	$---	$---

(*) Operating lease obligations include utilities payable to the landlord under the lease.

Recent Technical Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The objective of this guidance is to clarify the balance sheet presentation of an unrecognized tax benefit and to resolve the diversity in practice that had developed in the absence of any on-point GAAP. This ASU applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. The ASU is effective for public entities for fiscal years beginning after December 15, 2013, and interim periods therein. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2014, the FASB issued ASU 2014-04, "Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (A Consensus of the FASB Emerging Issues Task Force)." The purpose of the update is to define an in substance repossession or foreclosure for purposes of determining whether or not an entity should derecognize a residential real estate collateralized consumer mortgage loan if the entity has foreclosed on the real estate. The ASU is effective for public entities for fiscal years beginning after December 15, 2014, and interim periods therein. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In May 2014, the FASB and IASB jointly issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The intent of this guidance is to provide greater comparability for financial statement users by eliminating inconsistencies in current revenue recognition GAAP. Specifically, an entity should recognize revenue based on the transaction price, which is the amount of consideration the entity expects to be entitled to in exchange for transferring promised goods or services. A single principles-based, five-step revenue model must be applied to all contracts with customers. For public entities, the ASU is effective for annual and interim periods beginning after December 15, 2016. Early application is not permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, "Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)." The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. No new disclosures are required under the ASU. The ASU is effective for all entities for reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-14, "Receivables - Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)." The ASU address a practice issue related to the classification of certain foreclosed residential and nonresidential mortgage loans that are either fully or partially guaranteed under government programs. The ASU is effective for public entities for fiscal years beginning after December 15, 2014, and interim periods therein. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, "Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This ASU eliminates the separate presentation of extraordinary items but does not change the requirement to disclose material items that are unusual or infrequent in nature. The ASU is effective for fiscal years beginning after December 15, 2015, as well as interim periods within those fiscal years. The ASU may be applied retrospectively to all prior periods presented in the financial statements, and early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this guidance is not expected to have a material impact on our 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 our consolidated financial statements.

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) we may not qualify as a REIT; (ii) we have no operating history as a REIT; (iii) our loan origination activities, revenues and profits are limited by available funds (iv)we operate in a highly competitive market and competition may limit our ability to originate loans with favorable interest rates; (v) our chief executive officer is critical to our business and our future success may depend on our ability to retain him; (vi) if we overestimate the yields on our loans or incorrectly value the collateral securing the loan, we may experience losses; (vii) we may be subject to "lender liability" claims; (viii) our loan portfolio is illiquid; (ix) our due diligence may not uncover all of a borrower's liabilities or other risks to its business; (x) borrower concentration could lead to significant losses; (xi) our management has no experience managing a REIT; and (xii) we may choose to make distributions in our own stock, in which case you may be required to pay income taxes in excess of the cash dividends you receive. 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.

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 47,676	$ 1,021,023
Short term loans receivable	19,138,426	10,697,950
Interest receivable on loans	213,766	171,483
Other current assets	26,995	18,540
Total current assets	19,426,863	11,908,996
Investment in real estate	---	146,821
Long term loans receivable	4,894,050	3,997,000
Property and equipment, net	19,088	---
Security deposit	6,816	6,637
Investment in privately held company	65,000	65,000
Deferred financing costs	32,500	---
Total assets	$ 24,444,317	$ 16,124,454
Liabilities and Stockholders' Equity		
Current liabilities:		
Short term loans	$ 2,469,465	$ 1,319,465
Line of credit	7,700,000	5,350,000
Accounts payable and accrued expenses	163,622	57,066
Deferred origination fees	244,776	132,017
Income taxes payable	---	373,219
Total liabilities, all current	10,577,863	7,231,767
Commitments and contingencies		
Stockholders' equity:		
Preferred shares - $.01 par value; 5,000,000 shares authorized; no shares issued	---	---
Common shares - $.001 par value; 25,000,000 authorized;		
6,260,689 and 4,443,190 issued; 6,083,689 and 4,256,190 outstanding	6,260	4,433
Additional paid-in capital	14,116,183	9,745,249
Treasury stock, at cost – 177,000	(369,335)	(369,335)
Retained earnings (Accumulated deficit)	113,346	(487,660)
Total stockholders' equity	13,866,454	8,892,687
Total liabilities and stockholders' equity	$ 24,444,317	$ 16,124,454

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED December 31, 2014 and 2013

	2014	2013
Interest income from loans	$ 2,401,150	$ 1,858,033
Origination fees	502,515	401,514
Total Revenue	2,903,665	2,259,547
Operating costs and expenses:		
Interest and amortization of debt service costs	563,368	442,661
Referral fees	2,244	1,679
General and administrative expenses	876,906	837,788
Total operating costs and expenses	1,442,518	1,282,128
Income from operations	1,461,147	977,419
Other income (Note 5)	21,197	27,548
Loss on write-down of investment in privately held company (Note 6)	---	(35,000)
Total other income (loss), net	21,197	(7,452)
Income before income tax expense	1,482,344	969,967
Income tax expense	(27,839)	(387,000)
Net income	$ 1,454,505	$ 582,967
Basic and diluted net income per common share		
--Basic	$ 0.29	$ 0.14
--Diluted	$ 0.29	$ 0.14
Weighted average number of common shares outstanding		
--Basic	5,028,645	4,269,169
--Diluted	5,058,421	4,289,818

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED December 31, 2014 and 2013

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit / Retained Earnings	Totals
	Shares	Amount		Shares	Cost		
Balance, January 1, 2013	**4,405,190**	**$4,405**	**$9,687,159**	**107,131**	**$(269,972)**	**$(942,607)**	**$8,478,985**
Non cash compensation			35,578				35,578
Exercise of stock options	28,000	28	22,512				22,540
Purchase of treasury shares				69,869	(99,363)		(99,363)
Dividends paid						(128,020)	(128,020)
Net income for the year ended December 31, 2013						582,967	582,967
Balance, December 31, 2013	**4,433,190**	**4,433**	**9,745,249**	**177,000**	**(369,335)**	**(487,660)**	**8,892,687**
Non cash compensation			28,767				28,767
Exercise of stock options	66,887	67	55,163				55,230
Exercise of warrants	6,226	6	(6)				0
Public offering	1,754,386	1,754	4,287,010				4,288,764
Dividends paid						(853,499)	(853,499)
Net income for the year ended December 31, 2014						1,454,505	1,454,505
Balance, December 31, 2014	**6,260,689**	**$6,260**	**$14,116,183**	**177,000**	**$(369,335)**	**$113,346**	**$13,866,454**

