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

FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT

For the transition period from _________ to ________

Commission file number 000-30653

Secured Diversified Investment, Ltd.
(Name of small business issuer in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	80-0068489 (I.R.S. Employer Identification No.)
12202 North Scottsdale Road, Phoenix, AZ (Address of principal executive offices)	85054 (Zip Code)

Issuer's telephone number: 949 851-1069

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	Not Applicable

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $0.001
(Title of class)

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 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 [ ]

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB [ ]

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

State issuer's revenue for its most recent fiscal year. $333,690

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity, as of a specified date within the past 60 days. Unavailable

State the number of shares outstanding of each of the issuer's classes of common equity, 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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PART I

Item 1. Description of Business

Corporate History

We were initially formed under the laws of the State of Utah on November 22, 1978 to pursue a position in the entertainment industry focusing on transactions involving the purchase and sale of literary property rights in connection with all types of theatrical pictures, plays, television films, music publications and other forms of entertainment. Ultimately, our efforts in the entertainment industry were unsuccessful, so we decided to search out other business opportunities. On July 23, 2002, our shareholders voted to change the direction of our business and pursue ownerships interests in a portfolio of real properties. To further our new objective, we moved our domicile to Nevada and changed our name from "Book Corporation of America" to "Secured Diversified Investment Ltd."

Business of Issuer

Mortgage Lending

During the reporting period, we attempted to extend our business model to include mortgage banking operations. We established a wholly-owned subsidiary, Secured Lending, LLC ("Secured Lending"), and hoped to undertake a mortgage lending operation in the State of Arizona.

During the reporting period, Ms. Jan Wallace, our officer and director, signed an agreement with Americash (the "Branch Agreement") to set up an Americash branch office in Arizona. Ms. Wallace also agreed to assign her compensation rights (the "Assignment Agreement") to our subsidiary, Secured Lending, and obtain the necessary approvals for Secured Lending to share information with Americash.

On August 31, 2006, however, the Branch Agreement and the accompanying Assignment Agreement were cancelled. The relationship among Americash, Jan Wallace, and Secured Lending could not be sustained under Arizona mortgage banking regulations. The arrangement therefore mutually discontinued.

On August 2, 2006, Secured Lending entered into an agreement with Dakota First, L.L.C., a North Dakota company ("Dakota"), to have Dakota generate and process loans that will be funded through Americash. We thereafter mutually terminated our agreement with Dakota in light of our discontinued relationship with Americash as a result of Arizona's mortgage banking regulations.

As a result of these setbacks, and the declining real estate market, we have decided to terminate our plans to establish a mortgage lending operation in the State of Arizona. Therefore, Secured Lending does not have any current business activity.

Property Investments

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 these properties were acquired in an asset purchase from Seashore Investment Company, Inc. 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 sufficent 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. As a result of the problems with our properties, our ability to raise capital was met with failure in several instances prior to and during the reporting period. At the date of this annual 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.

Lincoln Drive Property

In the first quarter of 2006, we acquired a 25% tenant-in-common interest in three buildings located at 5203 - 5205 East Lincoln Drive in Paradise Valley, Arizona 85253. The property is in very good condition. We once occupied an office at the 5205 East Lincoln Drive location for our corporate headquarters, but relocated in the summer of 2006 to the Cactus Road Property, described below. The property is 100% leased and situated between two new residential/hospitality developments. Although we will not receive any rental income from the leased units, we are not responsible for any costs of operating the buildings including landscaping, exterior maintenance, property management, and the payment of taxes, insurance and loan payments. Our interest in the property is solely to realize appreciable gain. 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.

