SPEEDUS CORP
Form 10-K
March 31, 2006

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

FORM 10-K

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

For the fiscal year ended December 31, 2005

or

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

For transition period from _______ to _______

Commission file number: 000-27582

SPEEDUS CORP.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**13-3853788** (I.R.S. Employer Identification Number)
9 Desbrosses Street, Suite 402, New York, NY (Address of Principal Executive Offices)	**10013** (Zip code)

(888) 773-3669
(Registrant s telephone number)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: Common Stock, par value $.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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

The aggregate market value of the Registrant s Common Stock held by non-affiliates of the Registrant was $11,164,000 on June 30, 2005, based on the closing trade price of the Common Stock on the NASDAQ Capital Market on that date.

The number of shares of Common Stock outstanding as of March 21, 2006 was 16,102,529.

DOCUMENTS INCORPORATED BY REFERENCE

None

SPEEDUS CORP.
TABLE OF CONTENTS

This Form 10-K contains 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-K 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-K 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.

PART I

ITEM 1. BUSINESS

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 (ZAC), 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 murmurs which are a potential sign of heart disease. We own 90% of F&B Güdtfood 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. For additional information on each of our business segments, see the discussions below and Notes to Consolidated Financial Statements Note 9, 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, the Zargis Acoustic Cardioscan, received FDA authorization in May 2004 and in September 2005. ZAC is currently being tested by a select group of physicians to be used as part of general medical examinations and physicals to detect suspected 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 that will result in direct revenues to us although these revenues will be eliminated on our consolidated financial statements. Major next steps remaining for Zargis include continuing marketing 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 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. At December 31, 2005, as a result of continued advances aggregating $1,480,000 during 2005, our ownership interest increased to approximately 78%.

F&B Güdtfood. We own 90% of F&B Güdtfood, 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 Güdtfood 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%. We expect that F&B Güdtfood will begin selling F&B Güdtfood franchises through its wholly owned subsidiary, F&B Güdtfood Franchise Corp. We have also entered into a management services contract with F&B Güdtfood that will result in direct revenues to us although these revenues will be eliminated on our consolidated financial statements.

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 37 international counterparts in 21 countries. We also have 21 patents

3

pending in an additional 6 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. We have licensed technology in the past, both domestically and internationally, but are not currently receiving any license fees.

Wibiki. During 2005, our technology resources and experience in wireless broadband enabled us to conceive a new software-based wireless network that leverages existing Wi-Fi infrastructures to reduce cost, complexity and risk for users when accessing the Internet wirelessly. We named that network Wibiki. Wibiki offers free beta software designed to improve access to free Wi-Fi, including streamlining registration and security configuration of Wi-Fi clients and routers. Wibiki software for laptops and routers can be downloaded from www.wibiki.com. Wibiki s business model will employ a user opt-in advertising service we call AdChooser to generate revenues that keep Wibiki services free to users.

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. Renewal of the license has been applied for and is currently pending. 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 in the past and may in the future sell 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.

Competition

Many of our present and potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do and therefore may be able to respond more quickly than we can to new or changing opportunities, technologies, standards and customer requirements.

Intellectual Property

To protect our proprietary rights, we rely on a combination of copyright and trademark laws, trade secrets, confidentiality agreements with employees and third parties and protective contractual provisions. All of our employees have executed confidentiality and nonuse agreements that transfer any rights they may have in copyrightable works or patentable technologies to us.

We have applied for registration of our service marks and trademarks in the United States and in other countries. We may not be successful in obtaining the service marks and trademarks for which we have applied. To the extent we consider it necessary, we may file patents to protect our technology. Patents with respect to our technology may not be granted, and, if granted, patents may be challenged or invalidated. In addition, issued patents may not provide us with any competitive advantages and may be challenged by third parties.

Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our products or services or obtain and use information that we regard as proprietary. The laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States. In addition, others could possibly independently develop substantially equivalent intellectual property. If we do not effectively protect our intellectual property, our business could suffer. Companies have frequently resorted to litigation regarding intellectual property rights. We may have to litigate to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of other parties proprietary rights.

Government Regulation

In general, we are not currently subject to direct federal, state or local government regulation, other than regulations that apply to businesses generally. However, the grant, renewal and administration of spectrum licenses is regulated by the Federal Communications Commission. Our local multipoint distribution service license expired in February 2006 and our renewal application is pending with the FCC. While the FCC has historically renewed licenses as a matter of course, licenses in the local multipoint distribution service band are just now coming up for renewal. A failure by the FCC to renew our license could have an adverse effect on the Company.

In addition, medical devices such as ours are subject to strict regulation by state and federal authorities, including the Food and Drug Administration and comparable authorities in certain states.

ITEM 1A. RISK FACTORS

Risks related to our business generally

Although we have been a public company since February 1996, we have reoriented our business several times and our current business has not generated any significant revenues to date.

At the time of our initial public offering, our business was primarily a subscription television service. In November 1998, we terminated the subscription television business and began a limited pilot program for the delivery of high-speed Internet access. We encountered technical difficulties in this pilot program and reoriented our business on wireless data and other services. We have not yet generated any significant revenue from these businesses.

We have recorded operating losses in each reporting period since our inception and may never be profitable.

We have recorded operating losses and negative operating cash flows in all reporting periods since inception and, at December 31, 2005, had an accumulated deficit of approximately $63.9 million. We believe that we have sufficient liquidity to finance our current level of operations through the 2006 fiscal year. However, we do not expect to have earnings from operations, exclusive of non-cash charges, until such time as we substantially increase our customer base and/or form a strategic alliance for use of our capabilities in the future.

Our existing operations and infrastructure may not be adequate to manage the growth necessary for successful implementation of our business plan.

Successful implementation of our business plan will require the management of growth. Our existing operations and infrastructure may not be adequate to manage such growth, and any steps taken to improve such systems and controls may not be sufficient. Our future success will depend in part upon attracting and retaining the services of current management and technical personnel. We also may not be successful in attracting, assimilating and retaining new personnel in the future as future growth takes place. We do not maintain key person life insurance policies on any of our key personnel.

Shant S. Hovnanian and Vahak S. Hovnanian, who in the aggregate own approximately 41% of our Common Stock, may have the power acting together to control the direction and future operations of our company.

Shant S. Hovnanian and Vahak S. Hovnanian in the aggregate own approximately 41% of our outstanding Common Stock at February 15, 2006. As a result, acting together they may have the power to elect all of the members of our Board of Directors, amend our certificate of incorporation and by-laws and control the direction and future operations of our Company, in each case without the approval of any of our other stockholders.

Our stock price has historically been volatile, which may make it more difficult for you to resell shares when you want at prices you find attractive.

The trading price of our Common Stock has been and may continue to be subject to wide fluctuations. During 2005, 2004 and 2003, the high and low sale prices of our Common Stock on the Nasdaq Stock Market ranged from $2.92 to $1.06, $4.28 to $1.39 and $1.65 to $0.71, respectively. The closing sale price of our Common Stock was $1.31 on March 21, 2006. Our stock price may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media properties by us or our competitors, the operating and stock price performance of other companies that investors may deem comparable, and news reports relating to trends in our markets.

On several occasions through 2003, we were not in compliance with Marketplace Rule 4450(a)(5), which requires listed companies to maintain a closing bid price equal to or greater than $1.00. Most recently, in June 2003, we received notice from Nasdaq that we had regained compliance with Marketplace Rule 4450(a)(5) and the matter was closed.

If our Common Stock were delisted from Nasdaq, trading in our Common Stock would have to be conducted on the OTC Bulletin Board or in the non-Nasdaq over-the-counter market, also referred to as the pink sheets . If that were to occur, liquidity for our Common Stock could be significantly decreased which could reduce the trading price and increase the transaction costs of trading shares of our Common Stock.

Sales of shares of Common Stock by Shant S. Hovnanian and Vahak S. Hovnanian could adversely affect the market price of the Common Stock.

Future sales of shares of Common Stock, or the availability of shares of Common Stock for future sale, may adversely impact the market price of the Common Stock prevailing from time to time. Sales of substantial amounts of our Common Stock, or the perception that such sales could occur, could adversely affect the prevailing market price of the Common Stock.

Shares of Common Stock held by Shant S. Hovnanian and Vahak S. Hovnanian have been held by each of them for the requisite holding periods under Rule 144 under the Securities Act and may be sold in accordance with volume restrictions.

Risks related to certain short-term investments

Securities that we invest in are subject to market price risks.

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 in the past and may in the future 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 Company is seeking to eliminate the risk that it could be deemed to be an investment company.

The Company has substantial liquidity. Although a portion of the Company s cash is invested in securities, the Company is pursuing an acquisition strategy that will, if successfully executed, eliminate any risk of it being deemed to be an investment company.

Generally, a company must register under the Investment Company Act of 1940 and comply with significant restrictions on operations and transactions with affiliates if its investment securities exceed 40% of the company s total assets, or if it holds itself out as being primarily engaged in the business of investing, owning or holding securities. If it is deemed to be an investment company, it might need to dispose of or acquire investments in order to avoid investment company status.

Risks related to investments in other companies

Ability to successfully identify investment opportunities

We will face substantial competition in identifying and closing appropriate investment opportunities from, among others, venture capital firms, large corporate investors and other publicly traded companies. These competitors may limit our opportunity to acquire interests in new partner companies. In addition, we may be unable to acquire interests in appropriate companies for other reasons, including the inability to agree on terms, such as price and ownership percentages, incompatibility between us and management and access to sufficient funding. Our growth will be materially adversely affected if we cannot successfully identify investments in a sufficient number of companies.