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Net income	$ 1,454,505	$ 582,967
Adjustments to reconcile net income to net cash provided by operating activities -		
Amortization of deferred financing costs	---	41,735
Non cash compensation expense	28,767	35,578
Loss on write-down of investment in privately held company (Note 6)	---	35,000
Changes in operating assets and liabilities		
Interest receivable on loans	(42,283)	(11,141)
Other current and non current assets	(8,634)	217
Accounts payable and accrued expenses	106,556	(13,337)
Deferred origination fees	112,758	9,775
Income taxes payable	(373,219)	104,963
Net cash provided by operating activities	1,278,450	785,757
Cash flows from investing activities:		
Issuance of short term loans	(22,585,990)	(15,159,450)
Collections received from loans	13,248,464	14,088,866
Proceeds from exercise of option (Note 5)	146,821	---
Purchase of fixed assets	(19,088)	---
Net cash used in investing activities	(9,209,793)	(1,070,584)
Cash flows from financing activities:		
Proceeds from loans and line of credit, net	3,500,000	1,770,000
Purchase of treasury shares	---	(99,363)
Repayment of senior secured notes	---	(500,000)
Proceeds from exercise of stock options	55,230	22,540
Proceeds from public offering, net	4,288,765	---
Dividends paid	(853,499)	(128,020)
Deferred financing costs incurred	(32,500)	---
Net cash provided by financing activities	6,957,996	1,065,157
Net (decrease) increase in cash and cash equivalents	(973,347)	780,330
Cash and cash equivalents, beginning of year	1,021,023	240,693
Cash and cash equivalents, end of year	$ 47,676	$ 1,021,023
Supplemental Cash Flow Information:		
Taxes paid during the year	$ 416,083	$ 283,084
Interest paid during the year	$ 563,368	$ 400,925

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

MANHATTAN BRIDGE CAPITAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. The Company

Manhattan Bridge Capital, Inc. ("MBC") and its wholly-owned subsidiaries DAG Funding Solutions, Inc. and MBC Funding I, Inc. (collectively the "Company"), 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.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Manhattan Bridge Capital, Inc., and its wholly-owned subsidiaries DAG Funding Solutions, Inc.("DAG Funding") and MBC Funding I, Inc. ("MBC Funding"). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management will base the use of estimates on (a) a preset number of assumptions that consider past experience, (b) future projections, and (c) general financial market condition. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and marketable securities. The Company maintains its cash and cash equivalents with one major financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000.

Credit risks associated with short term commercial loans the Company makes to small businesses and related interest receivable are described in Note 4 entitled Commercial Loans.

Impairment of long- lived assets

The Company continually monitors events or changes in circumstances that could indicate carrying amounts of long lived assets, may not be recoverable. When such events or changes in circumstances occur, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the undiscounted cash flows is less than the carrying amount of these assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets. During the year ended December 31, 2013, the Company recognized an impairment loss on the write-down of its investment in a privately held company in the amount of $35,000 (See Note 6).

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC 740, "Income Taxes". Under the provisions of FASB ASC 740, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rate is recognized in income in the period that includes the enactment date.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considers all available evidence including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

The Company follows ASC 740 rules governing tax positions which provide guidance for recognition and measurement. This prescribes a threshold condition that a tax position must meet for any of the benefits of the uncertain tax position to be recognized in the financial statements. It also provides accounting guidance on derecognition, classification and disclosure of these uncertain tax positions.

The Company believes it currently satisfies all of the requirements to be taxed as a Real Estate Investment Trust and intends to elect REIT status beginning with the filing of its 2014 tax return. A REIT calculates taxable income similar to other domestic corporations, with the major difference being a REIT is entitled to a deduction for dividends paid. A REIT is generally required to distribute each year at least 90% of its taxable income. If it chooses to retain the remaining 10% of taxable income, it may do so, but it will be subject to a corporate tax on such income. The Company may be subject to federal excise tax and minimum state taxes.

Revenue Recognition

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) collectability is reasonably assured.

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

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

Deferred Financing Costs

Costs incurred in connection with the Company's Sterling Credit Line, as discussed in Note 7, were amortized over one year, using the straight-line method. Costs incurred in connection with the Company's Webster Credit Line, as discussed in Note 7, are being amortized over three years, using the straight-line method. Costs incurred in connection with the Company's senior secured notes, as discussed in Note 8, were amortized over the term of the notes, using the straight-line method.

Earnings Per Share ("EPS")

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 stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share 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 year is the reported net income. The denominator is based on the following weighted average number of common shares:

	Years ended December 31, 2014	Years ended December 31, 2013
Basic weighted average common shares outstanding	5,028,645	4,269,169
Incremental shares for assumed exercise of options	29,776	20,649
Diluted weighted average common shares outstanding	5,058,421	4,289,818

51,224 and 262,351 vested options were not included in the diluted earnings per share calculation for the years ended December 31, 2014 and 2013, respectively, either because their effect would have been anti-dilutive, or because they are being held in escrow (See Note 12).

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.

The stock based compensation expense for the years ended December 31, 2014 and 2013 also includes the amortization of the fair value of the restricted shares granted on September 9, 2011, after adjusting for the effect on the fair value of the stock options related to this transaction. The fair value will be amortized over 15 years (See Note 12).

Fair Value of Financial Instruments

For cash and cash equivalents, short term loans, the line of credit and accounts payable, as well as interest bearing commercial loans held by the Company, the carrying amount approximates fair value due to the relative short-term nature of such instruments.