Cactus Road Property

Also in the first quarter of 2006, we acquired a 33 1/3% tenant-in-common interest in property located at 12202 North Scottsdale Road, Phoenix, Arizona 85054. The property consists of 2,180 square feet situated on approximately 38,587 square feet of land strategically located on a heavily trafficked corner. We invested in the property that was remodelled and retrofitted by Ms. Wallace, which included a complete repair and replacement of the roof, electrical retrofitting, plumbing repairs, HVAC repairs, renovation and remodelling of the kitchen area. In occupying the premises, Secured Lending undertook certain tenant improvements on the property in the amount of $38,000. The property has been completely repaired and remodeled and was occupied by Secured Lending during the reporting period with all tenant improvements completed. Since that time, Secured Lending has become an inactive business. We still occupy rental space in our Cactus Road Property for the property investment side of our business. 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 Katella Center

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 was acquired in March 2003, and is in fair condition.

The Katella Center is currently generating 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, however, the annual ground lease payment shall revert to 7% of the fair market value of the land. The ground lessor has indicated that the new ground lease payment will increase to $4,760 per month with annual CPI increases commencing June 1, 2007. As a result of the ground lease adjustment the property will generate an estimated monthly cash flow of $2,300.

While there will be enough cash flow to service the obligations of the property, 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 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.

Campus Drive Office Building

We are the managing member and own a 53.8% membership interest in a limited liability company known as Diversified Commercial Brokers, LLC (“Diversified”). The primary asset of Diversified is an 8,685 square office building located at 5030 Campus Drive in Newport Beach, California 92660. This property was acquired in February 2003.

Subsequent to the reporting period, on April 10, 2007, we entered into a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (the “Purchase Agreement”) with Campus Drive, LLC, an unrelated third-party (the “Purchaser”), for the sale of the Campus Drive Office Building for $1,300,000.

We lease the land on which the office building sits. Secured Diversified Investment, Ltd, guaranteed the land lease obligations in 2003 when the property was acquired. The lease has a

55-year term that expires in June 30, 2034. The ground lease payment is currently $3,607 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 again adjust to 8% of the fair market value of the land through maturity.

Competition

The acquisition and leasing of real estate is highly competitive. We compete for tenants with owners and developers of similar properties located in our respective markets primarily on the basis of location, rent charged, services provided, and the design and condition of our buildings. We also experience competition when attempting to acquire real estate, including competition from domestic and foreign financial institutions, other real estate companies, life insurance companies, pension trusts, trust funds, partnerships and individual investors. If there is a drop in the rental market, we may be unable to compete successfully against existing and future competitors, who have less debt and more financial support who could lower rents and could harm our margins and our business operations.

Patents, Licenses, Trademarks, Franchises, Concessions, Royalty Agreements, or Labor Contracts

We do not own, either legally or beneficially, any patent or trademark.

Research and Development

We did not incur any research and development expenditures in the fiscal years ended December 31, 2006 or 2005.

Compliance with Environmental Laws

We are subject to various federal, state and local laws and regulations relating to environmental matters. Under these laws, we are exposed to liability primarily as an owner or operator of real property and, as such, we may be responsible for the cleanup or other remediation of contaminated property. Contamination for which we may be liable could include historic contamination, spills of hazardous materials in the course of our tenants' regular business operations and spills or releases of hydraulic or other toxic oils. An owner or operator can be liable for contamination or hazardous or toxic substances in some circumstances whether or not the owner or operator knew of, or was responsible for, the presence of such contamination or hazardous or toxic substances. In addition, the presence of contamination or hazardous or toxic substances on property, or the failure to properly clean up or remediate such contamination or hazardous or toxic substances when present, may materially and adversely affect our ability to sell or lease such contaminated property or to borrow using such property as collateral.

Asbestos-containing material, or ACM, may be present in some of our properties. Environmental laws govern the presence, maintenance and removal of asbestos. We believe that we manage ACM in accordance with applicable laws. We plan to continue managing ACM as appropriate and in accordance with applicable laws and believe that the cost to do so will not be material.

Compliance with existing environmental laws has not had a material adverse effect on our financial condition and results of operations, and we do not believe it will have such an impact in the future. In addition, we have not incurred, and do not expect to incur any material costs or liabilities due to environmental contamination at properties we currently own or have owned in the past. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future. We have no current plans for substantial capital expenditures with respect to compliance with environmental laws.