The value of our business may fluctuate because of companies that we may invest in.

The value of our business may fluctuate because of companies that we may invest in. These companies may be development stage or privately held companies for which no public market exists for their stock. The valuations of our investments in privately held companies that we may invest in are indeterminate prior to their public offerings, and there can be no assurance that these offerings will occur since they will be dependent upon the development of these businesses, market conditions and other conditions over which we may have no control.

Capital and management resources

There will be a number of special issues that we will have to address for investment in start-up companies, including: the diversion of management attention in connection with both negotiating and overseeing these transactions; the potential issuance of additional shares of our Common Stock in connection with these transactions, which could dilute the rights of existing shareholders, and the need to incur additional debt in connection with these transactions. In addition, many, if not all, of these start-up companies will face the same, or similar, risks as we face in our own business.

Managing growth

Successful implementation of our business plan will require the management of growth. We cannot assure you that our existing operations and infrastructure will be adequate to manage such growth, or that any steps taken to improve such systems and controls will be sufficient. Our future success will depend in part upon attracting and retaining the services of current management and technical personnel. We cannot assure you that we will be successful in attracting, assimilating and retaining new personnel in the future as future growth takes place.

Risks related to medical device companies

Risks related to government regulation and future regulatory requirements

Medical devices such as ours are subject to strict regulation by state and federal authorities, including the Food and Drug Administration and comparable authorities in certain states.

Manufacturers of medical devices are required to comply with very specific rules and regulations concerning the testing, manufacturing, packaging, labeling and marketing of medical devices. Failure to comply with applicable regulatory requirements could result in, among other things, civil and criminal fines, product recalls, detentions, seizures, injunctions and criminal prosecutions.

In addition, these regulations are subject to future change. We cannot predict what material impact, if any, these changes might have on our business. Future changes in regulations or enforcement policies could impose more stringent requirements on us, compliance with which could adversely affect our business.

Potential product recalls

In the event that any of our products prove to be defective, we could voluntarily recall, or the FDA could require us to redesign or implement a recall of, any defective product. There is a possibility that we may recall products in the future and that future recalls could result in significant costs to us and in significant negative publicity which could harm our ability to market our products in the future.

We could be exposed to significant liability claims.

We could be exposed to significant liability claims if we are unable to obtain insurance at acceptable costs and adequate levels or otherwise protect ourselves against potential product liability claims.

The testing, manufacture, marketing and sale of medical devices involve the inherent risk of liability claims. A successful product liability claim could affect or prevent commercialization of our medical devices, or cause a significant financial burden on us, or both, and could have a material adverse effect on our business, financial condition, and ability to market our medical devices.

Health care providers may not be able to obtain adequate levels of third-party reimbursement.

The success of our product will depend to a significant extent on the ability of health care providers to obtain adequate levels of third-party reimbursement. The amount of reimbursement available may vary. The cost of medical care is funded, in substantial part, by government insurance programs, such as Medicare and Medicaid, and private and corporate health insurance plans. Third-party payers may deny reimbursement at adequate levels if they determine that a prescribed device or diagnostic procedure is not used in accordance with cost-effective treatment methods as determined by the payer, or is experimental, unnecessary or inappropriate. The inadequacy of the reimbursement would have a material adverse effect on our business.

The medical device industry is characterized by rapid technological changes and advances.

Although the Company believes that its products are technologically current, the development of new technologies or refinements of existing ones by the Company s competitors could at any time make the Company s existing products technologically or economically obsolete. Although the Company is not aware of any pending technological developments that would be likely to materially and adversely affect its business or financial position, there can be no assurance that such developments will not occur at any time.

We may rely on third parties to support the manufacture or commercialization of our products.

We may rely on third parties, and possibly single third parties, to manufacture or commercialize our products. Third parties may not perform their obligations as expected. The amount and timing of resources that third parties devote to manufacturing or commercializing our product may not be within our control. The third party on which we rely to commercialize our products may not be able to recruit and retain skilled sales representatives.

Furthermore, our interests may differ from those of the third party that manufacture or commercializes our products. Disagreements that may arise with the third party could limit the manufacture or commercialization of our products, or result in litigation or arbitration, which would be time-consuming, distracting and expensive. If the third party that supports the manufacture or commercialization of our products breaches or terminates its agreement with us, or fails to conduct its activities in a timely manner, such breach, termination or failure could result in the disruption of our business and could have a material adverse effect on our results of operations.

Risks related to our high-speed Internet access service

We may be unable to solve ongoing technical difficulties in our deployment and equipment for our high-speed Internet access service is not, and may never be, available at a cost and with performance levels that allow for commercial implementation on an economically attractive basis.

Our super high-speed Internet service utilizes a new technology that has a limited operating history and that remains subject to further development and refinement.

The equipment necessary to provide our high-speed Internet access service is not currently manufactured on a scale and at a cost suitable for the commercialization of our service. Such equipment may never become available at a cost and with performance levels that allow for commercial implementation on an economically attractive basis.

Many financially stronger competitors with broader market coverage are offering high-speed Internet access.

The market for Internet access and related services is highly competitive. We expect local, regional and national Internet service providers to be competitors for our super high-speed Internet access service. Telephone companies with digital subscriber line technology, which increases the effective capacity of existing copper telephone cables, are among other competitors. Also, cable operators with high-speed cable modems are among the other communications companies also providing high-speed Internet access. Many of the competing Internet service providers have, or can be expected to have, greater financial, marketing and other resources than us. We may not be able to compete successfully with these entities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

All of our properties are leased space. Information on our major locations is presented below:

Location	Use	Square footage	Lease expiration	Renewal options
New York, NY	Executive and administrative	2,500	2006	13 six-month renewals
New York, NY	F&B restaurant	1,300	2009	None
New York, NY	F&B restaurant	1,500	2014	None
New York, NY	Other	3,000	2006	None
Princeton, NJ	Administrative and research	2,500	2009	None
Stamford, CT	Administrative	850	2006	1 one-year renewal

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently involved in any material pending legal proceedings.

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

At its Annual Meeting of shareholders held on November 17, 2005, the Company submitted the following matters to a vote of its shareholders, all of which were approved:

1. Election of Directors:

Name of Director	Votes For	Votes Withheld
Shant S. Hovnanian	13,531,093	56,541
Vahak S. Hovnanian	13,335,933	251,701
William F. Leimkuhler	13,387,365	200,269
Jeffrey Najarian	13,388,215	199,419
Christopher Vizas	13,386,315	201,319

2. Appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm of the Company:

Votes For	Votes Against	Abstentions
13,560,341	15,878	11,415

3. Approval of the Company s 2005 Stock Incentive Plan:

Votes For	Votes Against	Abstentions	No Vote
7,316,491	571,284	36,400	5,663,459

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Common Stock is listed for quotation on the Nasdaq Capital Market and trades under the symbol SPDE. The following table sets forth high and low trade prices for the Common Stock for the fiscal quarters indicated.

	High Sale	Low Sale
2005		
First quarter	$ 2.920	$ 2.000
Second quarter	2.100	1.240
Third quarter	1.750	1.060
Fourth quarter	1.690	1.110
2004		
First quarter	$ 3.950	$ 1.390
Second quarter	4.280	1.830
Third quarter	2.630	1.600
Fourth quarter	3.800	1.710

On March 21, 2006, the closing trade price of our Common Stock was $1.31 per share. As of December 31, 2005, there were approximately 300 registered shareholders and, to the best of our belief, approximately 5,200 beneficial owners of our Common Stock. During the year ended December 31, 2005, we did not make any sales of securities that were not registered under the Securities Act of 1933, as amended.

We have never declared or paid any cash dividends on our Common Stock and do not intend to declare or pay cash dividends on the Common Stock at any time in the foreseeable future. Future earnings, if any, will be used for the expansion of our business.

Issuer Purchases of Equity Securities

The following table sets forth certain information regarding repurchases by the Company of its own equity securities during the fourth quarter of 2005:

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)
October 1, 2005 -October 31, 2005	13,495	$ 1.38	13,495	$ 615,137
November 1, 2005 -November 30, 2005	0	$	0	$ 615,137

December 1, 2005 -December 31, 2005	0	$		0	$ 615,137
Total	13,495	$	1.38	13,495	$ 615,137

(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.

Equity Compensation Plans

The following table sets forth certain information as of December 31, 2005 for all compensation plans, including individual compensation arrangements, under which equity securities of the Company are authorized for issuance:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for further issuance
Equity compensation plans approved by security holders	1,726,459	$ 2.32	1,169,368
Equity compensation plans not approved by security holders			
Total	1,726,459	$ 2.32	1,169,368

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data below should be read in and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements of conjunction with Management s Discussion the Company and Notes thereto included elsewhere in this Form 10-K.

