

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

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2004**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-27582

**SPEEDUS CORP.**

(Exact name of registrant as specified in its charter)

Delaware

13-3853788

-----  
(State or other jurisdiction of  
incorporation or organization)

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

140 58<sup>th</sup> Street, Suite 7E  
Brooklyn, New York

11220

-----  
(Address of principal executive offices)

-----  
(Zip Code)

718-567-4300

-----  
(Registrant's telephone number, including area code)

Not Applicable

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of outstanding shares of the registrant's common stock, par value \$.01 per share, as of August 14, 2004 was 16,220,325.

**SPEEDUS CORP.**  
**INDEX TO FORM 10-Q**

	<u>Page</u>
<b>PART I -- FINANCIAL INFORMATION</b>	
ITEM 1 -- Financial Statements	
Consolidated Balance Sheets as of June 30, 2004 (unaudited) and December 31, 2003.....	3
Consolidated Statements of Operations (unaudited) for the Three and Six Months Ended June 30, 2004 and 2003.....	4
Consolidated Statements of Cash Flows (unaudited) for the Six Months Ended June 30, 2004 and 2003.....	5
Notes to Consolidated Financial Statements (unaudited).....	6-10
ITEM 2 -- Management's Discussion and Analysis of Financial Condition and Results of Operations.....	11-15
ITEM 3 -- Quantitative and Qualitative Disclosures About Market Risk.....	15
ITEM 4 -- Controls and Procedures.....	15
<b>PART II -- OTHER INFORMATION</b>	
ITEM 1 -- Legal Proceedings.....	16
ITEM 2 -- Changes in Securities and Use of Proceeds.....	16
ITEM 3 -- Defaults Upon Senior Securities.....	16
ITEM 4 -- Submission of Matters to a Vote of Security Holders.....	16
ITEM 5 -- Other Information.....	16
ITEM 6 -- Exhibits and Reports on Form 8-K.....	16
Signature Page.....	17
Exhibit 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act Of 2002.....	18
Exhibit 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act Of 2002.....	19
Exhibit 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act Of 2002.....	20
Exhibit 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act Of 2002.....	21

**SPEEDUS CORP.**  
**CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2004</b>	<b>December 31, 2003</b>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,203,635	\$ 19,419,197
Marketable securities	71,740	2,086,638
Due from broker	793,236	3,713,146
Prepaid expenses and other	156,300	83,222
Accounts and other receivables	63,678	42,500
Total current assets	28,288,589	25,344,703
Property and equipment, net of accumulated depreciation of \$2,221,418 and \$2,003,862	669,820	419,868
Other intangible assets, net of accumulated amortization of \$1,426,183 and \$1,051,493	1,667,361	2,042,051
Goodwill	620,875	620,875
Other investment	600,000	---
Other assets	83,854	82,563
Total assets	<b>\$ 31,930,499</b>	<b>\$ 28,510,060</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 203,046	\$ 151,258
Accrued liabilities	1,057,188	1,432,426
Securities sold and not purchased	605,500	5,406,135
Total current liabilities	1,865,734	6,989,819
Minority interest	198,843	531,055
Commitments and Contingencies		
Stockholders' equity:		
Common stock (\$.01 par value; 50,000,000 shares authorized; 21,587,674 and 21,516,088 shares issued)	215,877	215,161
Preferred stock (\$.01 par value; 20,000,000 shares authorized):		
Series A Junior Participating (\$.01 par value; 4,000 shares authorized; no shares issued and outstanding)	---	---
Additional paid-in-capital	90,534,759	90,442,120
Treasury stock (at cost; 5,367,349 and 5,257,649 shares)	(5,496,829)	(5,250,552)
Accumulated deficit	(55,387,885)	(64,417,543)
Total liabilities and stockholders' equity	<b>\$ 31,930,499</b>	<b>\$ 28,510,060</b>

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

**SPEEDUS CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues	\$ 200,228	\$ 204,267	\$ 351,243	\$ 374,074
Expenses:				
Selling, general and administrative	1,169,568	1,148,804	2,162,282	2,075,387
Technology settlement expenses	0	0	2,928,583	0
Research and development	368,249	422,723	738,994	757,667
Depreciation and amortization	306,770	260,245	592,246	475,613
Cost of sales	83,567	79,481	128,511	127,781
Total operating expenses	<u>1,928,154</u>	<u>1,911,253</u>	<u>6,550,616</u>	<u>3,436,448</u>
Operating loss	(1,727,926)	(1,706,986)	(6,199,373)	(3,062,374)
Gain from technology settlement	0	0	15,000,000	0
Investment income/(loss)	154,941	(4,450,651)	(103,181)	(4,498,181)
Minority interest	190,841	224,680	332,212	305,931
Equity in loss of associated company	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92,996)</u>
Net earnings/(loss)	<u>\$ (1,382,144)</u>	<u>\$ (5,932,957)</u>	<u>\$ 9,029,658</u>	<u>\$ (7,347,620)</u>
Per share:				
Basic earnings/(loss) per common share	<u>\$ (0.09)</u>	<u>\$ (0.36)</u>	<u>\$ 0.55</u>	<u>\$ (0.44)</u>
Weighted average common shares outstanding - basic	<u>16,255,244</u>	<u>16,623,149</u>	<u>16,271,615</u>	<u>16,752,374</u>
Diluted earnings/(loss) per common share	<u>\$ (0.09)</u>	<u>\$ (0.36)</u>	<u>\$ 0.54</u>	<u>\$ (0.44)</u>
Weighted average common shares outstanding - diluted	<u>16,255,244</u>	<u>16,623,149</u>	<u>16,832,814</u>	<u>16,752,374</u>