Recent Accounting Pronouncements

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The objective of this guidance is to clarify the balance sheet presentation of an unrecognized tax benefit and to resolve the diversity in practice that had developed in the absence of any on-point GAAP. This ASU applies to all entities with unrecognized tax benefits that also have tax loss or tax credit carryforwards in the same tax jurisdiction as of the reporting date. The ASU is effective for public entities for fiscal years beginning after December 15, 2013, and interim periods therein. The adoption of this guidance did not have a material impact on Manhattan Bridge Capital's consolidated financial statements.

In January 2014, the FASB issued ASU 2014-04, "Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (A Consensus of the FASB Emerging Issues Task Force)." The purpose of the update is to define an in substance repossession or foreclosure for purposes of determining whether or not an entity should derecognize a residential real estate collateralized consumer mortgage loan if the entity has foreclosed on the real estate. The ASU is effective for public entities for fiscal years beginning after December 15, 2014, and interim periods therein. The adoption of this guidance is not expected to have a material impact on Manhattan Bridge Capital's consolidated financial statements.

In May 2014, the FASB and IASB jointly issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The intent of this guidance is to provide greater comparability for financial statement users by eliminating inconsistencies in current revenue recognition GAAP. Specifically, an entity should recognize revenue based on the transaction price, which is the amount of consideration the entity expects to be entitled to in exchange for transferring promised goods or services. A single principles-based, five-step revenue model must be applied to all contracts with customers. For public entities, the ASU is effective for annual and interim periods beginning after December 15, 2016. Early application is not permitted. The adoption of this guidance is not expected to have a material impact on Manhattan Bridge Capital's consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, "Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)." The ASU clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. Therefore, an entity would not record compensation expense (measured as of the grant date without taking into account the effect of the performance target) related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. No new disclosures are required under the ASU. The ASU is effective for all entities for reporting periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on Manhattan Bridge Capital's consolidated financial statements.

In August 2014, the FASB issued ASU 2014-14, "Receivables - Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure (a consensus of the FASB Emerging Issues Task Force)." The ASU address a practice issue related to the classification of certain foreclosed residential and nonresidential mortgage loans that are either fully or partially guaranteed under government programs. The ASU is effective for public entities for fiscal years beginning after December 15, 2014, and interim periods therein. The adoption of this guidance is not expected to have a material impact on Manhattan Bridge Capital's consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, "Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This ASU eliminates the separate presentation of extraordinary items but does not change the requirement to disclose material items that are unusual or infrequent in nature. The ASU is effective for fiscal years beginning after December 15, 2015, as well as interim periods within those fiscal years. The ASU may be applied retrospectively to all prior periods presented in the financial statements, and early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this guidance is not expected to have a material impact on Manhattan Bridge Capital's 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 Manhattan Bridge Capital's consolidated financial statements.

3. Cash and Cash Equivalents

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. The Company's Level 2 investments are valued using an appraiser, broker or dealer quotations for similar assets and liabilities. As of December 31, 2014 and 2013 the Company's Level 1 investments consisted of cash and money market accounts in the amount of approximately $48,000 and $1,021,000, respectively, and were recorded as cash and cash equivalents in the Company's consolidated balance sheets. As of December 31, 2013, the Company's Level 2 investments consisted of investments in real estate in the amount of approximately $147,000 in the Company's consolidated balance sheets.

4. Commercial Loans

Short Term Loans Receivable

The Company offers 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. The short term loans are initially recorded, and carried thereafter, in the financial statements at cost. 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 years ended December 31, 2014 and 2013 the total amounts of $22,585,990 and $15,159,450, respectively, have been lent, offset by collections received from borrowers, under the commercial loans in the amount of $13,248,464 and $14,088,866, respectively. Loans ranging in size from $30,000 to $1,300,000 were concluded at stated interest rates of 12% to 15%, but often at higher effective rates based upon points or other up-front fees.

The Company uses its 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 used to assist the Company's officials in evaluating the worth of collateral. To date, the Company has 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-collectible in the future.

At December 31, 2014, the Company was committed to an additional $2,552,500 in construction loans that can be drawn by the borrower when certain conditions are met.

At December 31, 2013, the Company has made loans to eight different entities in the aggregate amount of $1,989,000, of which $899,000 is included in long-term loans receivable. One individual holds at least a fifty percent interest in each of the different entities. The Company also has made loans to six different entities in the aggregate amount of $1,761,950, of which $400,000 is included in long-term loans receivable. One individual holds at least a twenty-five percent interest in each of the borrowers. The aggregate loans to all these entities totaled $3,750,950 or 25.5% of our loan portfolio. All individuals have no relationship to any of the officers or directors of the Company.

At December 31, 2014 and 2013, no one entity has loans outstanding representing more than 10% of the total balance of the loans outstanding.

At December 31, 2014, eight of the loans in the Company's portfolio were jointly funded by the Company and unrelated entities, for aggregate loans of $5,105,000. The accompanying 2014 balance sheet includes the Company's portion of the loans in the amount of $2,665,000.

At December 31, 2013, three of the loans in the Company's portfolio were jointly funded by the Company and unrelated entities, for aggregate loans of $2,400,000. The accompanying 2013 balance sheet includes the Company's portion of the loans in the amount of $1,650,000.

The Company generally grants loans for a term of one year. In some cases, the Company has agreed to extend the term of the loans beyond one year. This was mainly due to the additional lending conditions generally imposed by traditional lenders and financial institutions as a result of the mortgage crisis, which has made it more difficult overall for borrowers, including the Company's borrowers, to secure long term financing. Prior to the Company granting an extension of any loan, it reevaluates the underlying collateral.

Long Term Loans Receivable

Long term loans receivable comprise the loans that were extended beyond the original maturity dates, unless it is clear that the loan will be paid back by December 31, 2015. At December 31, 2014, the Company's loan portfolio consists of approximately $19,138,000 short term loans receivable and approximately $4,894,000 long term loans receivable. At December 31, 2013, the Company's loan portfolio consists of approximately $10,698,000 short term loans receivable and $3,997,000 long term loans receivable.