Employees

We currently have two total employees.

Item 2. Description of Property

Our Properties at December 31, 2006

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 principal balance of $370,000 and fixed interest rate of 11.5%. Our monthly payments on the loan are interest only. The loan matured on June 25, 2006, at which time the principal balance was due. The loan has been extended and the new maturity date is June 25th, 2007. 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 December 31, 2006, 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 10-KSB will impare 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.

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 dicusssion 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 again 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.

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.

Recently Acquired Properties - Subsequent to Reported Period

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 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.

Property Information

The following table sets forth the average annual occupancy rate and rent per square foot for our properties held as of April 17, 2007:

Property	Occupancy Rate	Average Rent/Sq. Ft.
The Katella Center*	100%	$1.34
Campus Drive Office Building	100%	$1.77
Lincoln Drive property	100%	$3.69
Cactus Road property	Vacant	N/A

The following chart sets forth certain information concerning lease expirations (assuming no renewals) for our properties held as of April 17, 2007: *As of the filing a bad debt provision has been established with respect to one tenant.

Property	Year	Number of Leases Expiring	Total Square Footage of Expiring Leases	Total Annual Rental Covered by Expiring Leases	% of Gross Annual Rental
The Katella	2007	4	3,048	$50,715	27.2%
Center	2008	3	7,212	$109,289	72.8%
	2009	-	-		-
	2010	-	-	-	-
	2011	-	-	-	-
Campus	2007	3	1,889	$56,760	30.9%
Drive Office	2008	1	1,306	$31,200	16.5%
Building(1)	2009	-	-	-	-
	2010	1	3,463	$77,616	42.2%
	2011	-	-	-	-
Lincoln Drive	2007	1	1,024	$36,000	18.4%
property	2008	-	-	-	-
	2009	2	3,391	$159,600	81.6%
	2010	-	-	-	-
	2011	-	-	-	-
Cactus Road property	N/A	N/A	N/A	N/A	N/A

(1) We have four month-to-month leases on the Campus Drive Office Building. These leases account for a total of 1,035 square feet, total annual rent in the amount of $49,500, and 26.9% of the gross annual rental for the property.

The following table sets forth those tenants at our properties, as of April 17, 2007 that occupied more than 10% of the rentable square footage at the respective properties, the square feet occupied, the average rent per square feet for such tenant.

Property	Tenants	Business	Sq. Ft. Rental (% of Total)	Rent/Sq. Ft.
The Katella	Strings by	Clothing mfg	4,445 / 46.0%	$1.30
Center	Judith	Remodelling	2,170 / 22.5%	$1.34
	Ted Nguyen	Retail and	1,262 / 13.1%	$1.37
	Bloomers	Baking		
	Cookies			
Campus Drive	Borders &	Architects	3,463 / 40.0%	$1.97
Office Building	Associates	Copying Office	1,306/ 15.1%	$2.00
	Coast to Coast			
Lincoln Drive	Joel D. Designs	Florists & Gift	1,024 / 23.2%	$2.93
property	Fazoql	Shop	1,472 / 33.3%	$4.96
	Hague	Furniture Sales	1,919 / 43.5%	$3.13
	Showcase	Furniture & Gift		
		Shop		
Cactus Road property	N/A	N/A	N/A	N/A

Item 3. Legal Proceedings

On January 13, 2006, Alliance Title Company, Inc. ("Alliance") filed a complaint in the matter of Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129) in the Superior Court of California, County of Orange. The complaint alleges that Alliance, our escrow agent, was entrusted with $267,000 pursuant to escrow instructions, and that a mutual written agreement among the parties to the escrow was required to properly disperse the funds. Alliance further alleges that no instructions were provided to disperse the funds, but instead, competing claims for the funds were made by Secured Diversified Investment, Ltd., Clifford L. Strand, William S. Biddle, Gernot Trolf, Nationwide Commercial Brokers, Inc., and Prime Time Auctions, Inc.