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

**SPEEDUS CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	<b>Six months ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
Cash flows from operating activities:		
Net earnings/(loss)	\$ 9,029,658	\$ (7,347,620)
Adjustments to reconcile net earnings/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	592,246	475,613
Unrealized investment losses	58,237	4,200,710
Equity in loss of associated company	---	92,996
Minority interest	(332,212)	(305,931)
Stock based compensation	21,769	---
Changes in operating assets and liabilities:		
Marketable securities	1,993,673	737,138
Due from broker	2,919,910	(691,530)
Accounts and other receivables	(21,178)	(2,401)
Prepaid expenses and other	(73,078)	(71,312)
Other assets	(1,291)	(154,360)
Accounts payable	51,788	(111,847)
Accrued liabilities	(375,238)	(193,764)
Securities sold and not purchased	(4,837,647)	(2,499,630)
Other current liabilities	---	4,016
Net cash provided by/(used in) operating activities	9,026,637	(5,867,922)
Cash flows from investing activities:		
Property and equipment additions	(467,508)	(33,404)
Other investment	(600,000)	---
Loans and other receivables, net of repayments	---	2,500
Acquisition of business, net of cash acquired	---	18,798
Net cash used in investing activities	(1,067,508)	(12,106)
Cash flows from financing activities:		
Proceeds from exercise of options or warrants	71,586	43,313
Repurchase of stock	(246,277)	(629,695)
Net cash used in financing activities	(174,691)	(586,382)
Net increase/(decrease) in cash and cash equivalents	7,784,438	(6,466,410)
Cash and cash equivalents, beginning of period	19,419,197	33,052,815
Cash and cash equivalents, end of period	\$ 27,203,635	\$ 26,586,405
Supplemental information of business acquired:		
Fair value of assets acquired:		
Cash	\$ ---	\$ 18,798
Non current assets	---	34,283
Goodwill	---	481,009
Less-liabilities assumed:		
Current liabilities	---	(218,946)
Minority interest	---	(315,144)
Cash paid	---	---
less-cash acquired	---	18,798
Acquisition of business, net of cash acquired	\$ ---	\$ (18,798)

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

# SPEEDUS CORP.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

### 1. Basis of Presentation

The unaudited consolidated financial statements of Speedus Corp. have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These financial statements do not include all information and notes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the Company's 2003 audited consolidated financial statements and notes thereto on Form 10-K.

Operating results for the three and six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

#### *Financial statements and principles of consolidation*

The consolidated financial statements include the accounts of Speedus and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Companies in which Speedus directly or indirectly owns more than 50% of the outstanding voting securities or that Speedus has effective control over are accounted for under the consolidation method of accounting. Under this method, those companies' balance sheets and results of operations, from the date Speedus acquired control, are included in Speedus' consolidated financial statements. The interest in the net assets and operations of these companies' other stockholders is reflected in the caption 'Minority interest' in Speedus' consolidated balance sheet and statements of operations.

The Company's share of earnings or losses of associated companies, that are 20% to 50% owned, is included in the consolidated operating results using the equity method of accounting.

Companies in which Speedus owns less than 20% of the outstanding voting securities and does not have the ability to exercise significant influence are accounted for under the cost method of accounting.

#### *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of operating revenues and expenses during the reporting periods. Actual results could differ from those estimates and the difference could be material.

#### *Marketable Securities*

All marketable securities are defined as trading securities under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." At June 30, 2004 and December 31, 2003, marketable securities consisted of publicly traded equity securities and were recorded at fair market value. Their original cost was \$663,000 and \$2,040,000, unrealized gains/(losses) since acquisition were \$(591,000) and \$47,000 and the fair market value was \$72,000 and \$2,087,000, respectively. At June 30, 2004, based upon the fair market value of these securities, 100% was invested in technology companies.

#### *Other investment*

At June 30, 2004, other investment consisted of a convertible promissory note in a non-public drug delivery technology company and is recorded at cost. In connection with this investment, the Company also received warrants to purchase 300,000 shares of common stock at \$1 per share, subject to adjustment under certain circumstances. The Company expects that the promissory note will be converted into common shares of the debtor company, under a formula subject to certain terms and conditions.

#### *Securities Sold But Not Purchased*

The Company may sell publicly traded equity securities it does not own in anticipation of declines in the fair market values of the securities. When the Company effects such transactions, it must borrow the securities it sold in order to deliver them and settle the trades. The amounts shown on the balance sheet as 'Securities sold and not purchased' represent the value of these securities at fair market value. At June 30, 2004 and December 31, 2003, the Company had sold securities it had not purchased. The aggregate proceeds were \$568,000 and \$4,514,000, unrealized losses since acquisition were \$38,000 and \$892,000 and the fair market value of the securities was \$606,000 and \$5,406,000, respectively. At June 30, 2004, based upon the fair market value of these securities, 100% was invested in the airline industry.