Credit Risk

Credit risk profile based on loan activity as of December 31, 2014 and 2013:

Performing loans	Developers Residential	Developers Commercial	Developers Mixed Used	Other	Total outstanding loans
December 31, 2014	$ 22,360,040	$ 1,635,000	$ 20,000	$ 17,436	$ 24,032,476
December 31, 2013	$ 12,467,950	$ 1,750,000	$ 477,000	$ ---	$ 14,694,950

At December 31, 2014, the Company's commercial loans include loans in the amount of $179,050, $100,000, $120,000, $570,000 and $4,430,000, originally due in 2009, 2010, 2011, 2013 and 2014, respectively. At December 31, 2013, the Company's commercial loans include loans in the amount of $290,000, $152,000, $150,000, $150,000 and $3,307,000, originally due in 2009, 2010, 2011, 2012 and 2013, 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 December 31, 2014 and 2013, no loan impairments exist and there are no provisions for impairments of loans or recoveries thereof included in operations for the years then ended.

Subsequent to the balance sheet date, $2,192,500 of commercial loans outstanding at December 31, 2014 were paid off.

5. 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 for the same price (the "Buy Back Option"). 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.

On September 28, 2011, the option holder partially exercised the Buy Back Option with respect to one of the properties for $380,679. On October 1, 2011, the Company issued a new one year option for the two remaining properties at an aggregate exercise price of $294,321 with a monthly option fee of $4,591 (the "New Option"). On October 21, 2011, the option holder partially exercised the New Option to buy back one of the two remaining properties for $147,500 and had a continuing option, though October 1, 2012, to purchase the one remaining property at an exercise price of $146,821 with a monthly option fee of $2,296. Subsequently, the New Option's expiration date was extended twice, on October 1, 2012, which extended the expiration date through March 30, 2013, and again on April 1, 2013, which extended the expiration date through September 30, 2013.

Since September 30, 2013, the expiration date of the New Option has been extended on a month to month basis with the payment of the monthly option fee. On October 2, 2014, the option holder exercised the New Option to buy back the one remaining property at the exercise price of $146,821.

Other income for the years ended December 31, 2014 and 2013 in the amount of $21,197 and $27,548, respectively, represents the fees generated from the seller buy back options.

6. Investment in Privately Held Company

The Company has an investment in privately held Israeli-based company that offers surgeons and radiologists the ability to detect cancer in real time.

Due to the fact that the privately held company experienced delays in executing its business plan, the Company determined to write down the value of its investment to $65,000 at December 31, 2013, resulting in a charge to the statement of operations of $35,000 during the year ended December 31, 2013.

7. Loans and Lines of Credit

Short Term Loans

At December 31, 2014, the Company owed an aggregate of $2,419,465 under eight separate short term loans, bearing interest at rates ranging from 8% to 12% per annum. One of the loans in the amount of $160,000, bearing interest at the rate of 10% per annum, is from a parent of a former member of the board of directors. Interest expense on this loan amounted to $16,000 for the year ended December 31, 2014. The loans are secured by certain of the Company's short term loans pursuant to a security agreement, and two of the loans are also personally guaranteed by the Company's CEO.

At December 31, 2013, the Company owed an aggregate of $1,319,465 under six separate short term loans, bearing interest at rates ranging from 8% to 10% per annum. One of the loans in the amount of $160,000, bearing interest at the rate of 10% per annum, is from a parent of a member of the board of directors. Interest expense on this loan amounted to $4,978 for the year ended December 31, 2013. The loans are secured by certain of the Company's short term loans pursuant to a security agreement, and two of the loans are also personally guaranteed by the Company's CEO.

During 2014, the Company received four separate short-term loans from three different entities in the aggregate amount of $2,100,000, bearing interest at rates ranging from 12% to 14%, per annum, and modified one of the short-term loans, bearing interest at the rate of 10% per annum, from $100,000 to $200,000. By the end of December 31, 2014, the Company repaid in full two of the loans in the aggregate amount of $1,100,000. In addition, Mr. Ran, our CEO, made seven separate loans to the Company in amounts ranging from $50,000 to $250,000, at an interest rate of 6% per annum. At December 31, 2014, the outstanding balance of such loans is $50,000. The aggregate interest expense for these loans was $5,867.

Subsequent to the balance sheet date, the Company received two separate short-term loans in the aggregate amount of $410,000, bearing interest at rates ranging from 10% to 12%, per annum. One of the loans in the amount of $175,000, bearing interest at the rate of 10% per annum, is from a parent of a former member of the board of directors. In addition, Mr. Ran, our CEO, made three loans in the aggregate amount of $1,050,000 to the Company, at an interest rate of 6% per annum. On February 27, 2015, the Company repaid in full loans from Mr. Ran in the aggregate amount of $1,100,000, as well as two short-term loans, outstanding at December 31, 2014, in the aggregate amount of $1,000,000, bearing interest at the rate of 12% per annum. During March 2015, the Company repaid in full three of its short-term loans in the aggregate amount of $733,845, outstanding at December 31, 2014, bearing interest at rates ranging from 8% to 10%, per annum.

Lines of Credit

On May 2, 2012, the Company entered into a one-year revolving Line of Credit Agreement with Sterling National Bank pursuant to which the Bank agreed to advance up to $3.5 million (the "Sterling Credit Line") against assignments of mortgages and other collateral. The Sterling Credit Line was conditioned on an unlimited personal guarantee from Assaf Ran, the Company's CEO, and requires the maintenance of certain non-financial covenants including limitations on the percentage of loans outstanding in excess of one year, loans made to affiliated groups and the extent of construction loans made by the Company. The interest rate on the Sterling Credit Line is 2% in excess of the Wall Street Journal prime rate (3.25% at December 31, 2014), but in no event less than 6%, per annum, on the money in use. Total initiation costs for the Sterling Credit Line were approximately $16,000. These costs are being amortized over one year, using the straight-line method. The amortization costs for the year ended December 31, 2013 were $5,341.

