SECURED DIVERSIFIED INVESTMENT LTD
Form 10QSB/A
January 23, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB/A

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2007

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period __________ to __________

Commission File Number: 000-30653

Secured Diversified Investment, Ltd.
(Exact name of small business issuer as specified in its charter)

Nevada	80-0068489
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

12202 North Scottsdale Road, Phoenix, AZ 85054
(Address of principal executive offices)

949 851-1069
(Issuer's telephone number)

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

Check whether the issuer (1) 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 issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days [X] Yes [ ] No

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

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,896,820 Common Shares as of May 15, 2007.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

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Explanatory Note

The purpose of this Amendment No. 2 is to revise figures in the Consolidated Statement of Operations and in Results of Operations for the three months ended March 31, 2007 and 2006.
Also, to revise statements in the Notes to Unaudited Financial Statements filed in Amendment No. 1 to the Quarterly Report on Form 10-QSB/A submitted to the United States Securities and Exchange Commission on June 4,2007.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our unaudited financial statements included in this Form 10-QSB are as follows:

These unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-QSB. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended March 31, 2007 are not necessarily indicative of the results that can be expected for the full year.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Balance Sheet
March 31, 2007
(Unaudited)

ASSETS		
Properties, net of accumulated depreciation of $116,376	$	1,524,231
Cash and cash equivalents		2,752
Prepaid expenses		6,249
Restricted cash		72,432
Asset held for sale		17,513
Other assets		1,696
Total Assets	$	1,624,874
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Mortgages payable	$	1,136,207
Mortgages payable, related parties		138,630
Notes payable, related parties		3,275
Interest payable		47,371
Payroll liabilities		22,607
Accounts payable, accrued expenses and other liabilities		212,800
Total Liabilities		1,560,890
Minority Interest		84,275
STOCKHOLDERS' DEFICIT		
Series A Preferred Stock, 375,000 shares authorized, $0.01 par value, 355,978 shares issued & outstanding		3,559
Series B Preferred Stock, 1,000,000 shares authorized, $0.01 par value, 8,044 shares issued & outstanding		80
Series C Preferred Stock, 1,125,000 shares authorized, $0.01 par value, 0 shares issued & outstanding		-
Common Stock, 100,000,000 shares authorized, $0.001 par value, 2,896,820 shares issued and outstanding		2,897
Paid In Capital		8,812,272

Unissued shares		5,830
Accumulated Deficit		(8,844,931)
Total Stockholders' Deficit		(20,291)
Total Liabilities and Stockholder's Deficit	$	1,624,874

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statement of Operations
(Unaudited)

	For the three month periods ended March 31, 2007	2006
Net revenues		
Rental income	$ 73,985	$ 76,940
Operating expenses		
General and administrative expenses	151,752	247,568
Operating loss	(77,767)	(170,628)
Other income (expenses)		
Interest expense	(34,434)	(37,369)
Interest income	144	143
Minority interest	7,460	5,336
Gain on settlement of debt	9,998	-
Others	(3,305)	134,318
Total other income (expenses)	(20,136)	102,428
Loss from continued operation	(97,903)	(68,200)
Loss from discontinued operation	(6,031)	-
Net loss	$ (103,934)	$ (68,200)
Net income (loss) per share, continuing operations	$ (0.03)	$ (0.00)
Net income (loss) per share, discontinued operations	$ (0.00)	$ -
Basic earnings (loss) per common share	$ (0.04)	$ (0.02)
*Basic and diluted weight average shares	2,896,820	2,896,820

*Basic and diluted weighted average number of shares are same for the period ended March 31, 2006 due to its anti-dilutive nature

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statement of Cash Flow
(Unaudited)

	For the three month periods ended March 31, 2007	2006
Cash flows from operating activities:		
Net loss	$ (103,934)	$ (68,200)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and Amortization	7,430	10,646
Bad debt expense	(1,449)	-
Minority Interest	(7,460)	(5,336)
Shares cancelled	-	(11,250)
Loss from discontinued operations	6,031	-
Gain on settlement of debt	(9,998)	(134,318)
Increase (decrease) in assets and liabilities		
Receivables	-	1,164
Note Receivable	-	32,277
Accounts payable and other payables	81,649	(6,140)
Accrued interest added to notes payable	7,938	8,507
Payroll liabilities	19,142	(910)
Prepaid Expenses and other assets	(4,658)	598
Net cash used in operating activities	(5,310)	(172,963)
Cash flows from investing activities:		
Investment in real estate	-	(200,000)
Increase in restricted cash	144	-
Net cash provided by (used in) investing activities	144	(200,000)