### *Due From Broker*

In connection with selling publicly traded securities that it does not own, the Company is obligated to maintain balances with brokerage firms as security for these transactions. At June 30, 2004 and December 31, 2003, restricted cash balances in the amounts of \$793,000 and \$3,713,000, respectively, were held by brokerage firms.

### *Concentrations of Credit Risk*

Financial instruments that potentially could subject the Company to concentrations of credit risk consist largely of cash and cash equivalents, amounts due from brokers and marketable securities. These instruments are potentially subject to concentrations of credit risk but the Company believes that this risk is limited due to diversification and investments being made in investment grade securities.

The Company also sells publicly traded equity securities that it does not own in anticipation of declines in the fair market values of the securities. When the Company sells securities that it does not own, it must borrow the securities it sold in order to deliver them and settle the trades. Thereafter, the Company must buy the securities and deliver them to the lender of the securities. The Company's potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing which could have a material adverse effect on the Company's consolidated financial statements.

### *Long-lived Assets*

The Company periodically evaluates the net realizable value of long-lived assets, including fixed and intangible assets, relying on anticipated future cash flows. The Company's evaluation of anticipated future cash flows considers operating results, business plans and economic projections, as well as, non-financial data such as market trends, product and development cycles, and changes in management's market emphasis. An impairment in the carrying value of an asset is recognized when the expected future operating cash flows derived from the asset are less than its carrying value.

### *Goodwill and Other Intangible Assets*

The Company accounts for goodwill and other intangible assets in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" which requires the use of a nonamortization approach to account for purchased goodwill and certain intangibles. Under the nonamortization approach, goodwill is not being amortized into results of operations, but instead is reviewed for impairment at least annually and charged against results of operations only in the periods in which the recorded value of goodwill and certain intangibles is more than its fair value. Goodwill in connection with the acquisition of F&B Güttdfood had a balance of \$621,000 at December 31, 2003 and June 30, 2004.

Other intangible assets consist of: (i) the cost of a broadband patent and (ii) medical technology in connection with the acquisition of a controlling interest in Zargis Medical. The broadband patent, in the aggregate amount of \$2,070,000 with accumulated amortization in the amount of \$1,038,000 at June 30, 2004, is being amortized over a period of four years. Medical technology, in the aggregate amount of \$1,024,000 with accumulated amortization in the amount of \$388,000 at June 30, 2004, is being amortized over a period of three years.

For the three and six months ended June 30, 2004, amortization expense relating to intangible assets was \$187,000 and \$375,000, respectively. For the three and six months ended June 30, 2003, amortization expense relating to intangible assets was \$157,000 and \$260,000, respectively. The estimated amortization of intangible assets for the balance of fiscal 2004 and fiscal years 2005 and 2006, the expiration of the remaining useful life of the Company's intangible assets, is \$375,000, \$749,000 and \$543,000, respectively.

### *Revenue Recognition*

Revenues from F&B Güttdfood's operations are recorded on a cash basis.

### *Earnings Per Share*

Basic and diluted earnings/(loss) per common share are determined in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share".

For the six months ended June 30, 2004, the weighted average common shares for diluted earnings per share were determined by adding weighted average shares in the aggregate amount of 561,199 for the assumed exercise of stock options and warrants, calculated using the treasury stock method, to the weighted average shares outstanding for basic earnings per share for a total of 16,832,814 weighted average shares outstanding for diluted earnings per share. For the three and six months ended June 30, 2004 and the three and six months ended June 30, 2003, outstanding stock options and warrants in the weighted average amount of 1,828,358, 852,165, 2,135,934 and 2,049,449, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive.

### *Stock Options*

The Company accounts for its employee stock options in accordance with Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of FASB Statement No. 123", which defines a "fair value method" of measuring and accounting for compensation expense from employee stock options. This standard also allows accounting for such options under the "intrinsic value method" in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees." The

Company has elected to use the intrinsic value method and is presenting pro forma disclosures of earnings and earnings per share as if the fair value method of accounting was applied.

Unaudited pro forma earnings information giving effect to compensation expense based upon the fair value at the date of grant in accordance with SFAS 123 for the three and six months ended June 30, 2004 and 2003 is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	(unaudited)		(unaudited)	
	2004	2003	2004	2003
Net earnings/(loss) as reported	\$ (1,382,144)	\$ (5,932,957)	\$ 9,029,658	\$ (7,347,620)
After tax effect of pro forma compensation	(4,750)	(73,737)	(4,750)	(195,931)
Pro forma net earnings/(loss)	\$ (1,386,894)	\$ (6,006,694)	\$ 9,024,908	\$ (7,543,551)
Earnings/(loss) per share:				
Basic - as reported	\$ (0.09)	\$ (0.36)	\$ 0.55	\$ (0.44)
Basic - pro forma	\$ (0.09)	\$ (0.36)	\$ 0.55	\$ (0.45)
Diluted - as reported	\$ (0.09)	\$ (0.36)	\$ 0.54	\$ (0.44)
Diluted - pro forma	\$ (0.09)	\$ (0.36)	\$ 0.54	\$ (0.45)

## 2. Acquisitions

a. On February 28, 2003, the Company increased its investment in Zargis Medical to 57.7% with an additional investment of \$1,250,000. Prior to February 28, 2003, the Company held a 46.4% interest in Zargis and accounted for its investment under the equity method of accounting. On July 28, 2003, the Company increased its ownership in Zargis Medical to 68.9% with an additional investment of \$2,000,000. As of December 31, 2003 and February 1, 2004, our ownership increased to 70.5% and 71.2%, respectively, as a result of certain milestones not having been met.