On January 31, 2013, the Company entered into an amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from $3.5 million to $5 million, under the same terms as the original line of credit (the "Amendment"). In connection with the Amendment, Mr. Ran agreed to increase his personal guarantee to $5 million. On December 13, 2013, the Company entered into another amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from $5 million to $7 million, under the same terms as the original line of credit (the "Second Amendment"). In connection with the Second Amendment, Mr. Ran agreed to increase his personal guarantee to $7 million. On November 14, 2014, the Company entered into another amendment to the Line of Credit Agreement with Sterling National Bank to increase the Sterling Credit Line from $7 million to $7.7 million for 30 days (the "Third Amendment"). At December 31, 2014, the outstanding balance of the Sterling Credit Line was $7,700,000.

Effective on May 1, 2013, July 1, 2013, June 24, 2014, October 29, 2014 and December 13, 2014, the term of the Sterling Credit Line was extended through July 1, 2013, July 1, 2014, October 29, 2014, December 13, 2014 and June 11, 2015, respectively. Effective on December 13, 2014, the term of the additional $700,000 revolving credit facility was extended through February 11, 2015.

On February 27, 2015, the Company repaid and terminated the Sterling Credit Line and simultaneously entered into a Line of Credit Agreement with Webster Business Credit Corporation pursuant to which it may borrow up to $14 million during the next three years (the "Webster Credit Line") against assignments of mortgages and other collateral. The Webster Credit Line provides for an interest rate of either LIBOR plus 4.75% or the base commercial lending rate of Webster plus 3.25% as chosen by the Company for each drawdown. Mr. Ran has personally guaranteed all of our obligations to Webster. Total initiation costs through the closing for the Webster Credit Line were approximately $123,000. These costs are being amortized over three years, using the straight-line method.

The Webster Credit Line replaced the Sterling Credit Line. In addition, the Company utilized the Webster Credit Line to repay in full loans from Mr. Ran in the aggregate amount of $1,100,000, as well as two short-term loans, outstanding at December 31, 2014, in the aggregate amount of $1,000,000, bearing interest at the rate of 12% per annum.

8. Senior Secured Notes

On December 28, 2010, MBC Funding completed a $500,000 private placement of three-year 6.63% senior secured notes. As collateral for these notes, MBC agreed to assign to MBC Funding the mortgages and related notes that it held as a creditor in the aggregate amount of no less than $750,000. MBC also guaranteed the repayment of the notes. The notes required quarterly payments of interest only through the expiration date, December 28, 2013.

Financing costs incurred in connection with the agreement totaled $109,183, including five year warrants (the "warrants") to purchase 20,000 shares of Common Stock issued to the Placement Agent at $2.50 per share, which were valued at $11,683. These costs were amortized over the life of the senior secured notes. The amortization costs for the year ended December 31, 2013 were $36,395. In December 2013, the Company repaid all senior secured notes in full.

9. Income Taxes

Income tax expense consists of the following:

	2014	2013
Current Taxes:		
Federal	$ 8,539	$ 306,900
State	19,300	80,100
	27,839	387,000
Deferred taxes:		
Federal	---	---
State	---	---
Income tax expense	$ 27,839	$ 387,000

The income tax expense for the year ended December 31, 2014, represents the under accrual of the prior year's income tax expense.

Deferred tax assets consist of the following:

	2013
Deferred tax assets:	
Capital loss carryover	$ 105,200
Compensation expense - other	8,766
Compensation expense - restricted stocks	78,388
Deferred tax assets	192,354
Less: valuation allowance	(192,354)
	$ ---

The Company has a capital loss carryover of $390,609, a portion of which it expects to utilize to offset its other income in the amount of $21,197, in connection with the filing of its income tax returns for the year ended December 31, 2014. The remaining capital loss carryover expires through 2015.

The 2013 income tax expense (benefit) differs from the amount computed using the federal statutory rate of 34% as a result of the following:

Year Ended December 31,	2013
Federal Statutory Rate	34%
State and local income tax expense net of federal tax effect	6%
Valuation allowance	---
State and local franchise taxes	---
Other	---
Income tax expense	40%

The Company evaluates tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" of being sustained by the applicable tax authorities. Tax positions not deemed to meet the more likely than not threshold are recorded as tax benefits or expenses in the current year. Management has analyzed the Company's tax positions taken on Federal, state and local tax returns for all open tax years, and has concluded that no provision for Federal income tax is required in the Company's financial statements. The Company reports interest and penalties as income tax expense, which amounted to approximately $9,400 and $3,800 for the years ended December 31, 2014 and 2013, respectively.

The Company believes it currently satisfies all of the requirements to be taxed as a Real Estate Investment Trust and intends to elect REIT status beginning with the filing of its 2014 tax return. A REIT calculates taxable income similar to other domestic corporations, with the major difference being a REIT is entitled to a deduction for dividends paid. A REIT is generally required to distribute each year at least 90% of its taxable income. If it chooses to retain the remaining 10% of taxable income, it may do so, but it will be subject to a corporate tax on such income. The Company may be subject to federal excise tax and minimum state taxes.

The Company is no longer subject to U.S. federal and state and local income tax examinations by tax authorities for years prior to 2011, as these tax years are closed.

10. Simple IRA Plan

On October 26, 2000, the Board of Directors approved a Simple IRA Plan (the "IRA Plan") for the purpose of attracting and retaining valuable executives. The IRA Plan was effective August 2000 with a trustee, which allows up to 100 eligible executives to participate. It is a "Matching Contribution" plan under which eligible executives may contribute up to 6% of their yearly salary, on a pre-tax basis (with a cap of $12,000), with the Company matching on a dollar-for-dollar basis up to 3% of the executives' compensation (with a cap of $12,000). These thresholds are subject to change under notice by the trustee. The Company is not responsible for any other costs under this plan. For the years ended December 31, 2014 and 2013 the Company contributed $9,734 and $9,100, respectively, as matching contributions to the IRA Plan.