	Year ended December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(in thousands, except per share data)				
Statement of Operations Data					
Revenues	$ 1,038	$ 917	$ 711	$ 907	$ 69
Total operating expenses	6,934	10,778	7,581	11,380	16,353
Operating loss	(5,896)	(9,861)	(6,870)	(10,473)	(16,284)
Net interest/investment income/(loss)	(52)	419	(4,520)	(194)	9,059
Minority interest	159	508	779	80	
Equity in loss of associated company			(93)	(521)	(125)
Other income					86
Settlement of litigation		15,000			
Benefit from/(provision for) taxes	322	(62)			
Net earnings/(loss)	$ (5,467)	$ 6,004	$ (10,704)	$ (11,108)	$ (7,264)
Per Common Share					
Basic earnings/(loss)	$ (0.34)	$ (0.37)	$ (0.65)	$ (0.62)	$ (0.36)
Weighted average outstanding	16,182,208	16,245,281	16,498,267	17,927,000	19,947,784
Diluted earnings/(loss)	$ (0.34)	$ (0.36)	$ (0.65)	$ (0.62)	$ (0.36)
Weighted average outstanding	16,182,208	16,799,298	16,498,267	17,927,000	19,947,784

	December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(in thousands)				
Balance Sheet Data					
Cash and cash equivalents	$ 18,563	$ 17,741	$ 19,419	$ 33,053	$ 39,934
United States Treasury bills		5,977			
Working capital	18,635	23,329	17,774	29,544	37,528
Net property and equipment	426	610	420	820	5,828
Net other intangible assets	623	1,418	2,042	1,651	1,799
Net goodwill			621	1,760	
Total assets	22,460	28,682	28,510	50,185	53,892
Minority interest		159	531	1,592	
Total liabilities	1,285	1,673	6,990	16,175	8,410
Total equity	21,176	26,850	20,989	32,418	45,482

In February 2003, the Company acquired a majority interest in Zargis Medical This acquisition was accounted for using the purchase method of accounting and the results of operations of Zargis Medical have been included in the consolidated statements of operations for the periods subsequent to February 28, 2003.

In May 2002, the Company acquired a 51% interest in F&B Güdtfood This acquisition was accounted for using the purchase method of accounting and the results of operations of F&B Güdtfood have been included in the consolidated statements of operations for the periods subsequent to May 6, 2002.

For additional information on these transactions, see Management s Discussion and Analysis of Financial Condition and Results of Operations .

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operations

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 (ZAC), 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 murmurs which are a potential sign of heart disease. We own 90% of F&B Güdtfood 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. For additional information on each of our business segments, see the discussions below and Notes to Consolidated Financial Statements Note 9, 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, the Zargis Acoustic Cardioscan (ZAC), received FDA authorization in May 2004 and in September 2005. ZAC is currently being tested by a select group of physicians to be used as part of general medical examinations and physicals to detect suspected 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 that will result in direct revenues to us although these revenues will be eliminated on our consolidated financial statements. 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 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. At December 31, 2005, as a result of continued advances aggregating $1,480,000 during 2005, our ownership interest increased to approximately 78%.

F&B Güdtfood. We own 90% of F&B Güdtfood, 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 Güdtfood 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%. We expect that F&B Güdtfood will begin selling F&B Güdtfood franchises through its wholly owned subsidiary, F&B Güdtfood Franchise Corp. We have also entered into a management services contract with F&B Güdtfood that will result in direct revenues to us although these revenues will be eliminated on our consolidated financial statements.

Wibiki. During 2005, our technology resources and experience in wireless broadband enabled us to conceive a new software-based wireless network that leverages existing Wi-Fi infrastructures to reduce cost, complexity and risk for users when accessing the Internet wirelessly. We named that network Wibiki. Wibiki offers free beta software designed to improve access to free Wi-Fi, including streamlining registration and security configuration of Wi-Fi clients and routers. Wibiki software for laptops and routers can be downloaded from www.wibiki.com. Wibiki s business model will employ a user opt-in advertising service we call AdChooser to generate revenues that keep Wibiki services free to users.

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 38 international counterparts in 22 countries. We also have 20 patents pending in an additional 5 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. 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. Renewal of the license has been applied for and is currently pending. 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 in the past and may in the future sell 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 2 to our consolidated financial statements included in this 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, United States Treasury bills, marketable securities and securities sold and not purchased. The carrying value of cash equivalents and United States treasury bills approximates market value since these highly liquid, interest earning investments are invested in money market funds and short term government securities, respectively. 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, 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 broadband assets, included in intangible assets, which had a carrying value of $0.4 million at December 31, 2005 and currently do not generate significant revenues or cash flows. However, as of December 31, 2005, we estimated that, based upon our review of historical transactions and other factors, the fair value of certain patents that have no

carrying value on our books would generate sufficient cash to fully realize our assets described above as of December 31, 2005. 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.

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.

Twelve Months Ended December 31, 2005 Compared to Twelve Months Ended December 31, 2004

Revenues increased $121,000 from $917,000 for the twelve months ended December 31, 2004 to $1,038,000 for the twelve months ended December 31, 2005. This increase is primarily a result of the opening of a second F&B Güdtfood store during the second quarter of 2004. Revenues generated by the second store were $430,000 and $279,000 for 2005 and 2004, respectively. The 2005 increase is net of a decrease in revenues in the amount of $39,000, generated by the first store in 2005 as a result of a reduction in menu prices and unfavorable weather conditions that decreased store traffic.

Selling, general and administrative expenses decreased $463,000 from $4,314,000 for the twelve months ended December 31, 2004 to $3,851,000 for the twelve months ended December 31, 2005. This decrease is primarily a result of decreases in compensation and employee related expenses as a result of staff reductions. This decrease is net of an increase as a result of the opening of a second F&B Güdtfood store during the second quarter of 2004.

Research and development expenses increased $281,000 from $1,516,000 for the twelve months ended December 31, 2004 to $1,797,000 for the twelve months ended December 31, 2005. This increase is primarily a result of new wireless initiatives by the Company. This decrease is net of decreases in compensation and employee related expenses as a result of staff reductions.

Depreciation and amortization decreased $176,000 from $1,117,000 for the twelve months ended December 31, 2004 to $941,000 for the twelve months ended December 31, 2005. This decrease, net of an increase in the amount of $34,000 during 2005 compared to 2004 for amortization of medical technology resulting from the Zargis acquisition, is a result of assets becoming fully depreciated.

Cost of sales increased $63,000 from $282,000 for the twelve months ended December 31, 2004 to $345,000 for the twelve months ended December 31, 2005. This increase is primarily a result of the opening of a second F&B Güdtfood store during the second quarter of 2004.

During the twelve months ended December 31, 2004, the Company incurred $2,929,000 in expenses in connection with a technology settlement in the amount of $15,000,000. No such expenses were incurred in 2005. 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 twelve months ended December 31, 2004.

During the twelve months ended December 31, 2004, the Company recorded an impairment charge in the amount of $621,000 in connection with goodwill recorded in connection with the F&B Güdtfood acquisition. No such charge was recorded in 2005.

Investment income decreased $471,000 from a net gain in the amount of $419,000 for the twelve months ended December 31, 2004 to a net loss in the amount of $52,000 for the twelve months ended December 31, 2005. This increase is primarily a result of realized and unrealized gains and losses. Realized losses decreased $177,000 from net losses of $352,000 for the twelve months ended December 31, 2004 to net losses of $175,000 for the twelve months ended December 31, 2005. Unrealized gains decreased $754,000 from net gains of $287,000 for the twelve months ended December 31, 2004 to net losses of $467,000 for the twelve months ended December 31, 2005. Interest income increased $307,000 from $283,000 for the twelve months ended December 31, 2004 to $590,000 for the twelve months ended December 31, 2005. $81,000 of this increase is a result of interest received as a result of a tax refund from the filing of amended tax returns. The balance of the increase, net of a decrease as a result of a lesser amount of funds available for short-term investment, is a result of increased interest rates. 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.

Minority interest decreased $349,000 from $508,000 for the twelve months ended December 31, 2004 to $159,000 for the twelve months ended December 31, 2005. These amounts represent the interest of minority stockholders in the losses of F&B Güdtfood and Zargis Medical since the dates of acquisition of a majority interest. During 2005, F&B Güdtfood and Zargis Medical continued to generate losses which reduced the minority interest balance to zero. As 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.

During the twelve months ended December 31, 2004, the Company recorded a gain from technology settlement in the amount of $15,000,000. No such gain was recorded in 2005.

During the twelve months ended December 31, 2005, the Company recorded a benefit from taxes in the amount of $322,000 as a result of a tax refund from the filing of amended tax returns.

Twelve Months Ended December 31, 2004 Compared to Twelve Months Ended December 31, 2003

Revenues increased $206,000 from $711,000 for the twelve months ended December 31, 2003 to $917,000 for the twelve months ended December 31, 2004. This increase is primarily a result of the opening of a second F&B Güdtfood store during the second quarter of 2004. Revenues generated by the second store were $279,000 for 2004. This increase is net of a decrease in revenues in the amount of $72,000, generated by the first store in 2004 as a result of unfavorable weather conditions, decreasing store traffic.

Selling, general and administrative expenses decreased $181,000 from $4,495,000 for the twelve months ended December 31, 2003 to $4,314,000 for the twelve months ended December 31, 2004. This decrease is primarily a result of decreases in compensation and employee related expenses as a result of staff reductions by Speedus. This decrease is net of an increase as a result of the opening of a second F&B Güdtfood store during the second quarter of 2004.

During the twelve months ended December 31, 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 twelve months ended December 31, 2004.

Research and development expenses decreased $189,000 from $1,705,000 for the twelve months ended December 31, 2003 to $1,516,000 for the twelve months ended December 31, 2004. These decreases are primarily a result of decreases in compensation and employee related expenses as a result of staff reductions by Speedus.

Depreciation and amortization decreased $42,000 from $1,159,000 for the twelve months ended December 31, 2003 to $1,117,000 for the twelve months ended December 31, 2004. This decrease, net of an increase in the amount of $128,000 during 2004 compared to 2003 for amortization of medical technology resulting from the Zargis acquisition, is a result of assets becoming fully depreciated.

During the twelve months ended December 31, 2004, the Company recorded an impairment charge in the amount of $621,000 in connection with goodwill recorded in connection with the F&B Güdtfood acquisition. No such charge was recorded in 2003.