Alliance has deposited the funds with the court and has asked for a declaration of rights regarding the funds. On April 5, 2007, this matter was settled with all parties involved. Each of the parties involved will pay its prorata share of these costs.

On January 5, 2007, our company and Ms. Jan Wallace 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, and *William S. Biddle v. Secured Diversified Investment, Ltd*. (case no. 06CC03959) in the Superior Court of California, County of Orange (the "Lawsuits"), as well as other claims involving Mr. Strand and our company as set forth in the Agreement.

With respect to the $267,000 that Alliance Title Company deposited with the Superior Court of California in the matter of *Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd*. (case no. 06CC02129), we had previously entered into a settlement agreement with Mr. William S. Biddle, Mr. Gernot Trolf, and Nationwide Commercial Brokers, Inc. that provides an order of disbursement as follows: $45,000 to Mr. Biddle, $42,000 to Mr. Trolf, $33,803 to Nationwide, and $33,803 to our company. Pursuant to an order dated May 16, 2006, Alliance Title Company, Inc. received $22,395 for attorney fees in the interpleader action. This left a balance of $89,998 remaining with the Superior Court of California. 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 to the above disbursement, the Settlement Agreement provides for a mutual release of claims, forbearance of prosecution, and dismissal of the Lawsuits with prejudice. 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 under the Settlement Agreement, Mr. Strand granted an irrevocable proxy in connection with any shares of stock beneficially owned by him.

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

On October 27, 2006, holders of a majority of the outstanding shares of voting captial stock executed a written stockholder consent approving an amendment of our Articles of Incorporation to increase our total authorized capital stock from 7,500,000 shares to 102,500,000 shares in connection with an increase in our authorized common stock from 5,000,000 shares to 100,000,000 shares. The amendment did not effect a change to our 2,500,000 shares of authorized preferred stock.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Market Information

Our common stock is currently quoted on the OTC Bulletin Board ("OTCBB"), which is sponsored by the NASD. The OTCBB is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information. Our shares are quoted on the OTCBB under the symbol "SDVFE"

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCBB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Fiscal Year Ending December 31, 2006

Quarter Ended	High $	Low $
March 31, 2006	0.1495	0.02
June 30, 2006	0.03	0.03
September 30, 2006	0.03	0
December 31, 2006	0.15	0

Fiscal Year Ended December 31, 2005

Quarter Ended	High $	Low $
March 31, 2005	0.45	0.30
June 30, 2005	0.30	0.25
September 30, 2005	0.25	0.25
December 31, 2005	0.25	0.05

Penny Stock

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on the

NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Holders of Our Common Stock

As of April 17, 2007, we had approximately 436 holders of record of our common stock and several other stockholders hold shares in street name.

Dividends

There are no restrictions in our articles of incorporation or bylaws that restrict us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or

2. Our total assets would be less than the sum of our total liabilities, plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

Recent Sales of Unregistered Securities

The information set forth below relates to our issuances of securities without registration under the Securities Act of 1933 during the reporting period which were not previously included in a Quarterly Report on Form 10-QSB or Current Report on Form 8-K.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about our compensation plans under which shares of common stock may be issued upon the exercise of options as of December 31, 2006.

Equity Compensation Plans as of December 31, 2006

	A	B	C
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 future issuance under equity compensation plans (excluding securities reflected in column (A))**
Equity compensation plans approved by security holders	0	0	1,000,000
Equity compensation plans not approved by security holders	400,000	$0.50-$2.00	0
Total	400,000	$0.50-$2.00	1,000,000

On March 8, 2006, our Board of Directors adopted the 2006 Stock Option Plan of Secured Diversified Investment, Ltd (the “2006 Plan”). The 2006 plan authorizes the grant of stock options during any 12 month period that does not exceed the greater of: (1) $1 million, (2) 15% of our total assets, or (3) 15% of our issued and outstanding common stock of the company. No options have been issued under the 2006 Plan.

