

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, 2008

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.)

1 Dag Hammarskjold Blvd.
Freehold, New Jersey

07728

(Address of principal executive offices)

(Zip Code)

888-773-3669

(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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares of Common Stock outstanding as of November 10, 2008 was 3,935,596.

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SPEEDUS CORP.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	<u>September 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,141,134	\$ 8,845,358
United States Treasury bills	---	2,996,700
Due from broker	880,000	---
Marketable securities	12,186	92,190
Accounts receivable and other	94,704	79,623
Assets held for sale	---	342,000
Total current assets	<u>8,128,024</u>	<u>12,355,871</u>
Property and equipment, net of accumulated depreciation of \$129,464 and \$112,353	68,872	50,569
Other investments	800,000	800,000
Other intangible assets, net of accumulated amortization of \$41,460 in 2008	538,940	---
Other assets	<u>71,504</u>	<u>83,127</u>
Total assets	<u>\$ 9,607,340</u>	<u>\$ 13,289,567</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 154,701	\$ 46,413
Accrued liabilities	1,151,504	1,390,803
Securities sold and not yet purchased	1,020,000	---
Current portion of redeemable preferred stock	<u>371,016</u>	<u>---</u>
Total current liabilities	<u>2,697,221</u>	<u>1,437,216</u>
Redeemable preferred stock (\$.0001 par value; 100,000 shares authorized; 70,940 shares issued and outstanding), net of current portion	<u>371,016</u>	<u>---</u>
Total liabilities	<u>3,068,237</u>	<u>1,437,216</u>
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock (\$.01 par value; 20,000,000 shares authorized):		
Series A Junior Participating (\$.01 par value; 4,000 shares authorized; no shares issued)	---	---
Common stock (\$.01 par value; 50,000,000 shares authorized; 5,438,006 shares issued)	54,380	54,380
Additional paid-in-capital	92,057,717	91,797,457
Treasury stock (at cost; 1,462,001 and 1,445,634 shares)	(6,102,424)	(6,085,078)
Accumulated deficit	<u>(79,470,570)</u>	<u>(73,914,408)</u>
Stockholders' equity	<u>6,539,103</u>	<u>11,852,351</u>
Total liabilities and stockholders' equity	<u>\$ 9,607,340</u>	<u>\$ 13,289,567</u>

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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues	\$ 118,445	\$ 191,473	\$ 495,892	\$ 577,928
Expenses:				
Selling, general and administrative	1,592,418	885,302	3,885,848	2,806,000
Research and development	543,792	524,296	1,644,222	1,258,557
Depreciation and amortization	30,540	51,340	354,219	156,433
Cost of sales	54,605	89,912	136,261	231,614
Total operating expenses	<u>2,221,355</u>	<u>1,550,850</u>	<u>6,020,550</u>	<u>4,452,604</u>
Operating loss	(2,102,910)	(1,359,377)	(5,524,658)	(3,874,676)
Investment income/(loss)	(149,547)	152,674	1,128	862,839
Interest expense	<u>(14,132)</u>	---	<u>(32,632)</u>	---
Net loss	<u>\$ (2,266,589)</u>	<u>\$ (1,206,703)</u>	<u>\$ (5,556,162)</u>	<u>\$ (3,011,837)</u>
Per share:				
Loss per common share - basic and diluted	<u>\$ (0.57)</u>	<u>\$ (0.30)</u>	<u>\$ (1.39)</u>	<u>\$ (0.75)</u>
Weighted average common shares outstanding - basic and diluted	<u>3,982,353</u>	<u>3,991,910</u>	<u>3,987,682</u>	<u>3,992,090</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>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Net loss	\$ (5,556,162)	\$ (3,011,837)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	354,219	156,433
Unrealized investment (gains)/losses	319,747	(347,315)
Stock based compensation	185,260	105,646
Accrued dividends on preferred stock	32,632	---
Changes in operating assets and liabilities, net of acquisition:		
Marketable securities	896	(1,438,222)
Due from broker	(880,000)	---
Accounts receivable and other	179,919	20,443
Other assets	67,623	(1,390)
Accounts payable	108,288	(1,614)
Accrued liabilities	(239,299)	185,704
Securities sold and not yet purchased	779,361	---
Net cash used in operating activities	<u>(4,647,516)</u>	<u>(4,332,152)</u>
Cash flows from investing activities:		
Property and equipment additions	(11,062)	(33,679)
United States Treasury bills:		
Purchases	---	(18,984,940)
Maturities	2,996,700	18,000,000
Net cash provided by/(used in) investing activities	<u>2,985,638</u>	<u>(1,018,619)</u>
Cash flows from financing activities:		
Capital contribution in subsidiary by minority investor	75,000	---
Redemption of preferred stock	(100,000)	---
Repurchase of stock	(17,346)	(1,718)
Net cash used in financing activities	<u>(42,346)</u>	<u>(1,718)</u>
Net decrease in cash and cash equivalents	(1,704,224)	(5,352,489)
Cash and cash equivalents, beginning of period	8,845,358	10,204,167
Cash and cash equivalents, end of period	<u>\$ 7,141,134</u>	<u>\$ 4,851,678</u>
Supplemental information of business acquired:		
Fair value of assets acquired:		
Other current assets	\$ 195,000	
Non current assets	34,000	
Other intangible assets	580,400	
Less-liabilities assumed:		
Non current liabilities	(809,400)	
Cash paid	---	
less-cash acquired	---	
Acquisition of business, net of cash acquired	<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 adjustments) 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 2007 audited consolidated financial statements and notes thereto on Form 10-K.