Cost of sales increased $59,000 from $223,000 for the twelve months ended December 31, 2003 to $282,000 for the twelve months ended December 31, 2004. This increase is primarily a result of the opening of a second F&B Güdtfood store during the second quarter of 2004.

During the twelve months ended December 31, 2004, the Company recorded a gain from technology settlement in the amount of $15,000,000. No such gain was recorded in 2003.

Investment income increased $4,939,000 from a net loss in the amount of $4,520,000 for the twelve months ended December 31, 2003 to a net gain in the amount of $419,000 for the twelve months ended December 31, 2004. This increase is primarily a result of realized and unrealized gains and losses. Realized losses decreased $6,316,000 from net losses of $6,668,000 for the twelve months ended December 31, 2003 to net losses of $352,000 for the twelve months ended December 31, 2004. Unrealized gains increased $394,000 from net losses of $107,000 for the twelve months ended December 31, 2003 to net gains of $287,000 for the twelve months ended December 31, 2004. Investment 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.

Equity in loss of associated company amounted to $93,000 for the twelve months ended December 31, 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 twelve months ended December 31, 2004.

Minority interest decreased $271,000 from $779,000 for the twelve months ended December 31, 2003 to $508,000 for the twelve months ended December 31, 2004. These amounts represent the interest of minority stockholders in the losses of F&B Güdtfood and Zargis Medical since the dates of acquisition of a majority interest.

During the twelve months ended December 31, 2004, the Company recorded a provision for taxes in the amount of $62,000.

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 $5,070,000 for the year ended December 31, 2005 compared to net cash provided by operating activities of $6,570,000 for the year ended December 31, 2004. This net increase of $11,640,000 in cash used in operating activities was primarily the result of a gain from technology settlement in the amount of $15 million recognized during the year ended December 31, 2004, reduced by $2,929,000 in technology settlement expenses. In February 2004, the Company s wholly-owned subsidiary, CellularVision Technology & Telecommunications, L.P., received $15,000,000 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 $2,929,000 during the year ended December 31, 2004.

Net cash provided by investing activities was $6,115,000 for the year ended December 31, 2005 compared to net cash used in investing activities of $8,070,000 for the year ended December 31, 2004. This net increase of $14,185,000 in cash provided by investing activities is primarily the result of the net maturity of United States Treasury bills and a $1,057,000 decrease in the purchase of other investments reduced by $498,000 in property and equipment additions primarily as a result of the opening of a second F&B Güdtfood store.

Net cash used in financing activities was $223,000 for the year ended December 31, 2004 compared to net cash used in financing activities of $178,000 for the year ended December 31, 2004. This net increase of $45,000 in cash used in financing activities was substantially the result of decreased repurchases of treasury stock during 2005, net of an increase in proceeds from the exercise of options or warrants.

At December 31, 2005, the Company s future minimum lease payments due under noncancelable leases aggregated $1,731,000. $376,000, $276,000, $284,000, $233,000 and $138,000 of this amount is due during the years ending December 31, 2006, 2007, 2008, 2009 and 2010, respectively, and the balance is payable thereafter. 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 $500,000, $300,000 or $200,000 if the license agreement is terminated by the Company before September 2007, 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 2006 fiscal year. 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 in the past and may in the future sell 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 December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment which replaces SFAS No. 123 and supercedes APB Opinion No. 25. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first annual period after June 15, 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. The Company is required to adopt SFAS No. 123R beginning January 1, 2006. Under SFAS No. 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include modified prospective and modified retrospective adoption options, using the previously disclosed pro forma data. Under the modified retrospective option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The modified prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first period of adoption of SFAS No. 123R, while the modified retrospective methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Company is evaluating the requirements of SFAS No. 123R and expects that the adoption of SFAS No. 123R could have a material impact on the Company s financial statements.

In March 2005, the FASB issued Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143. FIN No. 47 clarifies that a conditional asset retirement obligation, as used in SFAS No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. FIN No. 47 is effective no later than the end of fiscal years ending after December 15, 2005, with early adoption allowed. The adoption of FIN No. 47 by the Company has not had a material impact on the Company s consolidated results of operations or financial position.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3 . SFAS 154 requires retrospective application to prior periods financial statements for any changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 defines retrospective application as the application of a different accounting principle to prior accounting periods as if that principle had always been used or as the adjustment of previously issued financial statements to reflect a change in the reporting entity. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. SFAS 154 carries forward without change the guidance contained in APB 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. The Company will be required to adopt SFAS 154 for any accounting changes or corrections of errors on or after January 1, 2006. The Company does not expect the adoption of SFAS 154 to have a material effect on the Company s consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company s financial instruments at December 31, 2005 consist primarily of cash equivalents, which are subject to interest rate risk, and marketable securities, 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 have in the past and may in the future 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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of the Company and related Notes thereto and the financial information required to be filed herewith are included under Item 15 of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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.

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 December 31, 2005 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The table below sets forth the names, ages and titles of the persons who were directors and/or executive officers of the Company as of March 15, 2006.

Name	Age	Position
Shant S. Hovnanian	46	Chairman of the Board of Directors, President and Chief Executive Officer
Vahak S. Hovnanian	74	Director
William F. Leimkuhler	54	Director
Jeffrey Najarian	47	Director
Christopher Vizas	56	Director
Thomas M. Finn	58	Secretary, Treasurer and Chief Financial Officer
John A. Kallassy	41	Executive Vice President, Chief Executive Officer Zargis Medical Corp.

Shant S. Hovnanian has served as our Chairman of the Board of Directors, President and Chief Executive Officer since October 1995. From June 1980 until January 1991, Mr. Hovnanian served as Executive Vice President of the V. S. Hovnanian Group (the Hovnanian Group), consisting of home building operations, real estate development and utility companies. In 1995, Mr. Hovnanian served as a U.S. Delegate to the World Radio Conference of the International Telecommunications Union in Geneva, Switzerland. Mr. Hovnanian is the son of Mr. Vahak S. Hovnanian.

Vahak S. Hovnanian has served as a Director since October 1995. Mr. Hovnanian has been Chairman of the Board and President of the Hovnanian Group since 1968. Mr. Hovnanian is the father of Mr. Shant S. Hovnanian.

William F. Leimkuhler has served as a Director since September 2000. Mr. Leimkuhler is the General Counsel and Director of Business Development of Paice Corporation, a privately held developer of advanced vehicle powertrains. From 1994 through 1999, he held various positions with Allen & Company, a New York investment banking firm, initially serving as the firm s General Counsel. Prior to that, Mr. Leimkuhler was a corporate partner with the New York law firm of Werbel & Carnelutti (now Heller Ehrman White & McAuliffe).

Jeffrey Najarian has served as a Director since October 2000. Mr. Najarian has been Chief Executive Officer of Starpoint Solutions, Inc., formerly TIS Worldwide, Inc., since its inception in 1992. A creator and founder of Starpoint, he has been instrumental in building one of the country s fastest growing, privately-held companies, as cited by *Inc.* magazine. From 1984-1992, Mr. Najarian worked at Setford-Shaw-Najarian, a recruiting/placement firm for technology specialists, becoming a partner after only three years. He led the staff in billing, propelling SSN to become a leading search firm for Wall Street banks.

Christopher Vizas has served as a Director since July 2001. Mr. Vizas is a principal in the strategic advisory firm of East Wind Partners. He serves as non-executive Chairman of the Board of i1, Inc., a privately held, Chinese software provider, as well as a member of the Boards of a few other privately held companies. Mr. Vizas positions during the 1990s included Chairman of eGlobe, Inc, a turn around company reorganized under Chapter 11 of the Bankruptcy Act, CEO of Quo Vadis International, Managing Director of Kouri Capital Group and its Telecommunications & Technology affiliate, and founder and Vice Chairman of Orion Network Systems. Earlier in his career, he was a founder and part of the management in Trinity Cellular and Asia Pacific Space & Communications. Mr. Vizas served in the White House Office of Telecommunications Policy in the Ford Administration, as Special Counsel to the U.S. Privacy Commission, and on congressional staff.

Thomas M. Finn has served as Secretary, Treasurer and Chief Financial Officer since March 2003. Mr. Finn has been a consultant since 1994. Prior to that time, Mr. Finn was a Senior Vice President of Integrated Resources, Inc., a diversified financial services firm, and was the Chief Financial Officer of Integrated s publicly-traded investment programs, including American Real Estate Partners, L.P., a New York Stock Exchange master limited partnership. Previously, Mr. Finn was an Audit Manager for Deloitte & Touche LLP. Mr. Finn is a graduate of Long Island University.

John A. Kallassy has served as Executive Vice President since September 2000 and was named Chief Executive Officer of Zargis Medical Corp. in November 2004. In addition to developing and executing Zargis business strategy, Mr. Kallassy is also responsible for evaluating new business investment opportunities at Speedus

within several business sectors. Prior to his leadership roles at Speedus and Zargis, Mr. Kallassy was a founder and Chief Executive Officer of American Data Consultants, Inc. (ADC), a firm specializing in information services, direct marketing and marketing research. Mr. Kallassy sold ADC to R.L. Polk in 1997 and continued his employment for three years at R.L. Polk as the ADC division president and later as a corporate vice president where he led the product management and analytical consulting groups for a $100 million business unit that was ultimately sold to Equifax Inc. Mr. Kallassy holds a Bachelor of Science Degree in Biochemistry that was completed at Leeds University in Leeds, England and earned his MBA from the Johnson School of Management at Cornell University.