Item 6. 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. We intend 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.

Results of Operations for the Years Ended December 31, 2006 and 2005

Results of Operations

Comparison of years ended December 31, 2006 and 2005.

Income. Income consists primarily of rental income from commercial properties pursuant to tenant leases. We reported income of $336,945 for the fiscal year ended December 31, 2006, compared with net income of $549,205 for the same period ended December 31, 2005.

Additionally, we discontinuted operations of our mortage lending subsidiary. We record a loss from discontinued operations $153,672 for the fiscal year ended Decebmer 31, 2006, compared to a gain on discontinued operations of $342,647 for the fiscal year ended December 31, 2005.

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 $1,581,303 to $850,600 for the fiscal year ended December 31, 2006, compared to $2,431,903 for the fiscal year ended December 31, 2005. 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 fiscal year ended December 31, 2006 was $42,583 compared to

$43,950 in depreciation expense for the fiscal year ended December 31, 2005. 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 $137,921 for the fiscal year ended December 31, 2006 compared to $193,894 for the fiscal year ended December 31, 2005. 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 Income (Loss) We reported a net loss of $(740,202) or $(0.04) per share for the fiscal year ended December 31, 2006 compared to a net income of $793,828 or $0.05 per share for the fiscal year ended December 31, 2005. Net loss from continuing operations was $586,530 or $(0.03) per share for the fiscal year ended December 31, 2006 compared to net income of $451,182 or $0.03 per share for the fiscal year ended December 31, 2005. Discontinued operations accounted for a loss of ($153,672) or ($0.00) for the fiscal year ended December 31, 2006. The net income from disposal of discontinued operations was $342,646, or $0.02 per share for the fiscal year ended December 31, 2005. The net income in 2005 was attributable to the sale of properties and subsidiaries.

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.

We anticipate that we will be dependent, for the short future, on additional investment capital to fund operating expenses, and additional property or business acquisitions before achieving operating profitability. Since our inception, we have covered our capital requirement shortfall through financing from our control shareholders, high cost debt from refinancing activities, or the disposition of assets.

At December 31, 2006, we had $12,885 of cash and cash equivalents as compared to $1,230,404 of cash and cash equivalents at December 31, 2005 to meet our immediate short-term liquidity requirements. As noted earlier in this report, we have been unsuccessful in pursing revenues with our investment properties the majority of these properties were acquired in an asset purchase from Seashore Investment Company, Inc. 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 sufficent 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. The difference in our cash position from December 31, 2006 to December 31, 2005 is a result of cash infused from sale of the Cannery in 2005 without an equivelent sale in 2006. As a result of the problems with our properties, our ability to raise capital was met with failure in several instances prior to and during the reporting period. At the date of this annual 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.

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 $(883,350) for the fiscal year ended December 31, 2006 comparable to net cash used by operating activities of $(1,568,281) for the fiscal year ended December 31, 2005.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to $(199,426) for the fiscal year ended December 31, 2006 compared to net cash provided by investing activities in the amount of $2,984,167 for the fiscal year ended December 31, 2005.

Cash Flows from Financing Activities

Cash used in financing activities amounted to $(134,743) for the fiscal year ended December 31, 2006 compared to $(220,916) for the fiscal year ended December 31, 2005.

Off Balance Sheet Arrangements

As of December 31, 2006, 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 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

At December 31, 2006, the Company had an accumulated deficit of $8,735,061, reported net loss of $740,202, and reported cash of only $12,885. The Company does not have adequate cash reserves to pay 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 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 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 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 SEC released Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108). SAB 108 provides interpretive guidance on the SEC's views regarding the process of quantifying materiality of financial statement misstatements. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of this accounting pronouncement is not expected to have a material effect on the 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.

In July 2006, the FASB issued Interpretation No. 48 (FIN No. 48), Accounting for Uncertainty in Income Taxes. This interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The adoption of this accounting pronouncement is not expected to have a material effect on the consolidated financial statements.