Operating results for the three or nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

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 advanced diagnostic decision support products and services for primary care physicians, pediatricians, cardiologists and other healthcare professionals. Zargis Acoustic Cardioscan® (Cardioscan®), Zargis' core product, is the first and only FDA-authorized computer-assisted medical device designed to support physicians in analyzing heart sounds for the identification of suspected systolic and diastolic murmurs—which are a potential sign of heart disease. We own a 75% equity interest in Density Dynamics Corporation, a newly formed company that was created to acquire the technology, assets and some of the operations of a developer and marketer of ultra-high speed storage systems for server networks and other applications. We own 90% of F&B Güttdfood Holding Corp., the creator and operator of the original Eurocentric “chic and quick” café, which is operating one store in Manhattan. As a result of continued losses, in October 2008 we transferred the operations and right to use the assets of its remaining F&B Restaurant store to an unrelated third party for no consideration. In 2005, under our Internet initiatives, we conceived Wibiki from which evolved iMarklet which was launched in June 2008 as a social bookmarking site optimized for wireless smartphones. A user opt-in advertising platform called Adchooser is currently the core of a new site for consumers which is in development. 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. For additional information on each of our business segments, see “Note 4, Business Segment Information.”

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. Through the nine months ended September 30, 2008, F&B Güttdfood, Zargis Medical and Density Dynamics generated losses which reduced the minority interest balance to zero. As a result, the Company is consolidating 100% of the losses for these entities and continues to fund their operations with intercompany loans or additional investment, which are eliminated in consolidation.

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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of operating revenues and expenses during the reporting periods. Significant estimates and assumptions include the adequacy of the calculations related to stock based compensation, other than temporary impairment of investments and the realizable value of assets held for sale. Actual results could differ from those estimates.

Liquidity

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 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.

Cash and Cash Equivalents

The Company considers all highly liquid interest earning investments with original maturities of three months or less to be cash equivalents. At September 30, 2008 and December 31, 2007, cash equivalents consisted of money market funds.

United States Treasury bills

United States Treasury bills are classified as held-to-maturity securities and are carried at amortized cost.

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, 2008 and December 31, 2007, marketable securities consisted of publicly traded equity securities which were recorded at fair market value. Their original cost was \$489,000 and \$489,000, unrealized losses since acquisition were \$477,000 and \$397,000 and the carrying value was \$12,000 and \$92,000, respectively. At September 30, 2008, based upon the fair market value of these securities, 100% was invested in technology companies.

Other Investments

The Company has invested in equity and debt instruments of non-publicly held companies and accounts for them under the cost method since the Company does not have the ability to exercise significant influence over operations. The Company monitors these investments for other than temporary impairment by considering current factors including economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, and records reductions in carrying values when necessary. The Company does not believe there has been any impairment of other investments at September 30, 2008.

Other investments consist of:

	<u>September 30,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
(a) 791,667 shares of preferred stock of a non-publicly held cardiovascular technology company, recorded at cost in the amount of \$300,000. In connection with this investment, the Company also received warrants to purchase 375,000 shares of common stock at \$.40 per share. This investment was acquired in 2004.	\$ 300,000	\$ 300,000
(b) an investment in an entity specifically formed to invest in convertible preferred stock in a non-publicly held online and directory assistance company, recorded at cost in the amount of \$250,000. The preferred stock is convertible into shares of common stock at a conversion price equal to 50% of the price of the common stock in an initial public offering. This investment was acquired in 2005.	250,000	250,000
(c) an investment in an entity specifically formed to invest in a senior third-party note of a non-publicly held online and directory assistance company, recorded at cost in the amount of \$250,000. The note is convertible into shares of common stock at a conversion price equal to the price of the common stock in an initial public offering. This investment was acquired in 2005.	250,000	250,000
	<u>\$ 800,000</u>	<u>\$ 800,000</u>

Securities Sold But Not Yet 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 yet purchased' represent the value of these securities at fair market value. At September 30, 2008, the Company had sold securities it had not yet purchased. The aggregate proceeds were \$779,000, unrealized losses since acquisition were \$241,000 and the market value of the securities was \$1,020,000. At September 30, 2008, based upon the fair market value of these securities, 100% was invested in financial services companies. At December 31, 2007, there were no securities sold and not yet 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 September 30, 2008, restricted cash balances in the amounts of \$880,000 were held by brokerage firms. At December 31, 2007, there were no restricted cash balances.

