

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 September 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 58th 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 November 10, 2004 was 16,218,725.

SPEEDUS CORP.
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SPEEDUS CORP.
CONSOLIDATED BALANCE SHEETS

	September 30, 2004	December 31, 2003
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,678,616	\$ 19,419,197
Marketable securities	78,400	2,086,638
Due from broker	---	3,131,835
Prepaid expenses and other	132,913	83,222
Accounts and other receivables	76,681	42,500
Total current assets	25,966,610	24,763,392
Property and equipment, net of accumulated depreciation of \$147,748 and \$2,003,862	606,560	419,868
Other intangible assets, net of accumulated amortization of \$1,613,528 and \$1,051,493	1,616,516	2,042,051
Goodwill	620,875	620,875
Other investments	1,236,920	---
Other assets	812,508	663,874
Total assets	\$ 30,859,989	\$ 28,510,060
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 221,848	\$ 151,258
Accrued liabilities	1,711,895	1,432,426
Securities sold and not purchased	---	5,406,135
Total current liabilities	1,933,743	6,989,819
Minority interest	190,655	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	90,539,800	90,442,120
Treasury stock (at cost; 5,368,949 and 5,257,649 shares)	(5,499,684)	(5,250,552)
Accumulated deficit	(56,520,402)	(64,417,543)
Stockholders' equity	28,735,591	20,989,186
Total liabilities and stockholders' equity	\$ 30,859,989	\$ 28,510,060

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues	\$ 308,600	\$ 174,033	\$ 659,843	\$ 548,107
Expenses:				
Selling, general and administrative	998,249	1,130,195	3,160,531	3,205,582
Technology settlement expenses	0	0	2,928,583	0
Research and development	378,143	479,207	1,117,137	1,236,874
Depreciation and amortization	278,833	273,196	871,079	748,809
Cost of sales	66,098	36,038	194,609	163,819
Total operating expenses	<u>1,721,323</u>	<u>1,918,636</u>	<u>8,271,939</u>	<u>5,355,084</u>
Operating loss	(1,412,723)	(1,744,603)	(7,612,096)	(4,806,977)
Gain from technology settlement	0	0	15,000,000	0
Investment income/(loss)	135,518	(432,452)	32,337	(4,930,633)
Minority interest	144,688	186,323	476,900	492,254
Equity in loss of associated company	<u>0</u>	<u>0</u>	<u>0</u>	<u>(92,996)</u>
Net earnings/(loss)	<u>\$ (1,132,517)</u>	<u>\$ (1,990,732)</u>	<u>\$ 7,897,141</u>	<u>\$ (9,338,352)</u>
Per share:				
Basic earnings/(loss) per common share	<u>\$ (0.07)</u>	<u>\$ (0.12)</u>	<u>\$ 0.49</u>	<u>\$ (0.56)</u>
Weighted average common shares outstanding - basic	<u>16,219,742</u>	<u>16,280,506</u>	<u>16,254,198</u>	<u>16,593,356</u>
Diluted earnings/(loss) per common share	<u>\$ (0.07)</u>	<u>\$ (0.12)</u>	<u>\$ 0.47</u>	<u>\$ (0.56)</u>
Weighted average common shares outstanding - diluted	<u>16,219,742</u>	<u>16,280,506</u>	<u>16,816,636</u>	<u>16,593,356</u>

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	<u>Nine months ended September 30,</u>	
	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net earnings/(loss)	\$ 7,897,141	\$ (9,338,352)
Adjustments to reconcile net earnings/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	871,079	748,809
Unrealized investment losses	11,767	933,632
Equity in loss of associated company	---	92,996
Minority interest	(476,900)	(492,254)
Stock based compensation	26,810	---
Changes in operating assets and liabilities:		
Marketable securities	1,996,471	872,764
Due from broker	3,131,835	3,615,807
Accounts and other receivables	(34,181)	(2,401)
Prepaid expenses and other	(49,691)	(36,830)
Other assets	(148,634)	(109,420)
Accounts payable	70,590	(213,733)
Accrued liabilities	(220,531)	(203,203)
Securities sold and not purchased	(5,406,135)	(4,967,257)
Other current liabilities	---	(62,336)
Net cash provided by/(used in) operating activities	<u>7,669,621</u>	<u>(9,161,778)</u>
Cash flows from investing activities:		
Property and equipment additions	(495,736)	(26,774)
Other investments	(736,920)	---
Loans and other receivables, net of repayments	---	2,500
Acquisition of business, net of cash acquired	---	18,798
Net cash used in investing activities	<u>(1,232,656)</u>	<u>(5,476)</u>
Cash flows from financing activities:		
Proceeds from exercise of options or warrants	71,586	87,500
Repurchase of stock	(249,132)	(875,862)
Net cash used in financing activities	<u>(177,546)</u>	<u>(788,362)</u>
Net increase/(decrease) in cash and cash equivalents	6,259,419	(9,955,616)
Cash and cash equivalents, beginning of period	<u>19,419,197</u>	<u>33,052,815</u>
Cash and cash equivalents, end of period	<u><u>\$ 25,678,616</u></u>	<u><u>\$ 23,097,199</u></u>
Supplemental information of business acquired:		
Fair value of assets acquired:		
Cash	\$ ---	\$ 18,798
Non current assets	---	34,283
Other intangible assets	136,500	1,023,544
Less-liabilities assumed:		
Current liabilities	---	(218,946)
Minority interest	(136,500)	(857,679)
Cash paid	---	---
less-cash acquired	---	(18,798)
Acquisition of business, net of cash acquired	<u><u>\$ ---</u></u>	<u><u>\$ 18,798</u></u>