Cash flows from financing activities:				
Payments on notes payable - related party		-		(25,000)
Payments on mortgage payable		(4,967)		(5,220)
Net cash used in financing activities		(4,967)		(30,220)
Net decrease in cash & cash equivalent		(10,133)		(403,183)
Cash and cash equilvalent, beginning period		12,885		1,230,404
Cash and cash equalivent, end of period	$	2,752	$	827,221
Supplemental disclosures:				
Cash paid for interest	$	26,495	$	37,369
Cash paid for income tax	$	-	$	-

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
March 31, 2007

NOTE 1 - Basis of presentation and Going Concern

Basis of presentation:

The unaudited consolidated financial statements have been prepared by the “Company,” pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments) which are, in the opinion of management, necessary to fairly present the operating results for the respective periods. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes for the year ended December 31, 2006. The results of the three months ended March 31, 2007, are not necessarily indicative of the results to be expected for the full year ending December 31, 2007.

Going concern:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has accumulated deficit of $8,844,931 as of March 31, 2007. The Company reported net loss of $103,934 at March 31, 2007. The Company does not have adequate cash reserves to pay its existing obligations and does not appear to be able to raise the necessary capital to meet its obligations for the next 12 months. Since our inception we have been unsuccessful in pursing revenues with our investment properties. Several of our acquired properties, including the T-Rex Plaza, the Hospitality Inn, and the Katella Center, among others, were or became impaired assets that were underperforming. These properties were incapable of generating adequate revenues. A major contributing factor to the lack of revenues for these properties was high-cost of debt and ground lease obligations underlying these properties. The assets that sufficiently produced cash to service their obligations, but not sufficient cash to support the Company’s overhead, such as Decatur Center, Spencer Springs and the Cannery West, had to be sold to continue our operations, including the high costs associated with being a public company, in addition to absorbing the costs associated with our impaired assets. Current management has restructured the Company’s operations by selling many of its poorly performing properties and reducing the associated high cost of debt and ground leases. The Company significantly reduced overhead and rolled backed the stock in order to restructure the Company’s capital structure. As a result of the problems with our properties, our ability to raise capital was met with failure in several instances. Management continues with efforts to find business partners. Our company stands in financial jeopardy and may not continue as a going concern. We are not likely to raise capital and we are forced to consider other business opportunities.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company’s ability to raise additional capital to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
March 31, 2007

NOTE 2 - Nature of Operations

The Company was incorporated under the laws of the state of Utah on November 22, 1978. On July 23, 2002, the shareholders approved a change in domicile from Utah to Nevada. In accordance with Nevada corporate law, a change of domicile is effected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between the Company and Book Corporation of America was completed. Upon completion of the merger Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company’s common stock was changed from BCAM to SCDI. The shareholders also approved amendments to the Company’s Articles of Incorporation to change the par value of the Company’s Common Stock from $.005 to $.001 and to authorize 50,000,000 shares of Preferred Stock (Series A, B and C), par value $0.01. On November 15, 2002, the Company changed its fiscal year end from October 31 to December 31.

During 2002, the Company began pursuing the acquisition of ownership interests in real estate properties that are geographically and functionally diverse in order to be more stable and less susceptible to devaluation resulting from regional economic downturns and market shifts. Currently, the Company owns a shopping center in Orange, California; the Company also owns a single story office building in Newport Beach, California through its majority owned subsidiary Diversified Commercial Brokers, LLC. During the first quarter of 2006 the Company acquired two additional properties in Phoenix, Arizona.

NOTE 3 - Significant Accounting Policies

Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its’ majority owned subsidiary, Diversified Commercial Brokers, LLC (53.8%). All material inter-company transactions and balances have been eliminated.

Investments. The Company reports its investment in real estate at historical cost. Those properties were acquired with the intention that when the value of properties will appreciate the Company will sell its share in those properties.

The Company used cost method of accounting based on SOP 78-9 paragraph .08 which states that "The division believes that the accounting recommendation for use of the equity of accounting for investments in general partnerships are generally appropriate for accounting by limited partners for their investments in limited partnerships. A limited partner's interest may be so minor that the limited partner may have virtually no influence over partnership operating and financial policies. Such a limited partner is, in substance, in the same position with respect to the investment as an investor that owns a minor common stock interest in a corporation, and, accordingly, accounting for the investment using the cost method may be appropriate."

Revenue recognition. The Company’s revenues are derived from rental income. Rental revenues are recognized in the period services are provided.