11. Stock-Based Compensation

On June 23, 2009 the Company adopted the 2009 Stock Option Plan (the "Plan") and replaced the 1999 Stock Option Plan as amended (the "Prior Plan"), which expired in May of 2009. Options granted under the Prior Plan remain outstanding until expired, exercised or cancelled.

The purpose of the Plan is to align the interests of officers, other key employees, consultants and non-employee directors of the Company and its subsidiaries with those of the stockholders of the Company, to afford an incentive to such officers, employees, consultants and directors to continue as such, to increase their efforts on behalf of the Company and to promote the success of the Company's business. The availability of additional shares will enhance the Company's ability to achieve these goals. The basis of participation in the Plan is upon discretionary grants of the Board. The Board may at any time, and from time to time, suspend or terminate the Plan in whole or in part or amend it from time to time.

The maximum number of Common Shares reserved for the grant of awards under the Plan is 400,000, subject to adjustment as provided in Section 9 of the Plan. As of December 31, 2014, 376,000 options were granted, 217,000 options were cancelled or expired, and 241,000 are available for grant under the 2009 stock option plan.

The exercise price of options granted under the Company's stock option plan may not be less than the fair market value on the date of grant. 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. Generally, options outstanding vest over periods not exceeding four years and are exercisable for up to five years from the grant date.

Share based compensation expense recognized under ASC 718 for the years ended December 31, 2014 and 2013 were $28,767 and 35,578, respectively.

The stock based compensation expense for each of the years ended December 31, 2014 and 2013 includes $13,065 of amortization of the fair value of the 1,000,000 restricted shares granted to the Company's Chief Executive Officer on September 9, 2011 of $195,968, after adjusting for the effect on the fair value of the stock options related to this transaction. The fair value will be amortized over 15 years (See Note 12).

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 2014 and 2013, respectively: (1) expected life of 5 years; (2) annual dividend yield of 9.59% and 2.61%; (3) expected volatility 59.5% and 75.0%; and (4) risk free interest rate of 1.71% and 1.07%.

The following summarizes stock option activity for the years ended December 31, 2014 and 2013:

.	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2013	355,000	$ 0.92	1.62	$ 173,006
Granted in 2013	28,00	1.53		
Exercised in 2013	(28,000)	0.81		
Forfeited or expired in 2013	(70,000)	1.01		
Outstanding at December 31, 2013	285,000	$ 0.97	1.43	$ 147,656
Granted in 2014	21,000	2.92		
Exercised in 2014	(77,000)	1.18		
Forfeited or expired in 2014	(147,000)	0.75		
Outstanding at December 31, 2014	82,000	$ 1.68	2.68	$ 59,115
Vested and exercisable at December 31, 2013	283,000	$ 0.97	1.42	$ 146,458
Vested and exercisable at December 31, 2014	81,000	$ 1.69	2.69	$ 58,515

The weighted-average fair value of each option granted during the years ended December 31, 2014 and 2013, estimated as of the grant date using the Black-Scholes option-pricing model, was $0.72 per option and $0.78 per option, respectively.

A summary of the status of the Company's nonvested shares as of December 31, 2014 and 2013, and changes during the years then ended is as presented below:

.	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Nonvested shares at January 1, 2013	3,000	$ 1.01	3.88
Granted	28,000	1.53	4.50
Vested	(29,000)	1.51	4.44
Nonvested shares at December 31, 2013	2,000	$ 1.01	2.88
Granted	21,000	2.92	4.50
Vested	(22,000)	2.83	4.38
Nonvested shares at December 31, 2014	1,000	$ 1.01	1.88

The following table summarizes information about stock options outstanding at December 31, 2014:

	Stock Option Outstanding			**Exercisable**	
Range of Exercise Prices	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Number of Shares	Weighted Average Exercise Price
$ 1.01- $ 2.00	61,000	$ 1.25	2.05	60,000	$ 1.26
$ 2.01- $ 3.00	21,000	2.92	4.50	21,000	2.92
	82,000	$ 1.68	2.68	81,000	$ 1.69

In connection with the Company's private placement of senior secured notes (see Note 8, above), the Company issued 20,000 warrants, at an exercise price of $2.50 per warrant, to the Placement Agent on December 28, 2010. The warrants are exercisable into the same number of common shares and exercisable over a five-year period. In December 2014, the Placement Agent exercised the warrant for all 20,000 common shares using the cashless exercise option under the warrant in lieu of paying cash in satisfaction of the exercise price, pursuant to which the Placement Agent received a lesser number of common shares. As a result, the Company issued 6,226 common shares to the Placement Agent.

12. Restricted Stock Grant

On September 9, 2011, upon stockholders approval at the 2011 annual meeting of stockholders, the Company granted 1,000,000 shares of its restricted common stock (the "Restricted Shares") to Mr. Ran, the Company's chief executive officer. Under the terms of the restricted shares agreement (the "Restricted Shares Agreement"), Mr. Ran agreed to forfeit options held by him exercisable for an aggregate of 280,000 shares of common stock of the Company ("Common Stock") with exercise prices above $1.21 per share and agreed not to exercise additional options held by him for an aggregate of 210,000 shares of Common Stock with exercise prices below $1.21 per share (the "Remaining Options"). Until their expiration, Mr. Ran will be required to forfeit approximately 4.76 Restricted Shares for each share of Common Stock issued upon any exercise of the Remaining Options. In addition, 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) September 9, 2026, with respect to 1/3 of the Restricted Shares, September 9, 2027 with respect to an additional 1/3 of the Restricted Shares and September 9, 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 us 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; or (B) his disability, which, in the opinion of his personal physician and a physician selected by the Company prevents him from being employed with 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 Mr. Ran's employment is terminated by the Company for Cause or by Mr. Ran voluntarily 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.

In connection with the Compensation Committee's approval of the foregoing grant of Restricted Shares, the Compensation Committee consulted with and obtained the concurrence of independent compensation experts and informed Mr. Ran that it had no present intention of continuing its prior practice of annually awarding stock options to Mr. Ran as CEO. Also Mr. Ran, advised the Compensation Committee that he would not seek future stock option grants.