ITEM 11. EXECUTIVE COMPENSATION

The following table shows, for the fiscal years ended December 31, 2005, 2004 and 2003, the cash compensation we paid, as well as certain other compensation paid or accrued for those years, to each of the most highly compensated executive officers of the Company in 2005 (the Named Executive Officers) in all capacities in which they served. See Employment Agreements.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation Salary	Annual Compensation Bonus	Other Compen- sation (1)	Securities Underlying Options (#)	All Other Compen- sation
Shant S. Hovnanian	2005	$ 250,000	$	$ 158,411		$
Chairman of the Board of Directors,	2004	250,000	2,845,186	144,000		$
President and Chief Executive Officer	2003	250,000		140,000		
Thomas M. Finn	2005	$ 191,000	$	$		$
Secretary, Treasurer and Chief	2004	198,000				
Financial officer	2003	152,000			100,000	
John A. Kallassy	2005	$ 216,666	$ 12,500	$	100,000	$
Executive Vice President	2004	175,000	50,000			
	2003	175,000	50,000			

(1) Under the terms of his employment contract, Mr. Hovnanian is entitled to certain benefits. See Employment Agreements . The amount shown in the table above represents the total cost of these items to the Company without adjustment for the portion of these costs allocable to business use by the Company.

In addition, 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 employment agreement, Mr. Hovnanian received a contingent participation in the proceeds of the settlement in the amount of $2,845,186.

Stock Option Grants Table

The following table sets forth information concerning individual grants of options to purchase Common Stock made to Named Executive Officers during 2005

Name	Number of Securities Underlying Options Granted	% of Total Options Grtanted to Employees in Fiscal Year	Exercise or Base Price	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term 5%	10%
John Kallassy	100,000	47.6%	$ 1.50	7/14/15	$ 94,000	$ 239,000

For information regarding stock option grants to employees in 2005, see Notes to Consolidated Financial Statements Note 5, Stockholders Equity.

Aggregate Stock Option Exercise Table

The following table sets forth information regarding the number and value of unexercised options that were held by the Named Executive Officers as of December 31, 2005. None of the Named Executive Officers exercised any options during 2005.

Name	Number of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options Exercisable/ Unexercisable	
Shant S. Hovnanian	0	$	633,100 / 0	$ 43,403 /	$ 0
Thomas M. Finn	0		124,238 / 9,170	2,727 /	18
John A. Kallassy	0		337,500 / 100,000	19,913 /	0

For information regarding stock option grants to employees in 2005, see Notes to Consolidated Financial Statements Note 5, Stockholders Equity.

Director Compensation

During 2005, our Directors who are not officers or employees (Non-Employee Directors) received an annual retainer of $24,000. Mr. Leimkuhler received an additional retainer for services as a Director of two of the Company s majority-owned subsidiaries, as lead outside director of the Company and as the Chairman of the Company s Audit Committee in the aggregate amount of $48,000. Mr. Vizas received an additional retainer for services as a Director of two of the Company s subsidiaries and as the Chairman of the Company s Governance and Nominating Committee in the aggregate amount of $48,000. In addition, upon their initial election to the Board, new Non-Employee Directors are granted options to purchase 5,000 shares of Common Stock that are fully vested and immediately exercisable. Upon the date of each annual meeting, Non-Employee Directors are granted options at fair market value to purchase an additional 10,000 shares of Common Stock that are fully vested and immediately exercisable. Our Directors of the Company who are officers or employees do not receive any additional compensation for serving on the Board or on any Board committee.

Employment Agreements

In April 2002, the Compensation Committee of the Board of Directors approved a new employment agreement for Mr. Shant S. Hovnanian, effective as of April 25, 2002. The agreement provides that Mr. Hovnanian will act as our President and Chief Executive Officer. The agreement has a three-year term and provides for an annual salary of $250,000. Under the agreement, Mr. Hovnanian is entitled to be considered for annual performance based bonuses targeted at 50% or greater of his base salary and a contingent bonus based on certain performance factors, use of a Company apartment and car, a country club membership (which Mr. Hovnanian has not taken) and a $1,000,000 term life insurance policy with the beneficiary designated by Mr. Hovnanian. Under the agreement, Mr. Hovnanian was also granted 250,000 options to purchase shares of our Common Stock at the market value as of the effective date of the agreement. The options are fully vested and immediately exercisable.

We entered into an employment agreement effective September 5, 2000 with Mr. John A. Kallassy. The agreement provides that Mr. Kallassy will act as our Executive Vice President. The agreement, which has no term, provides for an annual salary of $175,000, subject to periodic review, and annual bonuses aggregating $50,000 based on the executive s attainment of certain performance goals. Under this agreement, Mr. Kallassy was granted 225,000 options to purchase shares of our Common Stock at the market value as of the effective date of the agreement. 18,750 of these options were fully vested and immediately exercisable at the date of grant. Of the balance, 18,750 options became exercisable each three months after September 5, 2000 and all options are now fully vested and exercisable. In 2005, Mr. Kallassy s bonus and salary were combined and the aggregate total paid as salary.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of February 15, 2006 with respect to the beneficial ownership of our stock by (i) each person known by us to be the beneficial owner of more than 5% of the Common Stock; (ii) each person serving as a director or director nominee of the Company; (iii) each of our executive officers, and (iv) all of our directors and executive officers as a group. Unless otherwise indicated, all shares are owned directly and the indicated owner has sole voting and dispositive power with respect thereto.

	Common Stock Beneficially Owned (1)	
Beneficial Owner	**Number**	**Percent**
Shant S. Hovnanian (2)(3)	4,309,754	26.8
Vahak S. Hovnanian (4)(5)	2,953,655	18.3
William F. Leimkuhler (6)	100,250	*
Jeffrey Najarian (7)	80,000	*
Christpher Vizas (8)	70,000	*
Thomas M. Finn (9)	128,821	*
John Kallassy (10)	427,500	2.7
XO Communications, Inc.	2,000,000	12.4
All Directors and Executive Officers as a group (total 7 persons)	8,069,980	50.1

* Less than 1% of the outstanding Common Stock

(1) Pursuant to the regulations of the Securities and Exchange Commission (the Commission), shares are deemed to be beneficially owned by a person if such person directly or indirectly has or shares (i) the power to vote or dispose of such shares, whether or not such person has any pecuniary interest in such shares, or (ii) the right to acquire the power to vote or dispose of such shares within 60 days, including any right to acquire through the exercise of any option, warrant or right.

(2) Includes options to purchase 633,100 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(3) Includes 137,500 shares of Common Stock owned by Mr. Shant S. Hovnanian s minor children for which Mr. Hovnanian, as custodian, has sole voting power.

(4) Includes options to purchase 102,500 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(5) Includes 55,431 and 22,175 shares of Common Stock which Mr. Vahak S. Hovnanian is required to sell upon the exercise of outstanding warrants at a per share exercise price of $13.16 and $11.28, respectively.

(6) Includes options to purchase 100,250 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(7) Includes options to purchase 80,000 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(8) Includes options to purchase 70,000 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(9) Includes options to purchase 128,821 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

(10) Includes options to purchase 337,500 shares of Common Stock pursuant to the Stock Incentive Plan, which are fully vested and exercisable.

Stockholders Agreements.

Verizon Communications, formerly Bell Atlantic Corporation, has the right to appoint one director to the Board, so long as Verizon shall hold at least 1% of the shares of Common Stock outstanding on a fully diluted basis.

Pursuant to a Stock Purchase Agreement dated as of June 13, 1999, the Company is required to use all reasonable efforts, subject to fiduciary duties under applicable law, to cause an XO Communications, Inc. representative to be elected to the Company s Board.

Equity Compensation Plans

The following table sets forth certain information as of December 31, 2005 for all compensation plans, including individual compensation arrangements, under which equity securities of the Company are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for further issuance
Equity compensation plans approved by security holders	1,726,459	$ 2.32	1,169,368
Equity compensation plans not approved by security holders			
Total	1,726,459	$ 2.32	1,169,368

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under Director Compensation included in Item 11. of this Form 10-K is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees represent fees for services rendered in connection with the annual audit and quarterly reviews of the Company s financial statements. For the years ended December 31, 2005 and 2004, the Company paid or accrued $177,500 and $180,000, respectively, for audit fees to PricewaterhouseCoopers LLP.

Audit - Related Fees represent fees for services rendered in connection with assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported as Audit Fees. For the years ended December 31, 2005 and 2004, the Company did not pay or accrue any amounts for audit related fees.

Tax Fees represent fees for services rendered in connection with tax compliance, tax advice and tax planning. For the years ended December 31, 2005 and 2004, the Company paid or accrued $102,100 and $50,000, respectively, for tax fees to PricewaterhouseCoopers LLP.

All Other Fees represent fees for services rendered other than those described above. For the years ended December 31, 2005 and 2004, the Company did not pay or accrue any amounts for these services.

The Audit Committee of the Company s Board of Directors has established a policy requiring its pre-approval of all audit and non-audit services provided by its independent registered public accounting firm. The policy requires the general pre-approval of annual audit services and all other permitted services.