As a lessor, the Company has retained substantially all of the risks and benefits of ownership of the Office Properties and account for our leases as operating leases. Income on leases, which includes scheduled increases in rental rates during the lease term and/or abated rent payments for various periods following the tenant’s lease commencement date, is recognized on a straight-line basis. Property leases generally provide for the reimbursement of annual increases in operating expenses above base year operating expenses (excess operating expenses), payable to the Company in equal installments throughout the year based on estimated increases. Any differences between the estimated increase and actual amounts incurred are adjusted at year end.

Income (Loss) per share. Basic loss per share is based on the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. At March 31, 2007 and 2006, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was anti-dilutive.

Income Taxes. Deferred income tax assets and liabilities are computed annually for differences between the consolidated financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income (loss). Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

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Segment Reporting. Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosure about Segments of an Enterprise and Related Information" requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company.

During the first quarter of 2006, the Company acquired investment interest in two separate properties in Arizona.

On January 6, 2006, the Company acquired a 25 percent Tenant-in-Common interest in a commercial property located in Paradise Valley, Arizona for $300,000. The tenant-in common partners include a director of the Company, 25 percent, and an unrelated third party, 50 percent and SDI 25%. The unrelated third party will be responsible for all costs of operation including, but not limited to, landscaping, maintenance, taxes, insurance, property management and debt payments.

On February 15, 2006, the Company acquired a 33.3 percent interest in a property located in Phoenix, Arizona for $200,000. The property consists of a 2,180 square foot structure on approximately 38,587 square feet of land. The Company's interest was purchased from Ms Jan Wallace, an officer and director of the Company. The property will be used to house the Company's headquarters. The Company is not responsible for any of the expenses and does not share in the revenue stream associated with these properties.

For the three months ended March 31, 2007, and 2006 all of the Companies properties are located in California except for the investment properties which are located in Arizona. Properties in Arizona do not contribute to the income or expense stream of the Company.

Recent accounting pronouncements.

In September 2006, FASB issued SFAS 157 'Fair Value Measurements'. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The management is currently evaluating the effect of this pronouncement on financial statements.

In September 2006, the FASB issued SFAS 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)". This statement requires an employer to recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. This statement also requires an employer to measure the funded status of a plan as of the date of its year end statement of financial position, with limited exceptions. The Company will be required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year end statement of financial position is effective for fiscal years ending after December 15, 2008, or fiscal 2009

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for the Company. The management is currently evaluating the effect of this pronouncement on financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115". SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 will be effective for the Company on January 1, 2008. The management is currently evaluating the effect of this pronouncement on financial statements.

In March 2007, the Emerging Issues Task Force ("EITF") reached a consensus on issue number 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements," ("EITF 06-10"). EITF 06-10 provides guidance to help companies determine whether a liability for the postretirement benefit associated with a collateral assignment split-dollar life insurance arrangement should be recorded in accordance with either SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (if, in substance, a postretirement benefit plan exists), or Accounting Principles Board Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract). EITF 06-10 also provides guidance on how a company should recognize and measure the asset in a collateral assignment split-dollar life insurance contract. EITF 06-10 is effective for fiscal years beginning after December 15, 2007 (Novell's fiscal 2008), though early adoption is permitted. The management is currently evaluating the effect of this pronouncement on financial statements.

NOTE 4 - Property and Equipment

For the three month period ended March 31, 2007, the Company held two properties that were acquired for income-producing purposes in the normal course of business.

		Estimated Life
Buildings and improvements	$ 1,648,037	39 years
Less accumulated depreciation	(123,806)	
	$ 1,524,231	

Depreciation expense for the three month period ended March 31, 2007 and 2006 was $7,430 and $10,646, respectively.

NOTE 5 - Related Party Transactions

Sutterfield Family Trust and C. Wayne Sutterfield (Sutterfield). At December 31, 2005, the Company owed Sutterfield, a former director and shareholder, two notes, $67,000 and $71,630 both secured by trust deeds on 5030 Campus Drive. The notes bear interest at 8% and mature on February 17 2007, and December 31, 2006, respectively. The Company is in default on the $71,630 note and the other note of

SECURED DIVERSIFIED INVESTMENT, LTD.
Notes to Unaudited Consolidated Financial Statements
March 31, 2007

$67,000. Sutterfield is a minority owner in DCB. In addition to the interest payment on the 3rd trust deed, the Company, pursuant to the terms of the operating agreement, pays Sutterfield a preferred return on his investment. Payments to Sutterfield during the three month period ended March 31, 2007 and 2006 totaled $-0- and $6,090, respectively. As of March 31, 2007 total accrued interest payable to Sutterfield is $47,371. While the Company retains the right to acquire all his interests in DCB, this is very unlikely. Pursuant to the operating agreement, the Company is responsible for any all cash flow deficiencies.