The grant of Restricted Shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. The stock certificates for the Restricted Shares were imprinted with restrictive legends and are held in escrow until vesting occurs.

13. Stockholders' Equity

On September 19, 2012, the Company adopted a stock buy-back program for the repurchase of up to 100,000 shares of the Company's common stock. During 2013 the Company has purchased 69,869 common shares from this repurchase program, at an aggregate cost of approximately $99,000.

On July 31, 2014, the Company completed a public offering of 1,754,386 common shares at a price to the public of $2.85 per share (the "July 2014 Public Offering"), which raised gross proceeds of $5,000,000 and the net proceeds of approximately $4,289,000, after deducting the Company's underwriting discounts and commissions and offering expenses payable in connection with the offering. The Company also granted the underwriters a 45-day option to purchase up to 263,157 additional common shares to cover over-allotments, if any. The option expired unexercised in September 2014.

As a result of the offering, the Company believes it currently satisfies all of the requirements to be taxed as a Real Estate Investment Trust ("REIT") and intends to elect REIT status beginning with the filing of its 2014 tax return. A REIT calculates taxable income similar to other domestic corporations, with the major difference being a REIT is entitled to a deduction for dividends paid. A REIT is generally required to distribute each year at least 90% of its taxable income. If it chooses to retain the remaining 10% of taxable income, it may do so, but it will be subject to a corporate tax on such income. The Company may be subject to federal excise tax and minimum state taxes.

14. Commitments and Contingencies

Operating Leases

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 five 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 approximately $3,200 per month during the fifth year.

At December 31, 2014, approximate future minimum rental, including utilities, payments under these commitments are as follows:

2015……………………	$ 41,400
2016……………………	28,100
Total…………………..	**$ 69,500**

Rent expense, including utilities, was approximately $42,000 and $39,000 in 2014 and 2013, respectively.

Employment Agreements

In March 1999, we entered into an employment agreement with Assaf Ran, our President and Chief Executive Officer pursuant to which: (i) Mr. Ran’s employment term renews automatically on June 30th of each year for successive one-year periods unless either party gives to the other written notice at least 180 days prior to June 30th of its intention to terminate the agreement; (ii) Mr. Ran receives an annual base salary of $225,000 and annual bonuses as determined by the Compensation Committee of the Board, in its sole and absolute discretion, and is eligible to participate in all executive benefit plans established and maintained by us; and (iii) Mr. Ran agreed to a one-year non-competition period following the termination of his employment.

Mr. Ran’s annual base compensation was $225,000 for each of the years 2014 and 2013, and a bonus of $35,000 and $65,000, respectively, for the years 2014 and 2013 which was approved by the Compensation Committee.

Derivative Action

The Company was sued in 2011 as a nominal defendant in a stockholder derivative action, Alan R. Kahn v. Assaf Ran, et al., Supreme Court of the State of New York, County of Nassau, filed against the members of its Board of Directors. The plaintiff, who asserted that he was a stockholder of the Company at all pertinent times, alleged wrongdoing by the Board in a transaction in which Director and Chief Executive Officer, Assaf Ran, was granted certain shares of the Company’s restricted stock in exchange for giving up his rights in certain options that he had held at the time of the transaction. Plaintiff contended that the Company was harmed by the transaction. The Directors disagreed with the plaintiff’s position that the transaction involved any wrongful conduct or that it harmed the Company in any way. The court dismissed the original complaint, but gave plaintiff leave to file an amended complaint, which the plaintiff did. The defendants moved to dismiss the amended complaint, but before the court ruled on that motion, the parties reached an agreement to settle the action, subject to approval of the court. The terms of the settlement include the Company’s agreement to continue utilizing certain corporate governance matters that the Company had already implemented before the lawsuit was filed and would continue to implement regardless of the settlement agreement, and to pay Plaintiff’s counsel’s fees and expenses in an amount to be determined by the court, which amount shall not exceed $80,000. In addition, Assaf Ran will reiterate his commitment to extend his personal guarantee to the Company for up to $5 million. This commitment was available to the Company prior to the settlement agreement. After the court preliminarily approved the settlement, the Company provided notice of the settlement to stockholders, in order to provide them with an opportunity to object to the settlement if they choose to do so. No stockholders submitted any objections to the settlement. At a final hearing to address the fairness and reasonableness of the settlement held on April 2, 2013, the court approved the settlement, dismissed the action, and awarded plaintiff $80,000 in fees and costs. The fee award has been paid by an officers’ and directors’ liability insurance policy, rather than by the Company. As a result of the court’s ruling, the litigation has been concluded.

Right to Rescind Share Purchase

With respect to the July 2014 Public Offering, the final prospectus may have been distributed and the offering consummated without distributing a preliminary prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, although the Company believes that a previously distributed prospectus met those requirements. As a result, purchasers of common shares in the July 2014 Public Offering may be entitled to rescind their purchase and receive a refund of their original purchase price in that public offering. In order to receive a refund, a purchaser is required to notify the Company in writing of the purchaser's election to rescind the transaction by July 28, 2015 and, if the notice is accepted, return all common shares purchased in the July 2014 Public Offering along with dividends received on such shares. If the rescission notice is not accepted by the Company, the purchaser may bring a rescission action against the Company by such date to compel such action. In the unlikely event a purchaser determines to rescind the purchase, the Company intends to contest the purchaser's right to rescission whether initiated by notice or legal action.

15. Related Parties Transactions

In September 2013, the Company received a short-term loans in the amount of $160,000 from a parent of a former member of the Board bearing interest at the rate of 10% per annum. Interest expense on this loan amounted to $16,000 and $4,978, respectively, for years ended December 31, 2014 and 2013.

In 2013, Mr. Ran made five separate loans to the Company in amounts ranging from $50,000 to $100,000, bearing interest at the rate of 6% per annum. All of these loans were repaid by the Company as of December 31, 2013. The aggregate interest expense for these loans was $1,124.

In 2014, Mr. Ran made seven separate loans to the Company in amounts ranging from $50,000 to $250,000, bearing interest at the rate of 6% per annum. At December 31, 2014, the outstanding balance of such loans is $50,000. The aggregate interest expense for these loans was $5,867.