Concentrations of Credit Risk

Financial instruments that potentially could subject the Company to concentrations of credit risk consist largely of cash equivalents, due from broker 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 has also sold 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.

Property and Equipment

Office equipment and leasehold improvements are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from three to seven years, but not longer than initial lease terms in the case of leasehold improvements.

When assets are fully depreciated, it is the Company's policy to remove the costs and related accumulated depreciation from its books and records.

Long-lived Assets

The Company periodically evaluates the net realizable value of long-lived assets, including fixed and intangible assets, in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived 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. 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.

During December 2007, the Company closed one of its F&B Restaurant stores as a result of continued losses. At December 31, 2007, based upon an offer to purchase the leasehold estate, the Company recorded a loss in the amount of \$71,000 representing the difference between the carrying value of the leasehold estate and the estimated net proceeds to be received by the Company in the amount of \$342,000 which has been recorded as assets held for sale. In April 2008, the landlord did not agree to the proposed sale and terminated the lease effective May 2008. As a result, the Company recorded an additional loss in the amount of \$342,000 during the three and nine months ended March 31 and September 30, 2008, respectively. As a result of continued losses, in October 2008 the Company transferred the operations and right to use the assets of its remaining F&B Restaurant store to an unrelated third party for no consideration. The Company does not expect to incur any material loss on the transaction during the quarter and year ended December 31, 2008.

Revenue Recognition

Revenues from F&B Güttdfood's operations are recorded when cash is received. Zargis Medical recognizes revenue upon completion of services performed under contracts, in accordance with the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 104, "Revenue Recognition".

Research and Development

Research and development costs are expensed as incurred.

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".

Outstanding stock options in the aggregate weighted average amount of 551,000 for both the three and nine months ended September 30, 2008 and 541,000 and 544,000 for the three and nine months ended September 30, 2007, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive.

Stock Options

Effective January 1, 2006, the Company adopted FASB 123R, "Share-Based Payment", using the modified prospective application method. Under this method, for all unvested awards as of January 1, 2006, the Company records compensation cost based upon the fair value of those awards on the grant date over the remaining service period of each award on a straight line basis. For awards granted after January 1, 2006, the Company records compensation cost based upon the fair value of those awards on the grant date over the service period of each award on a straight line basis. Stock based compensation expense was \$48,000 and \$50,000 for the three months ended September 30, 2008 and 2007, respectively, and \$185,000 and \$106,000 for the nine months ended September 30, 2008 and 2007, respectively.

The fair value of the awards on the grant date was estimated using a Black-Scholes option pricing model. Assumptions utilized in the model for both Speedus and Zargis are evaluated and revised, as necessary, to reflect market conditions and experience. Key assumptions used in valuing these options were:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Risk-free interest rates	3 - 4%	5%	3 - 4%	5%
Expected lives	6 years	6 years	6 years	6 years
Expected forfeiture rates	11 - 30%	11 - 30%	11 - 30%	11 - 30%
Expected volatility	112%	145%	106 - 112%	145%
Expected dividend yield rates	0%	0%	0%	0%

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued FASB 157, "Fair Value Measurements". FASB 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FASB 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, the FASB adopted FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," to allow a one-year deferral of adoption of FASB 157 for nonfinancial assets and nonfinancial liabilities that are recognized at fair value on a nonrecurring basis. In October 2008, the FASB adopted FASB Staff Position FAS 157-3, "Determining the Fair value of a Financial Asset When the Market For That Asset Is Not Active," to clarify the application of FASB 157 in a market that is not active. The Company is currently evaluating the impact that the adoption of FASB 157 will have on its results of operations or financial position.

In February 2007, the Financial Accounting Standards Board issued FASB No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115," which permits companies to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option). Adoption of FASB 159 is optional. The Company has not elected to adopt the fair value option of FASB 159.

In December 2007, the Financial Accounting Standards Board issued FASB No. 141R, "Business Combinations". FASB 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. FASB 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FASB 141R will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The impact that adoption of FASB No. 141R will have on the Company's consolidated financial statements will depend on the nature, terms and size of business combinations that occur after the effective date.

In December 2007, the Financial Accounting Standards Board issued FASB No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51". FASB 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FASB 160 will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The Company is currently evaluating the impact that the adoption of FASB No. 160 will have on its consolidated financial condition or results of operations.

2. Acquisition

On March 5, 2008, the Company acquired a 75% interest in Density Dynamics Corporation, a newly formed company that was created to acquire the technology, assets and some of the operations of a developer and marketer of ultra-high speed storage systems for server networks and other applications. The acquisition price was \$1,000,000. In exchange, the Company received \$1,000,000 of redeemable preferred stock from DDC, which has been eliminated in consolidation.