NOTE 6 - Mortgages Payable

Mortgage note, bearing interest at 11.5%, due on June 25, 2007, secured by 1st trust deed on Katella Center	$ 370,000
Mortgage note, bearing interest at the “1 year constant maturity treasury rate” plus 3.5%, adjusting annually, currently 8.0%, principal and interest monthly, maturing February 2, 2013, secured by 1st trust deed on 5030 Campus	656,207
Mortgage note, bearing interest at 8%, due on Feb. 4, 2008, secured by 2nd trust deed on 5030 Campus	110,000
Total mortgages payable	$ 1,136,207

Interest expense on the Mortgages payable amounted to $26,399 and $25,769 for the three months ended March 31, 2007 and 2006, respectively.

NOTE 7 - Mortgages Payable - Related Parties

Mortgage note, bearing interest at 8%, due on Feb. 17, 2007, secured by 5030 Campus Drive	$ 67,000
Mortgage note, bearing interest at 8%, due on Dec. 31, 2006, secured by 3rd trust deed on 5030 Campus	71,630
Total mortgages payable- related parties	$ 138,630

Interest expense on the Mortgages payable - related parties amounted to $7,938 and $3,088 for the three months ended March 31, 2007 and 2006, respectively. The Company is in default on both the notes as of March 31, 2007.

NOTE 8 - Warrants

At March 31, 2007, the Company had the following subscriptions for warrants outstanding:

Date	Number of Warrants	Exercise Price	Expiration Date
April 4, 2005	400,000	Range from $0.50 to $2.00	April 4, 2010

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Following is a summary of the warrant activity:

	Warrants Outstanding	Aggregate Intrinsic Value
Outstanding at December 31, 2006	400,000	$ -
Granted	-	
Forfeited	-	
Exercised	-	
Outstanding at March 31, 2007	400,000	$ -

Following is a summary of the status of warrants outstanding at March 31, 2007:

Outstanding Warrants				Exercisable Warrants	
Exercise Price	Number	Remaining Contractual Life	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
$ 0.50 - $2.00	400,000	3 years	$ 1.25	75,000	$1.25

The fair value was calculated using the Black-Scholes option pricing model assuming no dividends, a risk-free interest rate of 6.5%, an expected life of 5 years and expected volatility of 100%.

NOTE 9 - Commitment and Contingencies

Lease agreements. The Company is obligated under various ground leases (Katella Center and 5030 Campus). Future ground lease payments will be adjusted by a percentage of the fair market value of the land.

Future annual minimum lease payments and principal payments under existing agreements are as follows:

	3rd Party Lease Obligation	Related Party Debt	3rd Party Debt	Officer Salaries	Total
2007	72,650	67,000	370,000	21,000	530,650
2008	92,472	-	110,000	-	202,472
2009	92,472	-	22,764	-	115,236
2010	92,472	-	22,764	-	115,236
2011	92,472	-	22,764	-	115,236
	$ 350,066	$ 67,000	$ 525,528	$ 21,000	$ 963,594

The lease expenses were $19,823 and $19,823 for the three months ended March 31, 2007 and 2006, respectively.

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On November 1, 2005, the Company relocated its offices to 5030 Campus Drive, Newport Beach, California. 5030 Campus is owned by the Company's subsidiary, Diversified Commercial Brokers. Nationwide Commercial Brokers, a former subsidiary of the Company owned by Robert Leonard a major shareholder of the Company, assumed the Company's former offices at 4940 Campus Drive and indemnify and hold the Company harmless from any and all claims, demands, causes of action, losses, costs (including without limitation reasonable court costs and attorneys' fees), liabilities or damages of any kind or nature whatsoever that the Company may sustain by reason of Nationwide Commercial Brokers' breach or non-fulfillment (whether by action or inaction), at any time. Nationwide has breached the agreement.

Unpaid taxes. The Company has not paid property taxes and penalties of approximately $17,740 in on 5030 Campus Drive and $3,061 on Katella Business Center. These amounts are currently delinquent. At March 31, 2007, the Company had $1,606 in unpaid payroll tax liabilities.