In January 2015, Mr. Ran made three separate loans to the Company in the aggregate amount of $1,050,000, at an interest rate of 6% per annum. All the loans from Mr. Ran were repaid in full on February 27, 2015. The aggregate interest expense for these loans was $8,817.

In February 2015, the Company received a short-term loans in the aggregate amount of $175,000 from a parent of a former member of the Board bearing interest at the rate of 10% per annum.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Manhattan Bridge Capital, Inc.

We have audited the accompanying consolidated balance sheet of Manhattan Bridge Capital, Inc. and Subsidiaries as of December 31, 2014, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. Manhattan Bridge Capital, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Manhattan Bridge Capital, Inc. and Subsidiaries as of December 31, 2014, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Hoberman & Lesser, LLP

Hoberman & Lesser, CPA's, LLP

New York, New York
March 18, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Manhattan Bridge Capital, Inc.

We have audited the accompanying consolidated balance sheet of Manhattan Bridge Capital, Inc. and Subsidiaries as of December 31, 2013, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. Manhattan Bridge Capital, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Manhattan Bridge Capital, Inc. and Subsidiaries as of December 31, 2013, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Hoberman, Goldstein & Lesser, CPAs, P.C.

Hoberman, Goldstein & Lesser, CPA's, P.C.

New York, New York
March 21, 2014

EXECUTIVE OFFICERS

Assaf Ran
Chief Executive Officer and President

Vanessa Kao
Chief Financial Officer, Vice President, Treasurer and Secretary

BOARD OF DIRECTORS

Assaf Ran, *Chairman of the Board*

Michael J. Jackson (1)(2)

Eran Goldshmit (1)

Mark Alhadef

Lyron Bentovim (3)

(1) Member of the Compensation Committee, Audit Committee and Nominating Committee
(2) Chairman of the Audit Committee
(3) Member of the Audit Committee

SHAREOWNER SERVICES

Questions about stock-related matters may be directed to our transfer agent:

American Stock Transfer and Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Phone: 800-937-5449
Email: info@amstock.com

COUNSEL

Morse, Zelnick, Rose & Lander, LLP
825 Third Avenue, 16th Floor
New York, NY 10022

INDEPENDENT PUBLIC ACCOUNTANTS

Hoberman & Lesser, LLP
252 West 37th Street, Suite 600
New York, NY 10018

OTHER INFORMATION

A copy of the Company's annual report on Form 10-K, for the year ended December 31, 2014, filed with the Securities and Exchange Commission may be obtained without charge by any shareholder by sending a written request to:

Manhattan Bridge Capital Inc.
Investor Relations Department
60 Cutter Mill Road, Suite 205
Great Neck, NY 11021
(516) 444-3400
or at www.manhattanbridgecapital.com

Additional information can be received by contacting our investor relations department at the telephone number above.

STOCK MARKET INFORMATION

(a) The high and low sales prices for our common stock as reported by the NASDAQ Capital Market for the quarterly periods indicated were as follows:

2013	High	Low
First Quarter	$1.50	$1.02
Second Quarter	$1.74	$1.20
Third Quarter	$2.18	$1.42
Fourth Quarter	$2.30	$1.65
2014		
First Quarter	$2.14	$1.58
Second Quarter	$3.39	$1.80
Third Quarter	$4.00	$2.35
Fourth Quarter	$4.10	$2.61
2015		
First Quarter	$4.44	$3.28

(b) Holders

As of May 26, 2015, the number of record holders of our common shares was approximately 18 and the number of beneficial owners of our common shares was approximately 2,300. American Stock Transfer & Trust Company serves as transfer agent for our common shares.

(c) Dividends

The holders of our common shares are entitled to receive dividends as may be declared by the Board. In 2013, the Board approved and declared four quarterly cash dividends of $.01 per common share, beginning with the second quarter of 2013 through the first quarter of 2014, for an aggregate annual dividend of $.04 per common share.

In February 2014, the Board approved and declared a quarterly cash dividend of $.02 per common share payable on each of May 20, 2014, August 20, 2014, November 20, 2014 and February 20, 2015. Subsequently, on June 9, 2014, the Board approved and declared a new quarterly cash dividend of $.07 per common share payable on each of July 15, 2014, October 15, 2014, January 15, 2015 and April 15, 2015, which replaced the three remaining unpaid quarterly dividends originally declared in February 2014.

In December 2014 and March 2015, the Board approved and declared a $.01 increase, from $.07 to $.08 per common share, in the quarterly cash dividends payable on January 15, 2015 and April 15, 2015, respectively. In May 2015, the Board approved and declared a $.08 per common share quarterly cash dividend paybale on July 15, 2015.

In order to comply with certain REIT qualification requirements, we are required, before the end of any REIT taxable year in which we have accumulated earnings and profits attributable to a non-REIT year, to declare a dividend to our shareholders to distribute such accumulated earnings and profits (a "Purging Distribution"). As of January 1, 2015, we had no accumulated earnings and profits attributable to a non-REIT year. Accordingly, we are not required to make a Purging Distribution.

From and after the effective date of our REIT election, we intend to pay regular quarterly distributions to holders of our common shares in an amount not less than 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gains). U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code.

Prior to the effective date of our REIT election, which will be January 1, 2014, we anticipate that our dividends will generally be treated as "qualified dividends." Such dividends paid to U.S. shareholders that are individuals, trusts or estates will generally be taxable at the preferential income tax rates (i.e. , the maximum U.S. federal rate) for qualified dividends. In addition, subject to the limitations of the Code, corporate shareholders may be eligible for the dividends received deduction with respect to such dividends. Once we qualify and elect to be taxed as a REIT, we anticipate that our distributions generally will be taxable as ordinary income to our shareholders, although we may designate a portion of the distributions as qualified dividend income or capital gain or a portion of the distributions may constitute a return of capital. We will furnish annually to each of our shareholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain.

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MANHATTAN BRIDGE CAPITAL

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