This acquisition was accounted for using the purchase method of accounting. The results of operations of DDC have been included in the consolidated statements of operations from the date of acquisition. The acquisition has been preliminarily allocated as follows pending management's final valuation of the fair value of the net assets acquired as of the acquisition date: \$195,000 to

current assets, \$34,000 to non current assets, \$580,000 to other intangible assets and \$(809,000) to liabilities. The \$580,000 allocated as an intangible asset (reflecting intellectual property assets of DDC) is being amortized over a period of seven years.

In connection with the acquisition, DDC issued \$809,400 of redeemable preferred stock to the 25% owner, \$100,000 of which was redeemed at the time of closing. The redeemable preferred stock accrues dividends equal to 8% of the original purchase price of \$10 per share (the "Original Purchase Price"). The redeemable preferred stock will be redeemed for the Original Purchase Price plus accrued and unpaid dividends as follows: \$70,000 during the year ended December 31, 2009, \$50,000 out of a future financing by the Company, 50% out of the cash flow of DDC as defined, and to the extent that any redeemable preferred shares remain outstanding, the balance will be redeemed in 2013. The Company has reflected this redeemable preferred stock as a liability on its September 30, 2008 consolidated balance sheet. For the three and nine months ended September 30, 2008, accrued dividends on the redeemable preferred stock in the amounts of \$14,000 and \$33,000, respectively, have been recorded as interest expense.

In July 2008, DDC sold 300,000 shares of its common stock for a price of \$1 per share. 225,000 shares were sold to Speedus and 75,000 shares were sold to the minority owner of DDC. The investment by Speedus has been eliminated in consolidation. The investment by the minority owner has been reflected in additional paid-in-capital during the three and nine months ended September 30, 2008. In connection with this sale of stock, DDC issued seven year warrants to purchase 56,250 and 18,750 shares of DDC common stock to Speedus and the minority owner, respectively, for a purchase price of \$1 per share.

3. Stockholders' Equity

Zargis Medical

In October 2007, Zargis and the 3M Company entered into an exclusive multi-year marketing alliance involving Zargis' heart sound analysis software and 3M Littmann's next-generation electronic stethoscope. Under the agreement, Zargis will support 3M in its efforts to develop a next-generation stethoscope that will be compatible with Zargis' heart sound analysis software. In addition, the alliance provides Zargis with a wide-range of marketing and promotional opportunities along with exclusive rights to sell its heart sound analysis software through the global distribution network of the Littmann brand. The agreement grants 3M a 10% minority equity position in Zargis, 5% following the first sale of Zargis' software through the 3M distribution channel and 5% in the event the agreement is renewed after an initial two year term and certain other conditions are met, and a seat on Zargis' board of directors.

Under the provisions of Emerging Issues Task Force No. 96-18, "Accounting for equity instruments that are issued to other than employees for acquiring or in conjunction with selling, goods and services", the fair value of the equity interests will be recognized as an expense over a period of time when the requisite conditions are met.

One-for-four Reverse Stock Split

At its annual meeting of stockholders held on November 20, 2007, the Company received stockholder approval of a proposal authorizing the Company's Board of Directors, in its discretion, to implement a reverse split of the Company's issued and outstanding shares, as well as treasury shares, at a ratio not to exceed one-for-six. Thereafter, the Board of Directors approved the one-for-four ratio. The one-for-four reverse split took effect with the open of trading on December 3, 2007. The exercise price and the number of shares of common stock issuable under the Company's outstanding stock options have been proportionately adjusted to reflect the reverse stock split.

The Company has retroactively adjusted all share and per share information to reflect the reverse stock split in the consolidated financial statements and notes thereto, as well as throughout the rest of this Form 10-Q, for all periods presented.

4. 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, 2008 and 2007. See Note 1 for a discussion of our segments.

	Three months ended September 30, 2008					
	<u>F&B</u>	<u>Zargis</u>	<u>Internet initiatives</u>	<u>DDC</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 113,710	\$ 4,735	\$ ---	\$ ---	\$ ---	\$ 118,445
Depreciation and amortization	4,274	2,967	---	23,299	---	30,540
Operating loss	(5,174)	(675,414)	(96,025)	(849,122)	(477,175)	(2,102,910)
Investment income/(loss)	---	---	---	1,005	(150,552)	(149,547)
Interest expense	---	---	---	60,132	(46,000)	14,132
Other intangible assets	---	---	---	538,940	---	538,940
Fixed assets, net	15,892	15,626	---	37,354	---	68,872
Total assets	111,505	156,502	---	753,143	8,586,190	9,607,340