This acquisition was accounted for using the purchase method of accounting. The results of operations of Zargis Medical have been included in the consolidated statements of operations from the date of acquisition. The \$3,250,000 aggregate purchase price was allocated as follows: \$3,269,000 to cash, \$34,000 to non current assets, \$1,024,000 to other intangible assets, \$(219,000) to current liabilities and \$(858,000) to minority interest. An aggregate of \$1,024,000, representing the excess of the purchase price over the fair value of the net assets acquired, has been allocated as medical technology to an intangible asset and will be amortized over a period of three years.

Unaudited pro forma operating results of the Company for the six months ended June 30, 2003, as though the acquisition of Zargis Medical had occurred on January 1, 2003, are as follows:

Revenues	\$ 374,074
Operating loss	\$ (3,262,797)
Net loss	\$ (7,370,268)
Basic and diluted loss per share	\$ (0.44)

b. On May 6, 2002, the Company acquired a 51% interest in F&B Gdtfoot, the creator and operator of the original Eurocentric "chic and quick" caf, which is operating two stores in Manhattan. The acquisition price was \$3,500,000. On February 8, 2003, the Company reduced its cash investment in F&B Gdtfoot and received \$1,775,000 while maintaining its 51% interest. In December 2003, as a result of renegotiation, our interest increased to 80% without an additional investment.

## 3. Stockholders' Equity

### *Treasury Stock*

In March 2003, the Company's Board of Directors approved an extension of the Company's stock repurchase program for up to an additional \$1 million of the Company's common stock for an aggregate authorization of \$5.5 million. As of June 30, 2004 and through August 14, 2004, the Company has repurchased 5,367,349 shares of its Common Stock for an aggregate cost of \$5,497,000.

## 4. Gain from Technology Settlement

In February 2004, the Company's wholly-owned subsidiary, CellularVision Technology & Telecommunications, L.P. (CT&T), received \$15 million from a former international licensee in settlement of litigation that CT&T instituted in May 2001.

In connection with the settlement and as provided under the terms of his 2002 employment agreement, Shant S. Hovnanian, Chairman of the Board and Chief Executive Officer of the Company, received a contingent participation in the proceeds of the settlement in the amount of approximately \$2.8 million. In addition, approximately \$0.1 million in legal and other closing costs was paid at closing to unaffiliated third parties. These expenses are included in Technology Settlement Expenses for the six months ended

June 30, 2004 in the accompanying consolidated statement of operations.

## 5. Business Segment Information

The following table sets forth the Company's financial performance by reportable operating segment for the three and six months ended June 30, 2004 and 2003. F&B Gütfood and Zargis Medical are included in the consolidated financial statements of the Company since May 6, 2002 and February 28, 2003, respectively, the dates of acquisition of majority interests.

	<b>Three months ended June 30, 2004</b>			
	<b><u>F&amp;B</u></b>	<b><u>Zargis</u></b>	<b><u>Corporate and other</u></b>	<b><u>Totals</u></b>
Revenues from external customers	\$ 200,228	\$ 0	\$ 0	\$ 200,228
Depreciation and amortization	25,762	4,211	276,797	306,770
Operating loss	(267,627)	(512,710)	(947,589)	(1,727,926)
Investment income/(loss)	602	1,284	153,055	154,941
Goodwill and other intangible assets	620,875	635,441	1,031,920	2,288,236
Fixed assets	533,872	30,136	105,812	669,820
Total assets	657,259	411,016	30,862,224	31,930,499
	<b>Three months ended June 30, 2003</b>			
	<b><u>F&amp;B</u></b>	<b><u>Zargis</u></b>	<b><u>Corporate and other</u></b>	<b><u>Totals</u></b>
Revenues from external customers	\$ 203,387	\$ 0	\$ 880	\$ 204,267
Depreciation and amortization	6,200	3,108	250,937	260,245
Operating loss	(128,165)	(395,388)	(1,183,433)	(1,706,986)
Investment income/(loss)	3,643	0	(4,454,294)	(4,450,651)
Goodwill and other intangible assets	890,356	427,563	1,444,687	2,762,606
Fixed assets	137,300	229,086	301,475	667,861
Total assets	1,330,893	604,596	41,010,815	42,946,304
	<b>Six months ended June 30, 2004</b>			
	<b><u>F&amp;B</u></b>	<b><u>Zargis</u></b>	<b><u>Corporate and other</u></b>	<b><u>Totals</u></b>
Revenues from external customers	\$ 349,572	\$ 0	\$ 1,671	\$ 351,243
Depreciation and amortization	35,799	7,318	549,129	592,246
Operating loss	(391,763)	(886,206)	(4,921,404)	(6,199,373)
Investment income/(loss)	1,993	4,198	(109,372)	(103,181)
	<b>Six months ended June 30, 2003</b>			
	<b><u>F&amp;B</u></b>	<b><u>Zargis</u></b>	<b><u>Corporate and other</u></b>	<b><u>Totals</u></b>
Revenues from external customers	\$ 371,838	\$ 0	\$ 2,236	\$ 374,074
Depreciation and amortization	12,400	3,864	459,349	475,613
Operating loss	(212,256)	(533,731)	(2,316,387)	(3,062,374)
Investment income/(loss)	11,342	0	(4,509,523)	(4,498,181)

The Company has no foreign operations. During the three and six months ended June 30, 2004 and 2003, the Company did not have sales to any individual customer greater than 10% of total Company revenues. The Company's accounting policies for segments are the same as those described in Note 1.