NOTE 10 - Litigation

On January 5, 2007, the Company entered into a Confidential Settlement and General Release Agreement (the "Settlement Agreement") with Mr. Clifford L. Strand to resolve litigation in the matters of Clifford L. Strand v. Secured Diversified Investment, Ltd. (case no. 06CC02350) in the Superior Court of California, County of Orange, as well as other claims involving Mr. Strand and our company as set forth in the Agreement. The Settlement Agreement with Mr. Strand provides that a stipulation and order of disbursement will be filed on the remaining $89,998 as follows: $80,000 to Mr. Strand and $9,998 to our company. In addition, Mr. Strand expressly waived any and all rights he may have had in connection with reemployment with our company, and agreed to refrain from pursuing complaints against our company and our officers and directors in any court or government agency. Further, Mr. Strand granted an irrevocable proxy in connection with any shares of stock beneficially owned by him.

Note 11 - Subsequent Events

On April 29, 2007, the Company's subsidiary Diversified Commercial Brokers, LLC, opened escrow to sell the office building located at 5030 Campus Drive, Newport Beach, California. The sales price is $1,300,000.

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Item 2. Management's Discussion and Analysis or Plan of Operation

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes," "project," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. V such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview

We have undertaken a business model includes investing in properties that will provide immediate appreciation with little debt service strategically located in Arizona, Nevada and Utah.

Since our inception, however, we have been unsuccessful in pursing revenues with our investment properties the majority of which were acquired in an asset purchase from Secured Diversified Investment Company, a related party. Several of our acquired properties, including the T-Rex Plaza, the Hospitality Inn, and the Katella Center, among others, became impaired and /or were assets that underperformed. These properties were incapable of generating sufficient revenues. A major contributing factor to the lack revenues from these properties was high-cost ground lease obligations underlying these properties. The assets that were cash-producing such as the Decatur Center, Spencer Springs and the Cannery, had to be sold to continue our operations, including the high costs associated with being a public company, in addition to absorbing the costs associated with our impaired and underperforming assets. At the date of this report, our company stands in financial jeopardy and may not continue as a going concern. We are not likely to raise capital and therefore are forced to consider other business opportunities.

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Katella Center, Orange, California

We own a 100% interest in the Katella Center, a strip mall consisting of six retail rental units of various sizes totalling approximately 9,500 square feet, located at 632-650 E. Katella Avenue in Orange, California. The property is in fair condition. Currently, the building is subject to a first trust deed held by Val-Chris Investments with a The building was subject to a second trust deed held by Prime Time Auctions, Inc. with a principal balance of $25,000 and a fixed interest rate of 15%. The loan matured on January 1, 2006 and has been paid in full off. Prime Time Auctions, Inc. is a minority shareholder of our company.

As of March 31, 2007, the Katella Center generated monthly net cash flow of approximately $3,000. The property is located on approximately 35,800 square feet of leased ground owned by a non-affiliated third party. The lease has a 52 -year term that expires in March 2017. The ground lease payment is currently $3,000 per month.

Commencing June 1, 2007, the ground lease payment shall increase to $4,760 per month with annual CPI adjustments. The ground lease adjustment will decrease monthly cash flow to approximately $2,300 per month. Additionally, one of the tenants is behind with their rent, and a bad debt provision has been established. The financial difficulties of this quarterly statement will impair cash flow. We may be required to find another tenant which may be difficult in the current environment.

The $370,000 loan underlying the first deed of trust matures on June 25th, 2007. We have requested an extension of the first trust, however, the lender is requiring a substantial pay down of approximately $100,000. We do not have the resources to comply with this condition. In light of the short term remaining on the ground lease and the maturity of the first trust deed on June 25th, 2007, we have very limited options. We are attempting to refinance the property but efforts as of this filing have been unsuccessful. There are no assurances that we will be able to refinance the property. Management has thoroughly reviewed the issues concerning this property and as a result had listed the property for sale with Voit Commercial Brokerage for $350,000, on September 30, 2006. We received no offers and the property is no longer listed. We have impaired this property for $512,533 as of December 31, 2006. We face a potential liability in the lender foreclosing on the property, as well as deficiency claims on any remaining amounts under the loan.

In light of the impairment the aggregate undepreciated tax basis of the Katella Center for federal income tax purposes was $-0- as of December 31, 2006. Depreciation and amortization are computed for federal income tax purposes on the straight-line method over lives which range up to 39 years. The current real estate tax rate for the Katella Center is $.02247 per $100 of assessed value. Property taxes (including penalties) due for the Katella Center for the 2006 tax year are $5,644. The April 10th, 2007 property tax installment is delinquent.

The property is managed by PSG Enterprises, an unrelated third party. PSG Enterprises charges us $750 per month in management fees. The property is adequately covered by insurance.