	Three months ended September 30, 2007					
	<u>F&B</u>	<u>Zargis</u>	<u>Internet initiatives</u>	<u>DDC</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 191,473	\$ ---	\$ ---	\$ ---	\$ ---	\$ 191,473
Depreciation and amortization	32,186	2,803	---	---	16,351	51,340
Operating loss	(185,099)	(515,117)	(215,601)	---	(443,560)	(1,359,377)
Investment income	435	---	---	---	152,239	152,674
Interest expense	---	---	---	---	---	---
Other intangible assets	---	---	---	---	---	---
Fixed assets, net	414,943	22,584	---	---	1,663	439,190
Total assets	597,376	62,376	---	---	13,752,192	14,411,944

	Nine months ended September 30, 2008					
	<u>F&B</u>	<u>Zargis</u>	<u>Internet initiatives</u>	<u>DDC</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 366,812	\$ 129,080	\$ ---	\$ ---	\$ ---	\$ 495,892
Depreciation and amortization	298,823	9,478	---	45,918	---	354,219
Operating loss	(465,901)	(1,730,364)	(384,726)	(1,427,310)	(1,516,357)	(5,524,658)
Investment income/(loss)	---	---	---	2,857	(1,729)	1,128
Interest expense	---	---	---	78,632	(46,000)	32,632

	Nine months ended September 30, 2007					
	<u>F&B</u>	<u>Zargis</u>	<u>Internet initiatives</u>	<u>DDC</u>	<u>Corporate and other</u>	<u>Totals</u>
Revenues from external customers	\$ 566,928	\$ 11,000	\$ ---	\$ ---	\$ ---	\$ 577,928
Depreciation and amortization	99,026	8,329	---	---	49,078	156,433
Operating loss	(583,219)	(1,390,537)	(376,790)	---	(1,524,130)	(3,874,676)
Investment income	1,330	---	---	---	861,509	862,839
Interest expense	---	---	---	---	---	---

The Company has no foreign operations. During the three and nine months ended September 30, 2008, Zargis recognized revenues in the amounts of \$4,735 and \$129,080, respectively, in connection with the completion of contracts to the United States Army. The Company's accounting policies for segments are the same as those described in Note 1. The information under 'Corporate and other' reflects activity of the parent company as well as intercompany eliminations made in consolidation,

DDC was acquired in March 2008 and had no operations during the three and nine months ended September 30, 2007.

5. Subsequent Events

(a) In October 2008, DDC sold \$500,000 in 8% convertible notes. \$250,000 of the convertible notes shares were sold to each of Speedus and the minority owner of DDC. The notes are due December 31, 2009 unless otherwise converted in connection with any financings completed by DDC.

(b) As a result of continued losses, in October 2008 the Company transferred the operations and right to use the assets of its remaining F&B Restaurant store to an unrelated third party for no consideration. The Company does not expect to incur any material loss on the transaction during the quarter and year ended December 31, 2008.

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, 2007.

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 advanced diagnostic decision support products and services for primary care physicians, pediatricians, cardiologists and other healthcare professionals. Zargis Acoustic Cardioscan® (Cardioscan®), Zargis' core product, is the first and only FDA-authorized computer-assisted medical device designed to support physicians in analyzing heart sounds for the identification of suspected systolic and diastolic murmurs—which are a potential sign of heart disease. We own a 75% equity interest in Density Dynamics Corporation, a newly formed company that was created to acquire the technology, assets and some of the operations of a developer and marketer of ultra-high speed storage systems for server networks and other applications. We own 90% of F&B Güttdfood Holding Corp., the creator and operator of the original Eurocentric "chic and quick" café, which is operating one store in Manhattan. As a result of continued losses, in October 2008 we transferred the operations and right to use the assets of its remaining F&B Restaurant store to an unrelated third party for no consideration. In 2005, under our Internet initiatives, we conceived Wibiki from which evolved iMarklet which was launched in June 2008 as a social bookmarking site optimized for wireless smartphones. A user opt-in advertising platform called Adchooser is currently the core of a new site for consumers which is in development. We own a portfolio of patents that allow for high-speed wireless communications. We have an FCC license for 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. For additional information on each of our business segments, see the discussions below and "Notes to Consolidated Financial Statements — Note 4, Business Segment Information."

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, 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, Cardioscan, received its initial FDA authorization in May 2004 and additional authorizations in September 2005 and March 2006. Cardioscan is currently being tested by a small group of physicians during general medical examinations and physicals to help detect and analyze suspected heart murmurs which could be a sign of valvular and congenital heart disease. 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.

Major next steps remaining for Zargis include continuing market trials and clinical trials for new applications of the Zargis technology and the formation of strategic partnerships designed to support product commercialization.

In February 2003, we acquired a controlling interest in Zargis Medical. At September 30, 2008, as a result of continued investment, our ownership interest was approximately 82%.

In October 2007, Zargis and the 3M Company entered into an exclusive multi-year marketing alliance involving Zargis' heart sound analysis software and 3M Littmann's next-generation electronic stethoscope. Under the agreement, Zargis will support 3M in its efforts to develop a next-generation stethoscope that will be compatible with Zargis' heart sound analysis software. In addition, the alliance provides Zargis with a wide-range of marketing and promotional opportunities along with exclusive rights to sell its heart sound analysis software through the global distribution network of the Littmann brand. The agreement grants 3M a 10% minority equity position in Zargis, 5% following the first sale of Zargis' software through the 3M distribution channel and 5% in the event the agreement is renewed after an initial two year term and certain other conditions are met, and a seat on Zargis' board of directors.