All of the audit and non-audit services described above were approved by the Audit Committee and not pursuant to the waiver of pre-approval provisions set forth in applicable rules of the SEC.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) **Financial Statements and Financial Statement Schedules**

(b) **Exhibits**

3.1a	Certificate of Incorporation. (1)
3.1b	Certificate of Ownership and Merger of CVUSA Merger Corporation With and Into CellularVision USA, Inc. (2)
3.2	By-laws. (1)
4.1	Form of Common Stock Certificate. (1)
4.3	Form of Rights Agreement between SPEEDUS.COM, Inc. and Equiserve Trust Company, N.A., as Rights Agent. The Rights Agreement includes as Exhibit A the Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of SPEEDUS.COM, Inc., as Exhibit B the form of Rights Certificate and as Exhibit C the form of Summary of Rights to Purchase Shares of Series A Junior Participating Preferred Stock. (3)
10.1	Speedus Corp. 2005 Stock Incentive Plan. (4)
10.2	Employment Agreement, dated as of April 25, 2002, between SPEEDUS.COM, Inc. and Shant S. Hovnanian. (5)
10.3	Amended and Restated Agreement of Limited Partnership of CellularVision of New York, L.P., dated as of July 7, 1993, by and between Hye Crest Management, Inc., Bell Atlantic Ventures, XXIII, Inc. and the limited partners set forth on the signature page thereto. (1)
10.4	Agreement, dated as of January 12, 1996, by and among CellularVision USA, Inc., CellularVision of New York, L.P., Hye Crest Management, Inc., Shant S. Hovnanian, Vahak S. Hovnanian, Bernard B. Bossard and Bell Atlantic Ventures XXIII, Inc. (1)
21	Subsidiaries of Speedus Corp. (1)
23.1	Consent of PricewaterhouseCoopers LLP (6)
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 (6).
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 (6).
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 (6).

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 (6).

---

(1) Incorporated by reference to the Company s Registration Statement in Form S-1 (File No. 33-98340) which was declared effective by the Commission on February 7, 1996.

(2) Incorporated by reference to the Company s Form 10-K filed on March 31, 1999.

(3) Incorporated by reference to the Company s Form 8-K filed on January 16, 2001.

(4) Incorporated by reference to the Company s Definitive Proxy Statement filed on October 13, 2005.

(5) Incorporated by reference to the Company s Form 10-K filed on March 31, 2003.

(6) Filed herewith.

(c) **Financial Statement Schedules**

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Speedus Corp.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Speedus Corp. and its subsidiaries at December 31, 2005 and December 31, 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
March 31, 2006

SPEEDUS CORP.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2005	**2004**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,563,088	$ 17,740,865
United States Treasury bills		5,977,200
Marketable securities	1,174,825	1,060,592
Prepaid expenses and other	181,508	173,979
Accounts and other receivables	500	49,134
Total current assets	19,919,921	25,001,770
Property and equipment, net of accumulated depreciation of $321,256 and $175,457	426,201	609,840
Other intangible assets, net of accumulated amortization of $2,607,133 and $1,812,249	622,911	1,417,795
Other investments	800,000	900,000
Other assets	691,444	752,869
Total assets	$ 22,460,477	$ 28,682,274
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 68,692	$ 315,742
Accrued liabilities	1,215,859	1,357,720
Total current liabilities	1,284,551	1,673,462
Minority interest		159,294
Commitments and Contingencies		
Stockholders equity:		
Common stock ($.01 par value; 50,000,000 shares authorized; 21,750,174 and 21,587,674 shares issued)	217,502	215,877
Preferred stock ($.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	90,724,450	90,546,583
Treasury stock (at cost; 5,632,275 and 5,368,949 shares)	(5,884,863)	(5,499,684)
Accumulated deficit	(63,881,163)	(58,413,258)
Stockholders equity	21,175,926	26,849,518
Total liabilities and stockholders equity	$ 22,460,477	$ 28,682,274

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended December 31,		
	2005	2004	2003
Revenues	$ 1,038,343	$ 917,237	$ 710,786
Expenses:			
Selling, general and administrative	3,851,332	4,313,889	4,494,589
Research and development	1,797,315	1,515,934	1,705,233
Depreciation and amortization	940,683	1,116,759	1,158,753
Cost of sales	345,354	282,370	222,662
Technology settlement expenses		2,928,583	
Goodwill impairment loss		620,875	
Total operating expenses	6,934,684	10,778,410	7,581,237
Operating loss	(5,896,341)	(9,861,173)	(6,870,451)
Investment income/(loss)	(52,397)	419,197	(4,519,600)
Minority interest	159,294	508,261	778,950
Gain from technology settlement		15,000,000	
Equity in loss of associated company			(92,996)
Earnings/(loss) before benefit from/(provision for) income taxes	(5,789,444)	6,066,285	(10,704,097)
Benefit from/(provision for) income taxes	321,539	(62,000)	
Net earnings/(loss)	$ (5,467,905)	$ 6,004,285	$ (10,704,097)
Per share:			
Basic earnings/(loss) per common share	$ (0.34)	$ 0.37	$ (0.65)
Weighted average common shares outstanding - basic	16,182,208	16,245,281	16,498,267
Diluted earnings/(loss) per common share	$ (0.34)	$ 0.36	$ (0.65)
Weighted average common shares outstanding - diluted	16,182,208	16,799,298	16,498,267

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

For the years ended December 31, 2003, 2004 and 2005

	Common Stock			Treasury Stock			Total
	Amount	Shares	Additional Paid-in-capital	Amount	Shares	Accumulated Deficit	Stockholders Equity
Balance, January 1, 2003	$ 213,848	21,384,838	$ 90,289,432	$ (4,371,778)	4,418,577	$ (53,713,446)	$ 32,418,056
Exercise of warrants	1,313	131,250	129,938				131,251
Stock based compensation			22,750				22,750
Repurchase of common stock				(878,774)	839,072		(878,774)
Net loss						(10,704,097)	(10,704,097)
Balance, December 31, 2003	215,161	21,516,088	90,442,120	(5,250,552)	5,257,649	(64,417,543)	20,989,186
Exercise of options and warrants	716	71,586	70,870				71,586
Stock based compensation			33,593				33,593
Repurchase of common stock				(249,132)	111,300		(249,132)
Net earnings						6,004,285	6,004,285
Balance, December 31, 2004	215,877	21,587,674	90,546,583	(5,499,684)	5,368,949	(58,413,258)	26,849,518
Exercise of options	1,625	162,500	160,875				162,500
Stock based compensation			16,992				16,992
Repurchase of common stock				(385,179)	263,326		(385,179)
Net loss						(5,467,905)	(5,467,905)

Balance, December 31, 2005	$ 217,502	21,750,174	$ 90,724,450	$ (5,884,863)	5,632,275	$ (63,881,163)	$ 21,175,926

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

SPEEDUS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,		
	2005	2004	2003
Cash flows from operating activities:			
Net earnings/(loss)	$ (5,467,905)	$ 6,004,285	$ (10,704,097)
Adjustments to reconcile net earnings/(loss) to net cash provided by/(used in) operating activities:			
Depreciation and amortization	940,683	1,116,759	1,158,753
Goodwill impairment loss		620,875	
Unrealized investment (gains)/losses	402,617	(287,089)	107,055
Equity in loss of associated company			92,996
Minority interest	(159,294)	(508,261)	(778,950)
Stock based compensation	16,992	33,593	22,750
Changes in operating assets and liabilities:			
Marketable securities	(516,850)	1,969,969	(556,548)
Due from broker		3,131,835	8,015,734
Accounts and other receivables	48,634	(6,634)	(2,401)
Prepaid expenses and other	(7,529)	(90,757)	(65,734)
Other assets	61,425	(98,717)	(62,851)
Accounts payable	(247,050)	164,484	(192,563)
Accrued liabilities	(141,861)	(74,706)	(405,095)
Securities sold and not purchased		(5,406,135)	(9,564,382)
Net cash provided by/(used in) operating activities	(5,070,138)	6,569,501	(12,935,333)
Cash flows from investing activities:			
Property and equipment:			
Additions	(26,432)	(536,253)	(92,060)
Dispositions	64,272		
United States Treasury bills:			
Purchases	(14,022,800)	(5,977,200)	
Maturities	20,000,000		
Other investments:			
Purchases	(500,000)	(1,556,834)	
Transfer to marketable securities	600,000		
Loans to related parties			120,000
Loans and other receivables, net of repayments			2,500
Acquisition of business, net of cash acquired			18,798
Net cash provided by/(used in) investing activities	6,115,040	(8,070,287)	49,238
Cash flows from financing activities:			
Proceeds from exercise of options or warrants	162,500	71,586	131,251
Repurchase of stock	(385,179)	(249,132)	(878,774)
Net cash provided by/(used in) financing activities	(222,679)	(177,546)	(747,523)
Net increase/(decrease) in cash and cash equivalents	822,223	(1,678,332)	(13,633,618)
Cash and cash equivalents, beginning of period	17,740,865	19,419,197	33,052,815

Cash and cash equivalents, end of period	$ 18,563,088	$ 17,740,865	$ 19,419,197
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	$	$	$ (18,798)

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

SPEEDUS CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Organization

Speedus Corp. (Speedus or the Company), a Delaware corporation, was formed in October 1995 as CellularVision USA, Inc. (CVUS) to combine the ownership of predecessor companies that were under common control. In January 1999, through a short form merger as allowed under Delaware law, CVUS changed its name to SPEEDUS.COM, Inc. In June 2002, in the same manner, SPEEDUS.COM, Inc. changed its name to Speedus Corp. Unless the context requires otherwise, the term Company includes Speedus and its wholly- and majority-owned subsidiaries.

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 (ZAC), 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 murmurs which are a potential sign of heart disease. We own 90% of F&B Güdtfood Holding Corp., the creator and operator of the original Eurocentric chic and quick café, which is operating two stores in Manhattan. In 2005, we conceived Wibiki, a new software-based wireless network that leverages existing Wi-Fi infrastructures to reduce cost, complexity and risk for users when accessing the Internet wirelessly. Wibiki s business model will employ a user opt-in advertising service we call AdChooser to generate revenues that keep Wibiki services free to users. 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.