## 6. Legal Proceedings

The Company is subject to various claims and proceedings that occur in the ordinary course of business. The Company believes it has substantial defenses to a material portion of these claims and is prepared to pursue litigation if a reasonable and structured settlement cannot be reached with the parties. Based on information currently available, the Company believes it is remote that the ultimate resolution of these current claims or proceedings, either individually or in the aggregate, will have a material effect on its financial position, results of operations or cash flows.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the corresponding discussion and analysis included in the Company's Report on Form 10-K for the year ended December 31, 2003.

### **Cautionary Statement Regarding Forward-Looking Information**

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Form 10-Q contain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements appear in a number of places in this Form 10-Q and include statements regarding the intent, belief or current expectations of the Company or its officers with respect to, among other things, the ability of the Company to make capital expenditures, the ability to incur additional debt, as necessary, to service and repay such debt, if any, as well as other factors that may effect the Company's financial condition or results of operations. Forward-looking statements may include, but are not limited to, projections of revenues, income or losses, capital expenditures, plans for future operations, financing needs or plans, compliance with covenants in loan agreements, plans for liquidation or sale of assets or businesses, plans relating to products or services of the Company, assessments of materiality, predictions of future events, and the ability to obtain additional financing, including the Company's ability to meet obligations as they become due, and other pending and possible litigation, as well as assumptions relating to the foregoing. All statements in this Form 10-Q regarding industry prospects and the Company's financial position are forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

### **Business Activities**

Speedus Corp. is a holding company that owns significant equity interests in diverse businesses. We seek business opportunities across all industries for potential transactions and relationships in which we can apply our current resources and management strengths. The companies that we target, either public or privately held, will be seeking growth or restructuring capital to pursue near term business objectives in demonstrated markets. We will continue to pursue opportunities involving our expertise in the medical device and wireless markets as well as those areas involving our broadband assets as attractive opportunities present themselves.

We have co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop medical diagnostic support service solutions that automatically analyze acoustical data from a patient to determine physiological significant features useful in medical diagnosis. The first Zargis clinical device, the Zargis Acoustic Cardioscan, received FDA approval in May 2004. Cardioscan will initially be launched to a select group of physicians, teaching hospitals and other health care professionals. We own 80% of F&B Güttdfood Holding Corp., the creator and operator of the original Eurocentric "chic and quick" café, which is operating two stores in Manhattan. We own a portfolio of patents that allow for high-speed wireless communications. We also own fixed wireless spectrum in the New York City metropolitan area that we may commercialize in the future to support high-speed, or broadband, Internet access service.

*Zargis Medical Corp.* In January 2001, we co-invested with Siemens Corporate Research, Inc., a subsidiary of Siemens Corporation, in Zargis Medical Corp. to develop non-invasive, medical diagnostic support solutions that automatically analyze acoustical data from a patient to determine physiologically significant features useful in medical diagnosis. The development of Zargis' patented technology is a pioneering effort in medicine which uses advanced signal processing algorithms deployed on standard computer platforms. The first Zargis device, the Zargis Acoustic Cardioscan, received FDA approval in May 2004. Cardioscan will initially be launched to a select group of physicians, teaching hospitals and other health care professionals to be used as part of general medical examinations and physicals to detect murmurs which could be a sign of valvular and congenital heart disease. General medical examinations, according to the National Center for Health Statistics, totaled 64 million in 2000 for the US alone. Zargis is currently researching, and conducting trials on, additional noninvasive diagnostic support tools that process acoustical data from the body in order to provide an accurate and intelligible assessment of a patient's health. These assessments may be used by physicians and other healthcare providers to assist in the early identification or monitoring of heart, lung, vascular and other conditions and to provide better patient treatment.

We have signed an exclusive contract with Zargis to provide transaction processing to support Zargis' medical products. Some of the major next steps remaining for Zargis include continuing clinical trials for new applications of the Zargis technology and the formation of strategic partnerships for industry and market acceptance.

In February 2003, we acquired a controlling interest in Zargis Medical for an additional investment of \$1,250,000. In July 2003, we increased our ownership in Zargis Medical to 68.9% by investing an additional \$2,000,000. As of December 31, 2003 and February 1, 2004, our ownership increased to 70.5% and 71.2%, respectively, as a result of certain milestones not having been met.

*F&B Gütfood.* We own 80% of F&B Gütfood, the creator and operator of the original Eurocentric “chic and quick” café, which is operating two stores in Manhattan. The acquisition price was \$3,500,000 in May 2002. In February 2003, we reduced our cash investment in F&B Gütfood and received \$1,775,000 while maintaining our original 51% interest. In December 2003, as a result of renegotiation, our interest increased to 80% without an additional investment and, under certain circumstances, could increase to 90%. We expect that F&B Gütfood will begin selling F&B Gütfood franchises through its wholly owned subsidiary, F&B Gütfood Franchise Corp., in the third quarter of 2004. We have also entered into a management services contract with F&B Gütfood.