DDC. In March 2008, we invested \$1,000,000 and obtained a 75% equity interest in Density Dynamics Corporation. DDC is a newly formed company that was created to acquire the technology, assets and some of the operations of a developer and marketer of ultra-high speed storage systems for server networks and other applications.

F&B Gdtfood. We own 90% of F&B Gdtfood, the creator and operator of the original Eurocentric "chic and quick" caf, which is operating one store in Manhattan. The acquisition price was \$3,500,000 in May 2002. In February 2003, we reduced our cash investment in F&B Gdtfood 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. As a result of certain milestones not having been met, in 2005 our interest increased to 90%. As a result of continued losses, in October 2008 we transferred the operations and right to use the assets of its remaining F&B Restaurant store to an unrelated third party for no consideration.

Broadband Patents. We have accumulated a portfolio of patents that teach and cover the improvement of high-speed wireless communication systems to allow greater information content, reliability, clarity, more efficient use of licensed spectrum as compared to prior systems and other advances. We have 6 domestic patents, 5 of which have expiration dates ranging through 2017 and 1 of which has expired, with approximately 46 international counterparts in 28 countries. We also have 4 domestic patents pending and 14 patents pending in an additional 3 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 there is value in our patented technologies, it is a lengthy and expensive process to investigate and 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. We have licensed technology in the past, both domestically and internationally, but are not currently receiving any license fees.

On June 2, 2006, we filed two separate complaints against Alltel Corporation in United States District Court in the Southern District of Florida, in which we assert that Alltel is infringing two patents. In an amended complaint, we asserted claims for infringement against Alltel Communications, Inc. and Alltel Wireless Holdings, Inc., in addition to Alltel Corporation. In April 2007, the case was transferred to United States District Court for the Eastern District of Arkansas. In November 2007, one of the complaints was dismissed with prejudice. A separate lawsuit was commenced in October 2006 against All Wireless, LLC, a Florida company, in United States District Court in the Middle District of Florida, alleging infringement. In August 2008, we reached a mutual agreement with all parties leading to the dismissal of all complaints in these matters. No financial consideration was paid or received by any of the parties.

Internet initiatives. During 2005, our Internet technology initiative, Wibiki, was conceived to leverage existing Wi-Fi infrastructures to reduce cost and complexity. It resulted in our development of an opt-in advertising platform we call Adchooser. Wibiki's foundation also allowed us to develop iMarklet which was launched in June 2008 as a social bookmarking site enabling members, including iPhone and iTouch users, to share web content with their friends. We continue to evolve the Adchooser platform beyond its original wireless focus and are working to launch a consumer site and service for members to make better use of their adspace and to share content with their fellow members. Adchooser is versatile, can scale to a large user base and is the underpinning for the NetfreeUS proposed service described below.

NetfreeUs. In March 2007, NetfreeUs, a new wholly-owned subsidiary, asked the FCC for authority to manage a new nationwide Wireless Public Broadband (WPB) network in the 2155-2175 MHz frequency band. NetfreeUS' Wireless Public Broadband ("WPB") service will never charge monthly fees. NetfreeUS will coordinate third-party lessees who would own and operate wireless access points ("WAPs") with no lessee authorized to operate more than 50 WAPs. WPB will promote localism and the provision of advertising and public service messages targeted to local interests and communities, as well as local business and economic development, through ubiquitous coverage provided by small-footprint networks. On August 31, 2007, the FCC issued an Order that dismissed without prejudice the application filed by NetfreeUS and other applicants to provide wireless service. NetfreeUS has filed a Petition for Partial Reconsideration with the FCC requesting a grant of its application and petition for forbearance and has also filed a Notice to Intervene in an action filed by another applicant in the United States Court of Appeals for the District of Columbia. The latter filing was granted and we are now a party to this proceeding.

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. 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.

The license has been renewed through February 1, 2016 conditioned upon demonstrating to the FCC by June 1, 2012 that we are providing “substantial service.” On March 7, 2007, we filed a notification that we are providing “substantial service” in accordance with FCC standards. On March 27, 2007, out of an abundance of caution, we requested a contingent waiver and an extension of time until March 27, 2010 to demonstrate “substantial service,” to the extent our earlier demonstration is not deemed compliant with FCC standards. On July 31, 2007, we were informed by the FCC that we had not demonstrated that we were providing “substantial service” on the required date and were granted a waiver to extend the construction and substantial service deadline under the Company’s FCC license renewal to October 6, 2008. In January 2008, we filed a waiver request with the FCC for a limited extension of the deadline for “substantial service” consistent with that filed by the LMDS Coalition, a consortium of license holders and equipment vendors. In April 2008, we were granted a waiver to extend the construction and substantial service deadline under the Company’s FCC license renewal to June 1, 2012.