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 nine months ended September 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 September 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 \$679,000 and \$2,040,000, unrealized gains/(losses) since acquisition were (\$601,000) and \$47,000 and the fair market value was \$78,000 and \$2,087,000, respectively. At September 30, 2004, based upon the fair market value of these securities, 100% was invested in technology companies.

Other investments

At September 30, 2004, other investments consisted of:

(a) a convertible promissory note in a subsidiary of a publicly held drug delivery technology company, recorded at cost in the amount of \$600,000. 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, and

(b) convertible term notes in a non-public coal mining company, recorded at cost in the amount of \$637,000, including an obligation to purchase \$500,000 in convertible term notes which has been accrued at September 30, 2004.

Securities Sold and 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 December 31, 2003, the aggregate proceeds from securities sold but not purchased were \$4,514,000, unrealized losses since acquisition were \$892,000 and the fair market value of the securities was \$5,406,000. At September 30, 2004, the Company held no investments in securities sold and not purchased.

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 December 31, 2003, restricted cash balances in the amount of \$3,132,000 were held by brokerage firms. At September 30, 2004, the Company had no amounts due from broker.

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 September 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 \$1,141,000 at September 30, 2004, is being amortized over a period of four years. Medical technology, in the aggregate amount of \$1,160,000 with accumulated amortization in the amount of \$472,000 at September 30, 2004, is being amortized over a period of three years.

For the three and nine months ended September 30, 2004, amortization expense relating to intangible assets was \$187,000 and \$562,000, respectively. For the three and nine months ended September 30, 2003, amortization expense relating to intangible assets was \$173,000 and \$433,000, respectively. The estimated amortization of intangible assets for the balance of fiscal 2004 and fiscal years 2005, 2006 and 2007, the expiration of the remaining useful life of the Company's intangible assets, is \$199,000, \$795,000, \$589,000 and \$34,000, 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 nine months ended September 30, 2004, the weighted average common shares for diluted earnings per share were determined by adding 562,438 weighted average shares for the assumed exercise of stock options and warrants, calculated using the treasury stock method, to the weighted average shares outstanding used for basic earnings per share for a total of 16,816,636 weighted average shares outstanding for diluted earnings per share. For the three and nine months ended September 30, 2004, outstanding stock options and warrants in the weighted average amounts of 1,837,215 and 836,385, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive. For the three and nine months ended September 30, 2003, outstanding stock options and warrants in the weighted average amounts of 2,171,030 and 2,035,998, 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 nine months ended September 30, 2004 and 2003 is summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	(unaudited)		(unaudited)	
	2004	2003	2004	2003
Net earnings/(loss) as reported	\$ (1,132,517)	\$ (1,990,732)	\$ 7,897,141	\$ (9,338,352)
After tax effect of pro forma compensation	(1,979)	(98,054)	(6,729)	(293,985)
Pro forma net earnings/(loss)	<u>\$ (1,134,496)</u>	<u>\$ (2,088,786)</u>	<u>\$ 7,890,412</u>	<u>\$ (9,632,337)</u>
Earnings/(loss) per share:				
Basic - as reported	\$ (0.07)	\$ (0.12)	\$ 0.49	\$ (0.56)
Basic - pro forma	<u>\$ (0.07)</u>	<u>\$ (0.13)</u>	<u>\$ 0.49</u>	<u>\$ (0.58)</u>
Diluted - as reported	\$ (0.07)	\$ (0.12)	\$ 0.47	\$ (0.56)
Diluted - pro forma	<u>\$ (0.07)</u>	<u>\$ (0.13)</u>	<u>\$ 0.47</u>	<u>\$ (0.58)</u>

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

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. On September 22, 2004, the Company increased its ownership in Zargis Medical to 72.7% with an additional investment of \$500,000.