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Campus Drive Office Building, Newport Beach, California

We are the managing member and own a 53.8% membership interest in a limited liability company known as Diversified Commercial Brokers, LLC ("Diversified"). Wayne Sutterfield, our former director and current large shareholder, owns the remaining 46.2% membership interest in Diversified. The primary asset of Diversified is an 8,685 square office building located at 5030 Campus Drive in Newport Beach, California 92660. The property is in good condition. The building is subject to a first trust deed held by Pacific Western Bank with a principal balance of $661,174 at December 31, 2006 and a yearly variable rate of interest currently at 8% and capped at 10.875%. Monthly payments of principal and interest are amortized over a period of 20 years and will mature on at February 2, 2013. There is no prepayment penalty after March 2, 2006. We have a $70,000 certificate of deposit with Pacific Western Bank to further secure the loan.

The building is also subject to a second deed of trust held by CGC Professional Bldg, the entity that sold us the building, with a principal balance of $110,000 and fixed interest rate of 8%. Our monthly payments on the loan are interest only. The loan matures on February 4, 2008, at which time the principal balance is due.

In addition, the building is subject to a third deed of trust held by Wayne Sutterfield, our former director, with a principal balance of $71,630 and fixed interest rate of 8%. Mr. Sutterfield receives an 8% preferential treatment on his investment. Our monthly payments on the loan are interest only. The loan matured on December 31, 2006. We are in default and have been so notified by Mr. Sutterfield. We are in discussion with Mr. Sutterfield to resolve a matter, if we are unable to sell the properties.

We also encumbered the property with a $67,000 note due to Mr. Sutterfield. This note was originally secured by the T-Rex property when it was acquired in 2003. The note called for interest only payments at 8% per annum. We made no payments and accrued all interest. The sale of the T-Rex property did not generate cash proceeds and we did not have sufficient liquidity to pay this note.

In order to complete the T-Rex property sale, Mr. Sutterfield agreed to forebear payment at the closing and extended the debt by securing it with the Campus Drive Office Building. The loan was originally set to mature August 16, 2006, but has been extended to February 16, 2007, at which time the principal balance and all accrued interest, approximately $25,003, was due. The loan remains unpaid and we are in default of this note.

We lease the land on which the office building sits. The lease has a 55-year term that expires in June 30, 2034. The ground lease payment is currently $3,608 per month. In June 2009, the ground lease payment will adjust to 8% of the fair market value of the land through June 2019 and in June 2019 the lease will gain adjust to 8% of the fair market value of the land through maturity. Fair market value is determined as if the leased premises were vacant, unimproved and unencumbered and free from zoning restrictions so as to permit all uses permitted as of commencement date of lease. The lease contains options for two additional terms of ten years each. For each term the ground lease payment will adjust to 8% of the fair market value of the land. The ground lease adjustment may adversely affect the property.

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The aggregate undepreciated tax basis of depreciable real property at the Campus Drive Office Building for federal income tax purposes was $1,033,624 as of December 31, 2006. Depreciation
and amortization are computed for federal income tax purposes on the straight-line method over lives which range up to 39 years. The current real estate tax rate for the Campus Drive Office Building is $.02033 per $100 of assessed value. Property taxes due for the Campus Drive Office Building for the 2006 tax year are $8,676. There are also supplemental taxes due. The property taxes are delinquent.

The property is managed by PSG Enterprises, an unrelated third party. PSG Enterprises charges Diversified $750 per month in management fees. The principal of PSG Enterprises is also a principal of CGC Professional Building from whom the property was acquired. The property is adequately covered by insurance.

Lincoln Drive Property

We own a 25% tenant -in-common interest in three buildings located at 5203 - 5205 East Lincoln Drive in Paradise Valley, Maricopa County, Arizona 85253. We acquired our 25% interest from Fazoql, Inc. as a joint venture investment with Fazoql, Inc. and Willowpoint, LLC. Fazoql, Inc. had previously obtained a 50% interest from Willowpoint, LLC, an Arizona limited liability company, which retained a 50% ownership interest in the property. We then obtained our 25% interest directly from Fazoql, Inc. Patrick McNevin, a member of our board of directors, is President of Fazoql Inc. Currently, the property is subject to a first trust deed held by Marshall & Ilsey Bank with a principal balance of $852,146 bearing an annual interest rate of 6.5% per annum. The loan matures May 1, 2010. The property is in very good condition. There is no ground lease on the property. The property is 100% leased and situated between two new residential/hospitality developments.

We will not receive any rental income from the leased units. We believe the property's adjacent developments and scheduled city improvements to the walkways in the front area are positive indicators that we will experience appreciable gain in any future sale of the property. Fazoql, Inc. and Willowpoint, LLC are jointly responsible for all costs of operating the buildings including landscaping, exterior maintenance, property management, and the payment of taxes, insurance and loan payments. We are not responsible for these items.