*Broadband Patents.* Through our wholly owned subsidiaries, Broadband Patents, LLC and CellularVision Technology & Telecommunications, L.P., we have accumulated a portfolio of patents that allow for high-speed wireless communication systems with greater information content, reliability, clarity, or more efficient use of licensed spectrum as compared to prior systems. We have six domestic patents with expiration dates ranging from 2007 through 2017, with approximately 60 international counterparts in 42 countries. Certain wireless communications systems may employ a number of different combinations of our patented technology to maximize operational and spectrum efficiency. While we believe that it would be difficult for such a wireless communications system to be constructed without using one or more of our patented technologies, it is a lengthy and expensive process to pursue licensing/patent infringement cases. We are evaluating a strategy for the utilization of these patents in the future, which may include pursuit of licensing or development of other strategic opportunities with users of the underlying technology. However, due to the current depressed economic state of the telecommunications industry, licensing activity for the patent portfolio is not actively being pursued at this time. We have licensed technology in the past, both domestically and internationally, but are not currently receiving any license fees.

*Local Multipoint Distribution Service (LMDS) license.* We have an FCC commercial operating license, awarded to us in recognition of our efforts in developing and deploying LMDS technology and for spearheading its regulatory approval at the FCC, which covers 150 MHz of spectrum in the New York City area. The license has been renewed as a standard LMDS license through February 1, 2006. Under FCC authorization, the license includes an additional 150 MHz of spectrum until the first Ka band satellite is launched, an event which is not currently determinable. The license provides that the spectrum may be used for a wide variety of fixed wireless purposes, including wireless local loop telephony, high-speed Internet access and two-way teleconferencing.

We will not commence a full marketing effort using our LMDS technology until new LMDS equipment becomes commercially available with cost and performance that allow implementation of an economically viable business model. We cannot determine when this will occur and this equipment may never be available to us on this basis.

*Other.* We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We have also sold publicly traded equity securities we do not own in anticipation of declines in the fair market values of these securities.

We have generated operating losses and negative operating cash flows since our inception and expect to continue to do so in the near future.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements. The preparation of those financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of operating revenues and expenses during the reporting periods. Actual results could differ from those estimates. For a description of all of our accounting policies, see Note 1 to our consolidated financial statements included in this Form 10-Q and Note 2 to our consolidated financial statements included in our 2003 Form 10-K. However, we believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

*Financial instruments.* Our financial instruments consist primarily of cash and cash equivalents, marketable securities, amounts due from brokers and securities sold and not purchased. The carrying value of cash equivalents approximates market value since these highly liquid, interest earning investments are invested in money market funds. Marketable securities consist of publicly traded equity securities classified as trading securities and are recorded at fair market value, i.e., closing prices quoted on established securities markets. Securities sold and not repurchased are also carried at the fair market value of the securities. Significant changes in the market value of securities that we invest in could have a material impact on our financial position and results of operations.

*Long-lived assets.* Long-lived assets, including fixed assets, goodwill and other intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable through estimated future cash flows from that asset. The estimate of cash flow is based upon, among other things, certain assumptions about expected future operating performance. Specifically, we own a broadband patent, included in intangible assets, which had a carrying value of \$1.2 million and \$1.0 million at December 31, 2003 and June 30, 2004, respectively, and currently do not generate any revenues or cash flows. However, as of December 31, 2003, we estimated that, based upon our review of recent transactions and other factors, the fair value of our remaining FCC license and certain patents that have no carrying value on our books would generate

sufficient cash to fully realize this asset as of December 31, 2003. This estimate evaluated the recovery of this broadband asset compared to the fair value of our remaining FCC license and certain patents as a group since it represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. These estimates may differ from actual results due to, among other things, technological changes, economic conditions, changes to our business model or changes in our operating performance.

Goodwill is reviewed for impairment at least annually. As of December 31, 2003, we reviewed the carrying value of goodwill in the amount of \$0.6 million at that time, and estimated based upon our review, taking into account such factors as projected operations and Company's redemption rights in connection with the investment, that there had been no impairment to this carrying value.

*Contingencies.* We account for contingencies in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies". SFAS No. 5 requires that we record an estimated loss when information available prior to issuance of our financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies such as environmental, legal and income tax matters requires us to use our judgment. While we believe that our accruals for these matters are adequate, if the actual loss is significantly different than the estimated loss, our results of operations will be affected in the period that the difference is known.

### **Six and Three Months Ended June 30, 2004 Compared to Six and Three Months Ended June 30, 2003**

Revenues decreased \$23,000 from \$374,000 for the six months ended June 30, 2003 to \$351,000 for the six months ended June 30, 2004 and decreased \$4,000 from \$204,000 for the three months ended June 30, 2003 to \$200,000 for the three months ended June 30, 2004. These decreases are primarily a result of unfavorable weather conditions, decreasing store traffic. The decrease for the six month periods is net of an increase in the amount of \$33,000 as a result of the opening of a second F&B Güttdfood store during the three and six months ended June 30, 2004.