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 \$3,750,000 aggregate purchase price was allocated as follows: \$3,769,000 to cash, \$34,000 to non current assets, \$1,160,000 to other intangible assets, \$(219,000) to current liabilities and \$(994,000) to minority interest. An aggregate of \$1,160,000 has been allocated as medical technology to an intangible asset and is being amortized over a period of three years.

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

Revenues		\$ 548,107
Operating loss		\$ (5,287,820)
Net loss		\$ (9,673,167)
Basic and diluted loss per share		\$ (0.58)

b. On May 6, 2002, the Company acquired a 51% interest in 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. On February 8, 2003, the Company reduced its cash investment in F&B Gütfood 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 and, under certain circumstances, could increase to 90%.

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 September 30, 2004 and through November 13, 2004, the Company has repurchased 5,368,949 shares of its Common Stock for an aggregate cost of \$5.5 million.

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 nine months ended September 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 nine months ended September 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.

	Three months ended September 30, 2004			
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 307,069	\$ 0	\$ 1,531	\$ 308,600
Depreciation and amortization	26,151	4,211	248,471	278,833
Operating loss	(135,092)	(404,039)	(873,592)	(1,412,723)
Investment income/(loss)	198	2,170	133,150	135,518
Goodwill and other intangible assets	620,875	687,788	928,728	2,237,391
Fixed assets	535,949	25,925	44,686	606,560
Total assets	665,059	522,331	29,672,599	30,859,989
	Three months ended September 30, 2003			
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 172,973	\$ 0	\$ 1,060	\$ 174,033
Depreciation and amortization	6,200	1,985	265,011	273,196
Operating loss	(147,894)	(610,246)	(986,463)	(1,744,603)
Investment income/(loss)	2,967	0	(435,419)	(432,452)
Goodwill and other intangible assets	890,356	899,877	1,341,496	3,131,729
Fixed assets	129,348	27,312	408,544	565,204
Total assets	1,213,641	1,790,370	32,229,536	35,233,547
	Nine months ended September 30, 2004			
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 656,641	\$ 0	\$ 3,202	\$ 659,843
Depreciation and amortization	61,950	11,529	797,600	871,079
Operating loss	(526,855)	(1,290,245)	(5,794,996)	(7,612,096)
Investment income/(loss)	2,191	6,368	23,778	32,337
	Nine months ended September 30, 2003			
	<u>F&B</u>	<u>Zargis</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 544,811	\$ 0	\$ 3,296	\$ 548,107
Depreciation and amortization	18,600	5,849	724,360	748,809
Operating loss	(382,834)	(1,143,977)	(3,280,166)	(4,806,977)
Investment income/(loss)	14,309	0	(4,944,942)	(4,930,633)

The Company has no foreign operations. During the three and nine months ended September 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.

7. Subsequent Event

In October 2004, the Company purchased convertible promissory notes in a non-public medical technology company for a cost of \$300,000. In connection with this investment, the Company also received warrants to purchase 150,000 shares of common stock at 80% of the per share sales price of equity securities sold in the next round of financing.

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. In September 2004, we increased our ownership in Zargis Medical to 72.7% by investing an additional \$500,000.

F&B Güttdfood. We own 80% of F&B Güttdfood, 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 Güttdfood 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 Güttdfood will begin selling F&B Güttdfood franchises through its wholly owned subsidiary, F&B Güttdfood Franchise Corp. We have also entered into a management services contract with F&B Güttdfood.

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 \$0.9 million at December 31, 2003 and September 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.

Nine and Three Months Ended September 30, 2004 Compared to Nine and Three Months Ended September 30, 2003

Revenues increased \$112,000 from \$548,000 for the nine months ended September 30, 2003 to \$660,000 for the nine months ended September 30, 2004 and increased \$135,000 from \$174,000 for the three months ended September 30, 2003 to \$309,000 for the three months ended September 30, 2004. These increases are primarily a result of the opening of a second F&B Güttdfood store during the second quarter of 2004. Revenues generated by the second store were \$155,000 and \$189,000 for the three and nine months ended September 30, 2004, respectively. These increases are net of decreases in revenues generated by the first store in the amounts of \$21,000 and \$77,000 for the three and nine months ended September 30, 2004, respectively, compared to the comparable 2003 periods as a result of unfavorable weather conditions, decreasing store traffic.

Selling, general and administrative expenses decreased \$45,000 from \$3,206,000 for the nine months ended September 30, 2003 to \$3,161,000 for the nine months ended September 30, 2004 and decreased \$132,000 from \$1,130,000 for the three months ended September 30, 2003 to \$998,000 for the three months ended September 30, 2004. These decreases are primarily a result of decreases in compensation and employee related expenses as a result of staff reductions by Speedus. These decreases are net of increases as a result of the opening of a second F&B Güttdfood store during the second quarter of 2004. The decrease for the nine months ended September 30, 2004 is also net of an increase as a result of Zargis Medical being included in the consolidated financial statements of the Company since February 28, 2003, the date of acquisition of a majority interest.