2. Summary of Significant Accounting Policies

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.

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 December 31, 2005 and 2004, cash equivalents consisted of money market funds.

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 December 31, 2005 and 2004, marketable securities consisted of publicly traded equity securities which were recorded at fair market value. Their original cost was $1,419,000 and $877,000, unrealized gains/(losses) in 2005 and 2004 were $403,000 and $(287,000) and the carrying value was $1,175,000 and $1,061,000, respectively. At December 31, 2005, based upon the fair market value of these securities, 52% was invested in a coal company and 48% was invested in technology and telecommunications 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 December 31, 2005.

Other investments consist of:

	December 31,	
	2005	**2004**
(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 the lesser of $.40 or 80% of the per share price sold in the next round of financing. 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	
(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	
(d) 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. During 2005, this investment was transferred to Marketable Securities upon the commencement of public trading. This investment was acquired in 2004.		600,000
	$ 800,000	$ 900,000

Securities sold and not purchased

The Company has in the past and may in the future 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, 2005 and 2004, there were no 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, 2005 and 2004, 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, 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 has in the past and may in the future sell 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. 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 on a reporting unit basis at least annually and charged against results of operations only in the periods in which the recorded value of goodwill is more than its implied fair value. During the fourth quarter of 2004, after determining that the estimated present value of future cash flows was less than its carrying value, the Company recorded a charge for impairment of goodwill in connection with the acquisition of F&B Güdtfood in the amount of $621,000, the balance at December 31, 2003.

The Company owns broadband assets, included in intangible assets, with a carrying value of $0.4 million at December 31, 2005 and currently does not generate significant revenues or cash flows. However, the Company estimated that, based upon its review of historical transactions and other factors, the fair value of certain patents that have no carrying value on its books would generate sufficient cash to fully realize the assets described above.

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 during 2003. The broadband patent, in the aggregate cost of $2,070,000 with accumulated amortization of $1,657,000 at December 31, 2005 is being amortized over its remaining useful life of four years. Medical technology, in the aggregate amount of $1,160,000 with accumulated amortization of $950,000 at December 31, 2005, is being amortized over a period of three years.

Amortization expense relating to intangible assets for the years ended December 31, 2005, 2004 and 2003 amounted to $795,000, $761,000 and $633,000, respectively. The estimated annual amortization expense for 2006 and 2007, the expiration of the remaining useful life of the Company s intangible assets at December 31, 2005, is

$589,000 and $34,000, respectively. Amortization expense is included in Depreciation and amortization on the accompanying Consolidated Statement of Operations and not allocated to Selling, General and Administrative , Research and Development or Cost of Sales .

Revenue Recognition

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

Income Taxes

As required by Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, the Company is required to provide for deferred tax assets or liabilities arising due to temporary differences between the book and tax basis of the Company s assets and liabilities.

As of December 31, 2005, the Company has a deferred tax asset of approximately $4.8 million, relating primarily to operating losses. An offsetting valuation allowance of $4.8million has been established as the Company had no ability to carryback its losses and a limited earnings history. During 2005, the Company recorded a benefit from income taxes in the amount of $322,000 as a result of a tax refund from the filing of amended tax returns.

A reconciliation of the Company s effective income tax rate and the federal tax rate is as follows:

	Year ended December 31,		
	2005	2004	2003
Statutory rate	(34%)	(34%)	(34%)
Benefit from tax refund	(6%)	0%	0%
Permanent difference: goodwill impairment	0%	10%	0%
State and local income taxes, net of federal benefit	(10%)	(10%)	(10%)
Change in valuation allowance	44%	35%	44%
Effective rate	(6%)	1%	0%

At December 31, 2005, the Company had net operating loss carryforwards of approximately $14.2 million which expire between 2020 and2027. Under the provisions of the Internal Revenue Code, certain substantial changes in the Company s stock ownership may result in a limitation on the amounts of net operating loss carryforwards which can be utilized in future years.

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 years ended December 31, 2005 and 2003, outstanding stock options in the weighted average amounts of 1,724,000 and 1,743,000 and outstanding warrants in the weighted average amounts of 113,000 and 278,000, respectively, have been excluded from the diluted loss per share since their effect would be antidilutive.

For the year ended December 31, 2004, the weighted average common shares for diluted earnings per share were determined by adding 550,000 and 4,000 weighted average shares for the assumed exercise of stock options and warrants, respectively, calculated using the treasury stock method, to the weighted average shares outstanding used for basic earnings per share for a total of 16,799,000 weighted average shares outstanding for diluted earnings per share. Outstanding stock options and warrants in the weighted average amounts of 691,000 and 113,000, respectively, were excluded from the computation of diluted earnings per share for the year ended December 31, 2004 since the exercise prices were greater than the average market price of the common stock.

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 SFAS148, 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. 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 years ended December 31, 2005, 2004 and 2003 is summarized as follows:

	2005	2004	2003
Net earnings/(loss) as reported	$ (5,467,905)	$ 6,004,285	$ (10,704,097)
After tax effect of pro forma compensation	(74,000)	(50,000)	(267,000)
Pro forma net loss	$ (5,541,905)	$ 5,954,285	$ (10,971,097)
Loss per share:			
Basic - as reported	$ (0.34)	$ 0.37	$ (0.65)
Basic - pro forma	$ (0.34)	$ 0.37	$ (0.66)
Diluted - as reported	$ (0.34)	$ 0.36	$ (0.65)
Diluted - pro forma	$ (0.34)	$ 0.35	$ (0.66)

In determining fair value, the stock options were valued using the Black-Scholes option pricing model. Key assumptions used in valuing the options granted during the years ended December 31, 2005, 2004 and 2003 are summarized as follows:

	2005	2004	2003
Risk free investment rate	4%	2%	2%
Expected lives	3 years	3 years	3 years
Expected volatility factors	65%	70%	51%

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment which replaces SFAS No. 123 and supercedes APB Opinion No. 25. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values beginning with the first annual period after June 15, 2005, with early adoption encouraged. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. The Company is required to adopt SFAS No. 123R beginning January 1, 2006. Under SFAS No. 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include modified prospective and modified retrospective adoption options, using the previously disclosed pro forma data. Under the modified retrospective option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The modified prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first period of adoption of SFAS No. 123R, while the modified retrospective methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Company is evaluating the requirements of SFAS No. 123R and expects that the adoption of SFAS No. 123R could have a material impact on the Company s financial statements.

In March 2005, the FASB issued Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143. FIN No. 47 clarifies that a conditional asset retirement obligation, as used in SFAS No. 143, Accounting for Asset Retirement Obligations, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of the settlement are conditional on a future event that may or may not be within the control of the entity. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. FIN No. 47 is effective no later than the end of fiscal years ending after December 15, 2005, with early adoption allowed. The adoption of FIN No. 47 by the Company has not had a material impact on the Company s consolidated results of operations or financial position.

In May 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3 . SFAS 154 requires retrospective application to prior periods financial statements for any changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 defines retrospective application as the application of a different accounting principle to prior accounting periods as if that principle had always been used or as the adjustment of previously issued financial statements to reflect a change in the reporting entity. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. SFAS 154 carries forward without change the guidance contained in APB 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. The Company will be required to adopt SFAS 154 for any accounting changes or corrections of errors on or after January 1, 2006. The Company does not expect the adoption of SFAS 154 to have a material effect on the Company s consolidated financial statements.

Reclassifications

Certain reclassifications have been made to prior year s financial information to conform to the current year presentation.

3. 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 Zargis not having met certain milestones. On September 22, 2004, the Company increased its ownership in Zargis Medical to 72.7% with an additional investment of $500,000. At December 31, 2005, as a result of continued advances aggregating $1,480,000 during 2005, our ownership interest increased to approximately 78%.

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.

b. On May 6, 2002, the Company acquired a 51% interest in F&B Güdtfood, 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 Güdtfood 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. As a result of certain milestones not having been met, in 2005 our interest increased to 90%.

4. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2005	2004
Leasehold improvements	$ 389,693	$ 439,255
Office equipment	357,764	346,042
	747,457	785,297
Less accumulated depreciation	(321,256)	(175,457)
Property and equipment	$ 426,201	$ 609,840

Depreciation expense was $146,000, $346,000 and $526,000 for the years ended December 31, 2005, 2004 and 2003, respectively. Depreciation expense is included in Depreciation and amortization on the accompanying Consolidated Statement of Operations and not allocated to Selling, General and Administrative , Research and Development or Cost of Sales .

5. Stockholders Equity

Stock Options

In November 2005, stockholders approved the Company s 2005 Stock Incentive Plan to replace the 1995 Stock Incentive Plan which expired in October 2005. While no new grants can be made under the 1995 Plan, 1,259,368 options outstanding at the expiration of the 1995 Plan will remain outstanding until exercise, cancellation or expiration. 1,636,459 options available for grant at the expiration of the 1995 Plan have been made available for grant under the 2005 Plan. To the extent that options granted under the 1995 Plan are cancelled or expire, those options would be available for issuance under the 2005 plan. Similar to the 1995 Plan, the 2005 Plan provides for the grant of various stock based incentives, including non-qualified and incentive stock options, to employees, directors and consultants.

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. See Note 2 for 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 years ended December 31, 2005, 2004 and 2003.