Selling, general and administrative expenses increased \$87,000 from \$2,075,000 for the six months ended June 30, 2003 to \$2,162,000 for the six months ended June 30, 2004 and increased \$21,000 from \$1,149,000 for the three months ended June 30, 2003 to \$1,170,000 for the three months ended June 30, 2004. These increases are primarily a result of an increase in selling, general and administrative expenses of Zargis Medical. Zargis Medical is included in the consolidated financial statements of the Company since February 28, 2003, the date of acquisition of a majority interest. Selling, general and administrative expenses also increased by \$109,000 during the three months ended June 30, 2004 as a result of the opening of a second F&B Güttdfood store. The increases for these periods are net of decreases in compensation and employee related expenses as a result of staff reductions by Speedus.

During the six months ended June 30, 2004, the Company incurred \$2,929,000 in expenses in connection with a technology settlement in the amount of \$15,000,000. In connection with the settlement and as provided under the terms of his 2002 employment agreement, Shant S. Hovnanian, Chairman of the Board and Chief Executive Officer of the Company, received a contingent participation in the proceeds of the settlement in the amount of approximately \$2.8 million during the six months ended June 30, 2004.

Research and development expenses decreased \$19,000 from \$758,000 for the six months ended June 30, 2003 to \$739,000 for the six months ended June 30, 2004 and decreased \$55,000 from \$423,000 for the three months ended June 30, 2003 to \$368,000 for the three months ended June 30, 2004. These decreases are primarily a result of decreases in compensation and employee related expenses as a result of staff reductions by Speedus, net of increases in research and development expenses of Zargis Medical. Zargis Medical is included in the consolidated financial statements of the Company since February 28, 2003, the date of acquisition of a majority interest.

Depreciation and amortization increased \$116,000 from \$476,000 for the six months ended June 30, 2003 to \$592,000 for the six months ended June 30, 2004 and increased \$47,000 from \$260,000 for the three months ended June 30, 2003 to \$307,000 for the three months ended June 30, 2004. This increase is primarily a result of the amortization of medical technology during the three and six months ended June 30, 2004 resulting from the Zargis Medical acquisition.

During the three and six months ended June 30, 2004, the Company recorded a gain from technology settlement in the amount of \$15,000,000.

Investment loss decreased \$4,395,000 from a loss of \$4,498,000 for the six months ended June 30, 2003 to a loss of \$103,000 for the six months ended June 30, 2004 and decreased \$4,606,000 from a loss of \$4,451,000 for the three months ended June 30, 2003 to a gain of \$155,000 for the three months ended June 30, 2004. These changes are primarily a result of the recognition of realized and unrealized gains/(losses) during these periods. The Company records marketable securities and securities sold and not purchased at the fair market value of the securities. The amount of these realized and unrealized gains or losses will fluctuate based upon changes in the market value of the underlying investments and are not necessarily indicative of the results that may be expected for any future periods. Investment results during the three months ended June 30, 2004 were also impacted by a lower level of investment activity. Future levels of investment activities will be impacted by opportunities as they arise. Realized losses decreased \$1,032,000 from net losses of \$1,434,000 for the six months ended June 30, 2003 to net losses of \$402,000 for the six months ended

June 30, 2004. Unrealized losses decreased \$3,353,000 from net losses of \$3,163,000 for the six months ended June 30, 2003 to net gains of \$190,000 for the six months ended June 30, 2004.

Minority interest increased \$26,000 from \$306,000 for the six months ended June 30, 2003 to \$332,000 for the six months ended June 30, 2004 and decreased \$34,000 from \$225,000 for the three months ended June 30, 2003 to \$191,000 for the three months ended June 30, 2004. These amounts represent the interest of minority stockholders in the losses of F&B Güttdfood and Zargis Medical.

Equity in loss of associated company amounted to \$93,000 for the six months ended June 30, 2003. This amount reflects the Company's share in Zargis Medical's operations, accounted for under the equity method, through February 27, 2003. Zargis Medical is included in the consolidated financial statements of the Company since February 28, 2003, the date of acquisition of a majority interest. As a result, no amount was recorded for the three and six months ended June 30, 2004.

### **Liquidity and Capital Resources**

The Company has recorded operating losses and negative operating cash flows in each year of its operations since inception.

Net cash provided by operating activities was \$9.0 million for the six months ended June 30, 2004 compared to net cash used in operating activities of \$5.9 million for the six months ended June 30, 2003. This net increase in cash provided was primarily the result of a gain from technology settlement in the amount of \$15 million recognized during the six months ended June 30, 2004, reduced by \$2.9 million in technology settlement expenses. In February 2004, the Company's wholly-owned subsidiary, CellularVision Technology & Telecommunications, L.P., received \$15 million from a former international licensee in settlement of litigation that CT&T instituted in May 2001. In connection with the settlement and as provided under the terms of his 2002 employment agreement, Shant S. Hovnanian, Chairman of the Board and Chief Executive Officer of the Company, received a contingent participation in the proceeds of the settlement in the amount of approximately \$2.8 million during the six months ended June 30, 2004.

Net cash used in investing activities was \$1.1 million for the six months ended June 30, 2004 compared to net cash used in investing activities of \$12,000 for the six months ended June 30, 2003. This net increase in cash used in investing activities was the result of property and equipment additions aggregating \$0.5 million and a \$0.6 million investment made during the 2004 period. The investment consists of a convertible promissory note in a non-public drug delivery technology company and is recorded at cost. In connection with this investment, the Company also received warrants to purchase 300,000 shares of common stock at \$1 per share, subject to adjustment under certain circumstances. The Company expects that the promissory note will be converted into common shares of the debtor company, under a formula subject to certain terms and conditions.