During the nine months ended September 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 nine months ended September 30, 2004.

Research and development expenses decreased \$120,000 from \$1,237,000 for the nine months ended September 30, 2003 to \$1,117,000 for the nine months ended September 30, 2004 and decreased \$101,000 from \$479,000 for the three months ended September 30, 2003 to \$378,000 for the three months ended September 30, 2004. These decreases are primarily a result of decreases in compensation and employee related expenses as a result of staff reductions by Speedus. The decrease for the nine months ended September 30, 2004 is net of an increase as a result of Zargis Medical being 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 \$122,000 from \$749,000 for the nine months ended September 30, 2003 to \$871,000 for the nine months ended September 30, 2004 and increased \$6,000 from \$273,000 for the three months ended September 30, 2003 to \$279,000 for the three months ended September 30, 2004. This increase is primarily a result of the amortization of medical technology during the three and nine months ended September 30, 2004 resulting from the investments in Zargis Medical.

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

Investment income/(loss) increased \$4,963,000 from a loss of \$4,931,000 for the nine months ended September 30, 2003 to a gain of \$32,000 for the nine months ended September 30, 2004 and increased \$568,000 from a loss of \$432,000 for the three months ended September 30, 2003 to a gain of \$136,000 for the three months ended September 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 and nine months ended September 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 \$3,858,000 from net losses of \$4,225,000 for the nine months ended September 30, 2003 to net losses of \$367,000 for the nine months ended September 30, 2004. Unrealized losses decreased \$1,050,000 from net losses of \$832,000 for the nine months ended September 30, 2003 to net gains of \$218,000 for the nine months ended September 30, 2004.

Minority interest decreased \$15,000 from \$492,000 for the nine months ended September 30, 2003 to \$477,000 for the nine months ended September 30, 2004 and decreased \$41,000 from \$186,000 for the three months ended September 30, 2003 to \$145,000 for the three months ended September 30, 2004. These amounts represent the interest of minority stockholders in the losses of F&B Gütfood and Zargis Medical.

Equity in loss of associated company amounted to \$93,000 for the nine months ended September 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 amounts were recorded for the three and nine months ended September 30, 2004 or for the three months ended September 30, 2003.

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 \$7.7 million for the nine months ended September 30, 2004 compared to net cash used in operating activities of \$9.2 million for the nine months ended September 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 nine months ended September 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 nine months ended September 30, 2004. This net increase in cash provided was also a result of a \$4.9 million decrease in investment loss from losses of \$4.9 million for the nine months ended September 30, 2003 to a gain of \$32,000 for the nine months ended September 30, 2004.

Net cash used in investing activities was \$1.2 million for the nine months ended September 30, 2004 compared to net cash used in investing activities of \$5,000 for the nine months ended September 30, 2003. This net increase in cash used in investing activities was the result of property and equipment additions aggregating \$0.5 million and other investments aggregating \$0.7 million investment made during the 2004 period. These investments consist of: (a) a convertible promissory note in a subsidiary of a publicly held drug delivery technology company, recorded at cost in the amount of \$600,000. 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, and (b) convertible term notes in a non-public coal mining company, recorded at cost in the amount of \$637,000, including an obligation to purchase \$500,000 in convertible term notes which has been accrued at September 30, 2004. Net cash used in financing activities was \$0.2 million for the nine months ended September 30, 2004 compared to net cash used in financing activities of \$0.8 million for the nine months ended September 30, 2003. This decrease in cash used in financing activities was primarily the result of decreased repurchases of treasury stock.

At September 30, 2004, the Company's future minimum lease payments due under noncancelable leases aggregated \$1,966,000. \$89,000 of this amount is due during the remainder of 2004; \$349,000, \$304,000, \$215,000, \$221,000 and \$227,000 of this amount is due during the twelve months ending December 31, 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. At September 30, 2004, the Company held no investments in securities sold and not purchased.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments at September 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 September 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. UNREGISTERED SALES OF EQUITY 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)
July 1, 2004 - July 31, 2004	0	\$ 0.00	0	\$ 3,171
August 1 - August 31, 2004	1,600	1.78	1,600	316
September 1, 2004 - September 30, 2004	0	0.00	0	316
Total	1,600	\$ 1.78	1,600	\$ 316

(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

- | | |
|---------------------|--|
| 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. |

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: November 15, 2004

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

Date: November 15, 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: November 15, 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: November 15, 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 September 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: November 15, 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 September 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: November 15, 2004

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial Officer