In March 2006, the FASB issued FAS 156 (SFAS No. 156), Accounting for Servicing of financial Assets — an amendment of FASB Statement No. 140. This standard clarifies when to separately account for servicing rights, requires servicing rights to be separately recognized initially at fair value, and provides the option of subsequently accounting for servicing rights at either fair value or under the amortization method. The standard is effective for fiscal years beginning after September 15, 2006 but can be adopted early as long as financial statements for the fiscal year in which early adoption is elected, including interim statements, have not yet been issued. The adoption of this accounting pronouncement is not expected to have a material effect on the consolidated financial statements.

In February 2006, the FASB issued FAS 155 (SFAS No. 155), Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements No. 133 and 140. This statement permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that would otherwise have to be accounted for separately. The new statement also requires companies to identify interests in securitized financial assets that are freestanding derivatives or contain embedded derivatives that would have to be accounted for separately, clarifies which interest-and principal-only strips are subject to Statement No. 133, and amends Statement No. 140 to revise the conditions of a qualifying special purpose entity due to the new requirement to identify whether interests in securitized financial assets are freestanding derivatives or contain embedded derivates. This statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006, but can be adopted early as long as financial statements for the fiscal year in which early adoption is elected, including interim statements, have not yet been issued. The adoption of this accounting pronouncement is not expected to have a material effect on the consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections — a replacement of Accounting Principles Board Opinion ("APB") Opinion No. 20 and FASB Statement No. 3. This statement applies to all voluntary changes in accounting principle and changes required by an accounting pronouncement where no specific transition provisions are included. SFAS No. 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Retrospective application is limited to the direct effects of the change; the indirect effects should be recognized in the period of the change. This statement carries forward without change the guidance contained in APB Opinion No. 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. However, SFAS No. 154 redefines restatement as the revising of previously issued financial statements to reflect the correction of an error. The provisions of SFAS No. 154 are effective for accounting changes and corrections of errors made in fiscal periods that begin after December 15, 2005, although early adoption is permitted. The adoption of this accounting pronouncement did not have a material effect on the consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47 (FIN No. 47), Accounting for Conditional Asset Retirement Obligations, and Interpretation of FASB Statement No. 143. This interpretation clarifies the timing for recording certain asset retirement obligations required by FASB Statement No. 143, Accounting for Asset Retirement Obligations. The provisions of FIN No. 47 are effective for years ending after December 15, 2005. The adoption of this accounting pronouncement did not have a material effect on the consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R (revised 2004), "Share-Based Payment." SFAS No. 123R addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. SFAS No. 123R eliminates the ability to account for share-based compensation transactions using the intrinsic method that is currently used and requires that such transactions be accounted for using a fair value-based method and recognized as expense in the consolidated statement of operations. The effective date of SFAS No. 123R was for annual periods beginning after June 15, 2005. After assessing the potential negative impact of the provisions of SFAS No. 123R on the consolidated financial statements in fiscal year 2006, it was decided to minimize exposure to the accounting pronouncement by accelerating the vesting of all outstanding unvested options. Effective July 20, 2005, all outstanding unvested options were accelerated so as to be fully vested as of such date (see Note 9 to the Consolidated Financial Statements).

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29." SFAS No. 153 is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. APB Opinion No. 29, "Accounting for Nonmonetary Transactions," provided an exception to its basic measurement principle (fair value) for exchanges of similar productive assets. Under APB Opinion No. 29, an exchange of a productive asset for a similar productive asset was based on the recorded amount of the asset relinquished. SFAS No. 153 eliminates this exception and replaces it with an exception of exchanges of nonmonetary assets that do not have commercial substance. The provisions of this Statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of this accounting pronouncement did not have a material effect on the consolidated financial statements.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of Accounting Research Bulletin No. 43, Chapter 4." SFAS No. 151 requires that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) be recorded as current period charges and that the allocation of fixed production overhead to inventory be based on the normal capacity of the production facilities. SFAS No. 151 was effective for the fiscal year beginning on October 1, 2005. The adoption of this accounting pronouncement did not have a material effect on the consolidated financial statements

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Item 7. Financial Statements

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Audited Financial Statements:

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Secured Diversified Investment, Ltd.