Net cash used in financing activities was \$175,000 for the six months ended June 30, 2004 compared to net cash used in financing activities of \$586,000 for the six months ended June 30, 2003. This decrease in cash used in financing activities was primarily the result of decreased repurchases of treasury stock.

At June 30, 2004, the Company's future minimum lease payments due under noncancelable leases aggregated \$1,848,000. \$377,000, \$361,000, \$223,000, \$216,000 and \$222,000 of this amount is due during the twelve months ending June 30, 2005, 2006, 2007, 2008 and 2009, respectively, and the balance is payable thereafter.

The Company believes that it has sufficient liquidity to finance its current level of operations and expected capital requirements through the next twelve months. However, the Company does not expect to have earnings from operations until such time as it substantially increases its customer base and/or forms a strategic alliance for use of its capabilities in the future. We cannot predict when this will occur. We have no material non-cancelable commitments and the amount of future capital funding requirements will depend on a number of factors that we cannot quantify, including the success of our business, the extent to which we expand our high-speed Internet service if suitable equipment becomes available and the types of services we offer, as well as other factors that are not within our control, including competitive conditions, government regulatory developments and capital costs. The lack of additional capital in the future could have a material adverse effect on the Company's financial condition, operating results and prospects for growth.

We have invested a portion of our assets in a portfolio of marketable securities consisting of publicly traded equity securities. We purchase these securities in anticipation of increases in the fair market values of the securities. We have also sold publicly traded equity securities we do not own in anticipation of declines in the fair market values of these securities. When we sell securities that we do not own, we must borrow the securities we sold in order to deliver them and settle the trades. Thereafter, we must buy the securities and deliver them to the lender of the securities. Our potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company's financial instruments at June 30, 2004 consist primarily of cash and cash equivalents, which are subject to interest rate risk, and marketable securities and securities sold and not purchased, which are subject to equity price risk.

As part of our overall investment strategy, we invest in publicly traded equity securities. We purchase these securities in

anticipation of increases in the fair market values of the securities. We also sell publicly traded equity securities that we do not own in anticipation of declines in the fair market values of the securities. When we sell securities that we do not own, we must borrow the securities we sold in order to deliver them and settle the trades. Thereafter, we must buy the securities and deliver them to the lender of the securities. Our potential for loss on these transactions is unlimited since the value of the underlying security can keep increasing which could have a material adverse effect on the Company's consolidated financial statements.

The carrying value of cash equivalents approximates market value since these highly liquid, interest earning investments are invested in money market funds. The Company's investment in marketable securities consists of publicly traded equity securities classified as trading securities and are recorded at fair market value. Securities sold and not repurchased are carried at the fair market value of the securities.

#### **ITEM 4. CONTROLS AND PROCEDURES**

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report for the information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934, as amended, to be recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There has been no change in the Company's internal control over financial reporting during the fiscal quarter ended June 30, 2004 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company is subject to various claims and proceedings that occur in the ordinary course of business. The Company believes it has substantial defenses to a material portion of these claims and is prepared to pursue litigation if a reasonable and structured settlement cannot be reached with the parties. Based on information currently available, the Company believes it is remote that the ultimate resolution of these current claims or proceedings, either individually or in the aggregate, will have a material effect on its financial position, results of operations or cash flows.

### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Stock repurchase program:

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2004 - April 30, 2004	19,200	\$ 2.45	19,200	\$ 158,830
May 1 - May 31, 2004	74,500	2.09	74,500	3,171
June 30, 2004 - June 30, 2004	0	0	0	3,171
Total	93,700	\$ 2.16	93,700	\$ 3,171

(1) On November 21, 2000, the Company announced that its Board of Directors had approved a stock repurchase program for the repurchase of up to \$1,000,000 of Company stock through open market as well as privately negotiated transactions. Thereafter, the Board of Directors approved increases to the program in the aggregate amount of \$4,500,000.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits:

- Exhibit number 31.1 Certification of Chief Executive Officer Pursuant To Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of The Sarbanes-Oxley Act Of 2002.
- Exhibit number 31.2 Certification of Chief Financial Officer Pursuant To Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant To Section 302 of The Sarbanes-Oxley Act Of 2002.
- Exhibit number 32.1 Certification of Chief Executive Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002.
- Exhibit number 32.2 Certification of Chief Financial Officer Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002.

b. Current Reports on Form 8-K:

A Form 8-K was filed on May 18, 2004 reporting Item 7 and Item 12.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **SPEEDUS CORP.**

Date: August 16, 2004

By: /s/ Shant S. Hovnanian  
Shant S. Hovnanian  
Chairman of the Board, President and Chief Executive Officer

Date: August 16, 2004

By: /s/ Thomas M. Finn  
Thomas M. Finn  
Treasurer and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Shant S. Hovnanian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Speedus Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2004

By: /s/ Shant S. Hovnanian

Name: Shant S. Hovnanian

Title: Chairman of the Board, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Finn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Speedus Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2004

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial Officer

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

In connection with the Quarterly Report of Speedus Corp. (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shant S. Hovnanian, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 16, 2004

By: /s/ Shant S. Hovnanian

Name: Shant S. Hovnanian

Title: Chairman of the Board, President and Chief Executive Officer

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

In connection with the Quarterly Report of Speedus Corp. (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas M. Finn, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 16, 2004

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial Officer