Aggregate stock option activity and weighted average prices under both Plans for the three years ended December 31, 2005 is summarized as follows:

	2005		2004		2003	
	Options	**Price**	**Options**	**Price**	**Options**	**Price**
Outstanding at January 1	1,778,959	$ 2.37	1,777,465	$ 2.43	1,701,524	$ 2.61
Granted	210,000	1.45	100,000	2.05	140,000	1.21
Exercised	(162,500)	1.00	(27,836)	1.00		
Cancelled	(100,000)	3.59	(70,670)	4.00	(64,059)	4.51
Outstanding at December 31	1,726,459	$ 2.32	1,778,959	$ 2.37	1,777,465	$ 2.43
Exercisable at December 31	1,535,401	$ 2.43	1,700,623	$ 2.41	1,731,631	$ 2.47
Available for grant at December 31	1,169,368		1,279,368		808,698	

The following table aggregates certain information concerning currently outstanding and exercisable stock options under both Plans at December 31, 2005:

	Stock options outstanding			Stock options exercisable	
Range of exercise prices	**Options**	**Weighted average remaining life (years)**	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
$ 0.83 - 1.00	393,220	5	$ 0.97	393,220	$ 0.97
1.07 - 2.08	720,000	8	1.34	528,942	1.30
2.27 - 4.84	566,500	4	3.92	566,500	3.92
5.20 - 8.00	31,739	2	6.99	31,739	6.99
13.75 - 15.00	15,000	3	14.17	15,000	14.17
	1,726,459			1,535,401	

Warrants

The Company accounts for warrants granted to non-employees under the provisions of Statement of Financial Accounting Standards No. 123 and 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 warrants at the time of issuance was determined using the Black-Scholes option-pricing model. Expenses are recognized over the service terms. No such expenses were recognized during the years ended December 31, 2005, 2004 or 2003.

Warrant activity and weighted average prices for the three years ended December 31, 2005 is summarized as follows:

	2005		2004		2003	
	Warrants	**Price**	**Warrants**	**Price**	**Warrants**	**Price**
Outstanding at January 1	113,256	$ 13.77	157,006	$ 10.21	413,256	$ 5.64

Granted						
Exercised			(43,750)	1.00	(131,250)	1.00
Cancelled	(113,256)	13.77			(125,000)	4.78
Outstanding at December 31	0	$	113,256	$ 13.77	157,006	$ 10.21
Exercisable at December 31	0	$	113,256	$ 13.77	157,006	$ 10.21

Treasury Stock

During the years ended December 31, 2005, 2004 and 2003, the Company repurchased 263,326, 111,300 and 839,072 shares, respectively, of its own Common Stock.

Stockholder Rights Plan

On January 11, 2001, the Company s Board of Directors adopted a stockholder rights plan in which preferred stock purchase rights will be distributed as a dividend at the rate of one right for each share of the Company s Common Stock.

Each right generally will entitle stockholders, in certain circumstances, to buy one one-ten thousandth of a newly issued share of Series A Junior Participating Preferred Stock of the Company at an exercise price of $50.00. The rights generally will be exercisable and transferable apart from the Common Stock only if a person or group acquires beneficial ownership of 17% or more of the Common Stock or commences a tender or exchange offer upon consummation of which such person or group would beneficially own 17% or more of the Common Stock.

If any person becomes the beneficial owner of 17% or more of the Company s Common Stock, then each right not owned by a 17% or more stockholder or certain related parties will entitle its holder to purchase, at the right s then-current exercise price, shares of Common Stock (or, in certain circumstances as determined by the Board, cash, other property, or other securities) having a value of twice the right s exercise price. In addition, if, after any person has become a 17% or more stockholder, the Company is involved in a merger or other business combination transaction with another person in which its Common Stock is changed or converted, or sells 50% or more of its assets or earning power to another person, each right will entitle its holder to purchase, at the right s then-current exercise price, shares of common stock of such other person having a value of twice the right s exercise price.

The Company will generally be entitled to redeem the rights at $.01 per right at any time until the tenth day following public disclosure that a person or group has become the beneficial owner of 17% or more of the Company s common stock. The rights will expire on January 26, 2011.

6. 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 year ended December 31, 2004 in the accompanying consolidated statement of operations.

7. Commitments and Contingencies

Noncancelable Leases

At December 31, 2005, future minimum lease payments due under noncancelable leases are as follows:

2006	$ 376,000
2007	276,000
2008	284,000
2009	233,000
2010	138,000
Thereafter	424,000
	$ 1,731,000

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 $500,000, $300,000 or $200,000 if the license agreement is terminated by the Company before September 2007, September 2009 or September 2011, respectively.

Rent expense was approximately $477,000, $491,000 and $401,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

Indemnification

As permitted under Delaware law, the Company s Certificate of Incorporation and By-Laws provide circumstances by which the Company shall indemnify each director, officer, employee or agent of the Company. The maximum potential exposure under these provisions is unlimited; however, the Company has an Officers and Directors insurance policy that limits its exposure and enables it to recover a portion of any amounts paid. The Company has not provided for any potential exposure under these provisions at December 31, 2005.

8. Legal Proceedings

The Company is not currently involved in any material pending legal proceedings.

9. Business Segment Information

The following table sets forth the Company s financial performance by reportable operating segment for the years ended December 31, 2005, 2004 and 2003. F&B Güdtfood 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. The development of Wibiki commenced in 2005.

	Year ended December 31, 2005				
	F&B	Zargis	Wibiki	Corporate and other	Totals
Revenues from external customers	$ 1,037,703	$ 0	$ 0	$ 640	$ 1,038,343
Depreciation and amortization	111,863	13,986	0	814,834	940,683
Operating loss	(655,030)	(1,281,559)	(685,566)	(3,274,186)	(5,896,341)
Investment income/(loss)	1,231	83	0	(53,711)	(52,397)
Goodwill and other intangible assets	0	210,143	0	412,768	622,911
Fixed assets	372,165	17,462	0	36,574	426,201
Total assets	549,410	450,007	0	21,461,060	22,460,477

	Year ended December 31, 2004			
	F&B	Zargis	Corporate and other	Totals
Revenues from external customers	$ 913,620	$ 0	$ 3,617	$ 917,237
Depreciation and amortization	90,035	25,589	1,001,135	1,116,759
Operating loss	(686,026)	(1,875,028)	(7,300,119)	(9,861,173)
Investment income/(loss)	2,367	4,751	412,079	419,197
Goodwill and other intangible assets	0	592,259	825,536	1,417,795
Fixed assets	532,626	20,690	56,524	609,840
Total assets	696,480	768,002	27,217,792	28,682,274

	Year ended December 31, 2003			
	F&B	Zargis	Corporate and other	Totals
Revenues from external customers	$ 705,916	$ 0	$ 4,870	$ 710,786
Depreciation and amortization	43,077	20,915	1,094,761	1,158,753
Operating loss	(786,042)	(1,529,290)	(4,555,119)	(6,870,451)
Investment income/(loss)	16,466	0	(4,536,066)	(4,519,600)
Goodwill and other intangible assets	620,875	803,747	1,238,304	2,662,926
Fixed assets	169,035	24,205	226,628	419,868
Total assets	762,689	1,397,079	26,350,292	28,510,060

The Company has no foreign operations. During the years ended December 31, 2005, 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 2.

10. Selected Quarterly Data (unaudited)

Quarterly financial information is summarized in the table below (amounts in thousands, except per share amounts):

	Year ended December 31, 2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 227	$ 283	$ 294	$ 234
Selling, general and administrative expenses	975	965	981	930
Research and development	327	370	389	711
Cost of sales	77	94	93	81
Operating loss	(1,382)	(1,379)	(1,399)	(1,736)
Investment income/(loss)	282	(1)	151	(484)
Net earnings/(loss)	$ (975)	$ (1,381)	$ (890)	(2,222)
Per share (1):				
Basic	$ (0.06)	$ (0.09)	$ (0.06)	$ (0.14)
Diluted	$ (0.06)	$ (0.09)	$ (0.06)	$ (0.14)

	Year ended December 31, 2004			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 151	$ 200	$ 309	$ 257
Selling, general and administrative expenses	993	1,170	998	1,153
Technology settlement expenses	2,929			
Research and development	371	368	378	399
Goodwill impairment loss				(621)
Cost of sales	45	84	66	87
Operating loss	(4,471)	(1,728)	(1,413)	(2,249)
Gain from technology settlement	15,000			
Investment income/(loss)	(258)	155	136	386
Net earnings/(loss)	$ 10,412	$ (1,382)	$ (1,133)	$ (1,893)
Per share (1):				
Basic	$ 0.64	$ (0.09)	$ (0.07)	$ (0.12)
Diluted	$ 0.62	$ (0.09)	$ (0.07)	$ (0.12)

(1) Earnings per share is computed separately for each period. Therefore, the sum of the quarterly per share amounts may differ from the total for the year.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York on March 31, 2006.

SPEEDUS CORP.

s/s Shant S. Hovnanian

Shant S. Hovnanian
President, Chief Executive Officer and
Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
s/s Shant S. Hovnanian Shant S. Hovnanian	Chairman of the Board of Directors, President and Chief Executive Officer	March 31, 2006
s/s Thomas M. Finn Thomas M. Finn	Treasurer and Chief Financial and Accounting Officer	March 31, 2006
s/s Vahak S. Hovnanian Vahak S. Hovnanian	Director	March 31, 2006
s/s William F. Leimkuhler William F. Leimkuhler	Director	March 31, 2006
s/s Jeffrey Najarian Jeffrey Najarian	Director	March 31, 2006
s/s Christopher Vizas Christopher Vizas	Director	March 31, 2006