The current real estate tax rate for the Lincoln Drive property is unknown at this time. Property taxes due for the Lincoln Drive property for the 2006 tax year are $6,158. We are not responsible for the payment of taxes.

Cactus Road Property

On February 15, 2006, we acquired a 33 1/3% tenant-in-common interest in property located at 12202 North Scottsdale Road, Phoenix, Arizona 85054. We acquired our interest for $200,000 from Ms. Jan Wallace, our officer and director, who holds the remaining 66 2/3% ownership in the property. Currently, the property is subject to a first trust deed held by Chase Manhattan Mortgage with
a principal balance of $303,750 and a second deed of trust held by Ms. Wallace with a principal balance of $226,200. There are no ground leases on the property.

The property consists of 2,180 square feet situated on approximately 38,587 square feet of land

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strategically located on a heavily trafficked corner. We invested in the property and plan to have it remodeled and retrofitted to house our headquarters. We also plan to lease a portion of the building to a mortgage company in which we plan to develop an interest. Because of the property's heavily trafficked location, we believe that it will appreciate and provide us a profit in the event we elect to sell it at some future date.

The property needs repair. Repairs and renovation costs are estimated at $46,950, which include a complete repair and replacement of the roof, electrical retrofitting, plumbing repairs, HVAC repairs renovation and remodeling of the kitchen area to accommodate new tenants. Ms. Wallace will be responsible for these costs. We intend to hire a third party to manage the property. The property is adequately covered by insurance.

Depreciation and amortization are computed for federal income tax purposes on the straight-line method over lives which range up to 39 years, except component depreciation as permitted for tenant improvements, repairs and renovation costs. The current real estate tax rate for the Cactus Road property is unknown at this time. The property taxes for 2006 were $2,523.

Results of Operations for the three months ended March 31, 2007 and 2006

Comparison the three months ended March 31, 2007 and 2006.

Income. Income consists primarily of rental income from commercial properties pursuant to tenant leases. We reported income of $73,985 for the three months ended March 31, 2007, compared with net income of $76,940 for the same period ended March 31, 2006.

General and Administrative Expenses. Operating and administrative expenses consist primarily of payroll expenses, legal and accounting fees and costs associated with the acquisition and ownership of real properties. These expenses decreased by $95,816 to $151,752 for the three months ended March 31, 2007, compared to $247,568 for the same period ended March 31, 2006. The decrease is attributable to the reduction of overhead including payroll, payroll taxes, office rent, professional fees, and the sale of poorly performing properties resulting in the reduction of leasing commissions, land lease payments, property taxes and related carrying costs.

Depreciation. Depreciation for the three months ended March 31, 2007 was $7,430 compared to $10,646 in depreciation expense for same period ended March 31, 2006. The depreciation was attributable primarily to the Katella Business Center and 5030 Campus Drive.

Interest and Other Income and Expense. Interest expense consists of mortgage interest paid on our properties. Interest expense was $34,434 for the three months ended March 31, 2007 compared to $37,369 for the same period ended March 31, 2006. The decrease in interest expense is attributable to the sale of properties and the corresponding reduction in debt. Interest expense was attributable primarily to the Katella Business Center and 5030 Campus Drive properties. After recognizing an impairment of $214,977 with respect to Katella Center in 2005, we recognized an additional impairment in the amount of $248,137 at December 31, 2006.

Net Loss. We reported a net loss of $103,934 or $0.03 per share for the three months ended

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March 31, 2007 compared to a net loss of $68,200 or $0.02 per share for the same period ended March 31, 2006.

For the three months period ended March 31, 2007, we incurred a loss of $97,903 or $0.03 per share for the continued operations and a loss of $6,031 or $0.00 from discontinued operations. We had no discontinued operations for the three months ended March 31, 2006.

Liquidity and Capital Resources

Capital Resources

As stated in financial statement Note 1 - Going Concern, we do not have an established source of revenues sufficient to continue to cover our operating costs over an extended period of time allowing us to continue as a going concern. Moreover, we do not currently possess a financial institution source of financing.

At March 31, 2007, we had $2,752 of cash and cash equivalents as compared to $1,230,404 of cash and cash equivalents at March 31, 2006 to meet our immediate short-term liquidity requirements.

To date, we have paid no dividends and do not anticipate paying dividends into the foreseeable future.

Cash Flows from Operating Activities

Net cash used by operating activities was $(5,310) for the three months ended March 31, 2007 comparable to net cash used by operating activities of $(172,963) for the same period ended March 31, 2006.

