

COMPANY OF THE MONTH

Manhattan Bridge Capital provides loans to small firms needing short-term financing. This is a risky-sounding business, particularly in a recessionary period. However, many elements of this situation make for an intriguing potentially valuable investment.

Usually, real estate is used as security and all payments are due within a year. Throughout every quarter of this downturn, business has (somewhat surprisingly) appeared to run smoothly, with full and timely collections resulting in a growing loan-asset pool.

LOAN's capital structure is very safe as well, as the company carries a minimal debt relative to its loan portfolio. Furthermore, the stock's capitalization is half of its current assets.

(The above three paragraphs were written by Saj Karsan on January 17 in the blog Seeking Alpha. Mr. Karsan owns some of the shares.)

Loans range in size from \$50,000 to slightly over \$1 million, with interest rates of 12% to 16%, but often at higher 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 employed to assist the company's officials in evaluating the worth of the collateral. To date, the company has not experienced any defaults and none of the loans previously made have been non-collectable.

Last August, Manhattan Bridge and GreenHills Ventures Wealth Management Holdings entered into a letter of intent to form a strategic alliance.

Both companies would share information on customers and coordinate financing transactions. In addition, GreenHills offered to assist LOAN with obtaining a warehouse line of credit.

GHV Wealth Management has \$1.7 billion in net assets. It has partnerships with Citicorp, Goldman Sachs, UBS, Merrill Lynch and Black Rock.

Management

Assaf Ran, an Israeli emigre, 44, is the founder, chief executive officer, president and the largest shareholder, owning 49.7% of the company's shares.

After he completed his service in the Israeli military, Capt. Ran started a publishing company that competed with the telephone monopoly in Israel.

Before he moved to the U.S. in 1989, he had independent phone directories in three Israeli cities. Here, he began publishing bilingual Hebrew-English yellow pages for New York's Jewish community.

In Apr'06, he sold the New York directory operation for \$291,667 in cash, plus \$613,333 that was payable in 24 consecutive monthly installments.

Manhattan Bridge Capital was founded in 1989 with Mr. Ran as the CEO. But, lending activities

did not begin until May 15, 2007.

And, the company has its hand in an Internet venture through a subsidiary--DAG Interactive--that was formed to launch a web site, www.NextYellow.com, which matches consumers' needs with businesses' capabilities. This is an outgrowth of the firm's experience in yellow book advertising. Management says the site does not have any competition.

Late last year, Mr. Ran was a consistent buyer of the company's stock, paying \$1.00-\$1.10 a share. LOAN is not engaged in any legal proceedings.

The corporate insiders are young, with the oldest being 47.

Mrs. Evron-Yogev, an Israeli-licensed CPA, joined the company in Mar'06 as chief financial officer. Previously, she worked at PriceWaterhouse-Coopers in New York City as a senior associate on an audit team. Before that, she was with Arthur Andersen in Tel-Aviv.

Finance

CEO Ran: "The results of the third quarter reflect our steady growth pattern. Also, as we started leveraging our portfolio, I am confident that we will continue growing revenue and earnings. And, because we are confident of this, we have initiated a stock repurchase program."

Mr. Ran added: "Market conditions are still working in our favor, as many banks are reluctant to lend, even to qualified borrowers."

In the latest quarter, to which Mr. Ran alluded, revenue was \$289,000 compared to \$200,000 for the same period in 2008. Net income was \$83,593 vs. \$48,809 a year ago.

The company established a line of credit with Smith Barney, which bears interest at the prime rate minus .75%. It also has a line of credit with Park Avenue Bank with a fixed interest rate of 9%.

The large loss in 2008 was due to having to write-off and mark down \$720,000 of its marketable securities portfolio.

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XFONE ANNOUNCES DIVESTITURE OF U.K. UNITS

XFN reached an agreement for the divestiture of its United Kingdom subsidiaries. Abraham Keinan, a significant shareholder and chairman of Xfone, will acquire the business units in a transaction valued at \$4.5 million. As part of the deal, Xfone will be released from a financial obligation of \$1.9 million previously provided by Mr. Keinan's son.

Upon the closing of the transaction, Keinan will terminate his consulting agreement with XFN, waive any future monthly fees and the right to a severance package. The transaction must be approved by the board and shareholders. CEO Nissenson says the U.S. focus will be increased.

Manhattan Bridge Capital, Inc.

Nasdaq: LOAN

BOWSER RATING: 9

Last 24-Months--
\$0.20 to \$2.44

	2007	2008	2009(A)
REVENUE	\$221,162	\$757,666	\$770,000
NET INCOME(LOSS)	(\$31,704)	(\$519,859)	\$229,203
WORKING CAPITAL	\$6,682,271	\$6,653,346	\$7,267,814
BOOK VALUE	\$2.08	\$2.05	\$2.17
TOTAL SHARES	3,305,190	3,405,190	3,405,190
FLOAT	N/A	N/A	1,200,000
(A) NINE MONTHS ENDING 9/30/09.			