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 invested a portion of our assets in equity and debt instruments of non-publicly held companies. 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 2007 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 equivalents, due from broker, marketable securities and securities sold and not purchased. The carrying value of cash equivalents and due from broker 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.

We have also invested in equity and debt instruments of non-publicly held companies and account for them under the cost method since we do not have the ability to exercise significant influence over operations. We monitor these investments for other than temporary impairment by considering current factors including economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, and record reductions in carrying values when necessary.

Long-lived assets. Long-lived assets, including fixed assets 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.

Share-Based Payments. Effective January 1, 2006, we adopted FASB 123R, “Share-Based Payment”, using the modified prospective application method. Under this method, for all unvested awards as of January 1, 2006, we record compensation cost based upon the fair value of those awards on the grant date over the remaining service period of each award on a straight line basis. For awards granted after January 1, 2006, we record compensation cost based upon the fair value of those awards on the grant date over the service period of each award on a straight line basis.

We estimate the value of these awards on the date of grant using a Black-Scholes option pricing model. The determination of the fair value of these awards on the date of grant is affected by our stock price as well as assumptions regarding a number of complex

and subjective variables. These variables include our expected stock price volatility over the term of the awards, expected term, risk-free interest rate, expected dividends and expected forfeiture rates.

If factors change and we employ different assumptions in the application of FASB 123R in future periods, the compensation expense that we record under FASB 123R may differ significantly from what we have recorded in the current period. There is a high degree of subjectivity involved when using option pricing models to estimate share-based compensation under FASB 123R. Consequently, there is a risk that our estimates of the fair values of these awards on the grant dates may bear little resemblance to the actual values realized upon the exercise, expiration, early termination or forfeiture of those share-based payments in the future. Employee stock options may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our consolidated financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair values originally estimated on the grant date and reported in our consolidated financial statements. During the three and nine months ended September 30, 2008, we do not believe that reasonable changes in the projections would have had a material effect on share-based compensation expense.

Three and Nine Months Ended September 30, 2008 Compared to Three and Nine Months Ended September 30, 2007

Revenues decreased \$82,000 from \$578,000 for the nine months ended September 30, 2007 to \$496,000 for the nine months ended September 30, 2008 and decreased \$73,000 from \$191,000 for the three months ended September 30, 2007 to \$118,000 for the three months ended September 30, 2008. One F&B store, with revenues of \$349,000 and \$115,000 for the nine and three months ended September 30, 2007, respectively, was closed in December 2007. During the nine months ended September 30, 2008, Zargis recognized \$129,000 in revenues, including \$124,000 from the completion of a contract which revenues had previously been deferred.

Selling, general and administrative expenses increased \$1,080,000 from \$2,806,000 for the nine months ended September 30, 2007 to \$3,886,000 for the nine months ended September 30, 2008 and increased \$707,000 from \$885,000 for the three months ended September 30, 2007 to \$1,592,000 for the three months ended September 30, 2008. These increases are primarily a result of increases from DDC in the amounts of \$1,356,000 and \$811,000 and legal expenses in connection with litigating patent infringement claims in the amounts of \$272,000 and \$123,000 in the corporate segment for the nine and three months ended September 30, 2008, respectively, net of decreases in the amounts of \$304,000 and \$119,000, respectively, from the closing of one F&B store in December 2007. DDC is included in the consolidated financial statements of the Company since March 5, 2008, the date of acquisition.

Research and development expenses increased \$385,000 from \$1,259,000 for the nine months ended September 30, 2007 to \$1,644,000 for the nine months ended September 30, 2008 and increased \$20,000 from \$524,000 for the three months ended September 30, 2007 to \$544,000 for the three months ended September 30, 2008. These increases are primarily a result of increases in connection with continuing development of Zargis' medical device technology in the amounts of \$503,000 and \$186,000 for the nine and three months ended September 30, 2008, respectively, net of decreases in the amounts of \$118,000 and \$166,000 for the nine and three months ended September 30, 2008, respectively, in connection with the Company's Internet initiatives as a result of less development work being done in the 2008 periods.

Depreciation and amortization increased \$198,000 from \$156,000 for the nine months ended September 30, 2007 to \$354,000 for the nine months ended September 30, 2008. This increase, net of decreases as a result of assets having become fully depreciated, is primarily a result of a \$286,000 loss on the fixed asset component of F&B assets held for sale during the 2008 period.