Cash Flows from Investing Activities

Net cash provided by investing activities amounted to $144 for the three months ended March 31, 2007 compared to net cash used by investing activities in the amount of $(200,000) for same period ended March 31, 2006.

Cash Flows from Financing Activities

Cash used by financing activities amounted to $(4,967) for the three months ended March 31, 2007 compared to $(30,220) for the same period ended March 31, 2006. The primary reason for the use of proceeds was due to repayments of notes due on the sale of properties.

Off Balance Sheet Arrangements

As of March 31, 2007, there were no off balance sheet arrangements.

Critical Accounting Estimates and Policies

The preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Company believes that its critical accounting policies are those

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that require significant judgments and estimates such as those related to revenue recognition and allowance for uncollectible receivables and impairment of real estate assets and deferred assets. These estimates are made and evaluated on an on-going basis using information that is currently available as well as various other assumptions believed to be reasonable under the circumstances. Actual results could vary from those estimates and those estimates could be different under different assumptions or conditions.

Revenue Recognition and Allowance for Uncollectible Receivables

Base rental income is recognized on a straight-line basis over the terms of the respective lease agreements. Differences between rental income recognized and amounts contractually due under the lease agreements are credited or charged, as applicable, to rent receivable. The Company maintains, as necessary, an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required payments that will result in a reduction to income. Management determines the adequacy of this allowance by continually evaluating individual tenant receivables considering the tenant’s financial condition, security deposits, letters of credit, lease guarantees and current economic conditions.

Impairment of Real Estate Assets

The Company assesses the impairment of a real estate asset when events or changes in circumstances indicate that the net book value may not be recoverable. Indicators management considers important that could trigger an impairment review include the following:

1. a significant negative industry or economic trend;
2. a significant underperformance relative to historical or projected future operation results; and
3. a significant change in the manner in which the asset is used.

Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principle, which contemplate continuation of the Company as a going concern. However, the Company has accumulated deficit of $8,844,931 as of March 31, 2007. The Company reported net loss of $103,934 at March 31, 2007. Additionally, the Company reported cash of only $2,752 and accounts payable, other accrued liabilities, and interest payable of $282,778, at March 31, 2007. The Company does not have adequate cash reserves to may its existing obligations and does will not appear able to raise the necessary capital to meet its obligations for the next 12 months. Since our inception we have been unsuccessful in pursing revenues with our investment properties. Several of our acquired properties, including the T-Rex Plaza, the Hospitality Inn, and the Katella Center, among others, were or became impaired assets that were underperforming. These properties were incapable of generating adequate revenues. The assets that sufficiently produced cash to service their obligations, such as Decatur Center, Spencer Springs and the Cannery West, did not generate sufficient cash to support the Company’s overhead, including the high costs associated with being a public company, in addition to absorbing the costs associated with our impaired assets. Current management has restructured the Company’s operations by selling many of its poorly

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performing properties and reducing the associated high cost debt and ground leases. The Company significantly reduced overhead and rolled backed its stock in order to restructure the Company's capital structure. As a result of the problems with our properties, our ability to raise capital was met with failure in several instances. Management continues with efforts to find business partners. Our company stands in financial jeopardy and may not continue as a going concern. We are not likely to raise capital and we are forced to consider other business opportunities.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115". SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 will be effective for the Company on January 1, 2008. Adoption of SFAS 159 is not expected to have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued SFAS 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)". This statement requires an employer to recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. This statement also requires an employer to measure the funded status of a plan as of the date of its year end statement of financial position, with limited exceptions. The Company will be required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year end statement of financial position is effective for fiscal years ending after December 15, 2008, or fiscal 2009 for the Company. Adoption of SFAS 158 is not expected to have a material impact on the Company's consolidated financial statements.

In September 2006, the FASB issued FAS 157, Fair Value Measurements. This standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Earlier application is encouraged. The adoption of this accounting pronouncement is not expected to have a material effect on the consolidated financial statements.

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Item 3. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of March 31, 2007. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer, Ms. Jan Wallace, and our Chief Financial Officer, Mr. Munjit Johal. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2007, our disclosure controls and procedures are effective. There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2007.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material developments in the ongoing legal proceedings previously reported in which we are a party. A complete discussion of our ongoing legal proceedings is discussed in our annual report on Form 10-KSB for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

No matters have been submitted to our security holders for a vote, through the solicitation of proxies or otherwise, during the quarterly period ended March 31, 2007.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Secured Diversified Investment, Ltd.

Date: January 22, 2008

By: /s/ Munjit Johal
Munjit Johal
Title: Chief Executive Officer, Chief Financial Officer and Director