Investment income decreased \$862,000 from a net gain of \$863,000 for the nine months ended September 30, 2007 to a net gain of \$1,000 for the nine months ended September 30, 2008 and decreased \$303,000 from a net gain of \$153,000 for the three months ended September 30, 2007 to a net loss of \$150,000 for the three months ended September 30, 2008. Realized gains increased \$86,000 from net gains of \$68,000 for the nine months ended September 30, 2007 to net gains of \$154,000 for the nine months ended September 30, 2008 and decreased \$3,000 from net gains of \$53,000 for the three months ended September 30, 2007 to net gains of \$50,000 for the three months ended September 30, 2008. Unrealized gains decreased \$608,000 from net gains of \$288,000 for the nine months ended September 30, 2007 to net losses of \$320,000 for the nine months ended September 30, 2008 and decreased \$175,000 from net losses of \$58,000 for the three months ended September 30, 2007 to net losses of \$233,000 for the three months ended September 30, 2008. Interest income decreased \$340,000 from \$507,000 for the nine months ended September 30, 2007 to \$167,000 for the nine months ended September 30, 2008 and decreased \$125,000 from \$158,000 for the three months ended September 30, 2007 to \$33,000 for the three months ended September 30, 2008. These amounts will fluctuate based upon changes in the market value of the underlying investments, overall market conditions and the amount of funds available for short-term investment and are not necessarily indicative of the results that may be expected for any future periods.

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 used in operating activities was \$4,647,000 for the nine months ended September 30, 2008 compared to net cash used in operating activities of \$4,332,000 for the nine months ended September 30, 2007. This net increase in cash used in operating activities was primarily the result of the increase in net loss after adjustment for non-cash charges, substantially offset by a reduced level of purchases of marketable securities.

Net cash provided by investing activities was \$2,986,000 for the nine months ended September 30, 2008 compared to net cash used in investing activities of \$1,019,000 for the nine months ended September 30, 2007. This net increase in cash provided by investing activities was primarily the result of an approximate \$15,000,000 decrease in maturities and an approximate \$19,000,000 decrease in purchases of United States Treasury bills during the nine months ended September 30, 2008.

Net cash used in financing activities was \$42,000 for the nine months ended September 30, 2008 primarily as a result of a \$100,000 redemption of preferred stock, net of a \$75,000 capital contribution in DDC by the minority investor.

At September 30, 2008, the Company's future minimum lease payments due under non-cancelable leases aggregated \$238,000. \$51,000 of this amount is due during the remainder of 2008 and \$155,000 and \$32,000 is due during the years ending December 31, 2009 and 2010, respectively. In addition, in connection with a license agreement to which the Company is a party, a termination payment will be payable by the Company in the amount of \$300,000 or \$200,000 if the license agreement is terminated by the Company before September 2009 or September 2011, respectively.

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 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.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board issued FASB 157, "Fair Value Measurements". FASB 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FASB 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, the FASB adopted FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," to allow a one-year deferral of adoption of FASB 157 for nonfinancial assets and nonfinancial liabilities that are recognized at fair value on a nonrecurring basis. In October 2008, the FASB adopted FASB Staff Position FAS 157-3, "Determining the Fair value of a Financial Asset When the Market For That Asset Is Not Active," to clarify the application of FASB 157 in a market that is not active. The Company is currently evaluating the impact that the adoption of FASB 157 will have on its results of operations or financial position.

In February 2007, the Financial Accounting Standards Board issued FASB No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115," which permits companies to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option). Adoption of FASB 159 is optional. The Company has not elected to adopt the fair value option of FASB 159.

In December 2007, the Financial Accounting Standards Board issued FASB No. 141R, "Business Combinations". FASB 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. FASB 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. FASB 141R will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The impact that adoption of FASB No. 141R will have on the Company's consolidated financial statements will depend on the nature, terms and size of business combinations that occur after the effective date.

In December 2007, the Financial Accounting Standards Board issued FASB No. 160, "Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51". FASB 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. FASB 160 will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The Company is currently evaluating the impact that the adoption of FASB No. 160 will have on its consolidated financial condition or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments at September 30, 2008 consist primarily of cash equivalents, which are subject to interest rate risk, and marketable securities, which are subject to 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 have also sold 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.

ITEM 4T. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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 such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) 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.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

No material changes.

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, 2008 - July 31, 2008	6,600	\$ 1.28	6,600	\$ 401,630
August 1, 2008 - August 31, 2008	0	\$ -	0	\$ 401,630
September 1, 2008 - September 30, 2008	6,200	\$ 0.65	6,200	\$ 397,576
Total	12,800	\$ 0.98	12,800	\$ 397,576

(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 \$5,500,000.

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 14, 2008

By: /s/ Shant S. Hovnanian

Shant S. Hovnanian

Chairman of the Board, President and Chief Executive Officer

Date: November 14, 2008

By: /s/ Thomas M. Finn

Thomas M. Finn

Treasurer and Chief Financial and Accounting 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) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 14, 2008

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) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 14, 2008

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial and Accounting 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, 2008 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 14, 2008

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, 2008 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 14, 2008

By: /s/ Thomas M. Finn

Name: Thomas M. Finn

Title: Treasurer and Chief Financial and Accounting Officer