We have audited the accompanying consolidated balance sheet of Secured Diversified Investment, Ltd. (the "Company") as of December 31, 2006, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years ended December 31, 2006 and 2005. 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 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards required 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2006, and the results of its operations and its cash flows for the years ended December 31, 2006 and 2005, in conformity with US generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has sustained net losses since its inception, and the Company's operations do not generate sufficient cash to cover its operating costs. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

KABANI & COMPANY, INC.
Los Angeles, California
May 16, 2007

SECURED DIVERSIFIED INVESTMENT, LTD.
Consolidated Balance Sheet
December 31, 2006

ASSETS		
Properties, net of accumulated depreciation of $167,298	$	1,531,661
Cash and cash equivalents		12,885
Prepaid expenses		10,907
Restricted cash		72,288
Net assets held for sale		23,544
Total Assets	$	1,651,285
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages payable	$	1,141,174
Mortgages payable, related parties		138,630
Notes payable, related parties		3,275
Interest payable		39,433
Payroll liabilities		3,465
Accounts payable, accrued expenses and other liabilities		145,861
Total Liabilities		1,471,838
Commitments & contingencies		-
Minority Interest		89,870
STOCKHOLDERS' EQUITY		
Series A Preferred Stock, 375,000 shares authorized, $0.01 par value, 355,978 issued & outstanding		3,559
Series B Preferred Stock, 1,000,000 shares authorized, $0.01 par value, 8,044 issued & outstanding		80
Series C Preferred Stock, 1,125,000 shares authorized, $0.01 par value, none outstanding		-
Common Stock, 100,000,000 shares authorized, $0.001 par value, 2,896,820 issued and outstanding		2,897
Paid In Capital		8,812,272
Unissued Shares		5,830
Accumulated Deficit		(8,735,061)
Total Stockholders' equity		89,577
Total Liabilities & Stockholders' equity	$	1,651,285

See accompanying notes

SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statements of Operations
For the years ended December 31, 2006 and 2005

	2006	2005
REVENUES		
Rental income	$ 336,945	$ 549,205
OPERATING EXPENSES		
Litigation expense	-	60,000
Impairment loss	248,137	214,977
General and administrative costs	850,600	2,431,903
Total operating expenses	1,098,737	2,706,880
Operating loss	(761,792)	(2,157,675)
Other Income and Losses		
Interest expense	(137,921)	(193,894)
Interest income	574	28,846
Gain on disposal of equity investment	33,803	1,634,238
Gain on equity investment	-	104,838
Gain on sale of real estate	-	339,873
Loss on sale of note	-	(7,500)
Minority interest	25,254	36,070
Debt forgiveness	268,768	-
Other income	(15,216)	666,385
Total other income (losses)	175,262	2,608,856
Net income (loss) from continuing operations	(586,530)	451,181
Discontinued operations:		
Loss from discontinued operations including gain (loss) on disposal of subsidiary	(153,672)	342,647
Net income (loss)	$ (740,202)	$ 793,828
Net income (loss) per share, continuing operations	$ (0.35)	$ 0.59
Net income (loss) per share, discontinued operations	$ (0.09)	$ 0.45
Basic earnings (loss) per common share	$ (0.44)	$ 1.04
Basic weighted average number of shares of common stock outstanding	1,697,249	765,278
Diluted earnings (loss) per common shares	$ (0.44)	$ 0.68
*Diluted weighted average number of shares of common stock outstanding	1,697,249	1,162,280

*Basic & diluted weighted average number of shares are same for the year ended December 31, 2006 due to its anti-dilutive nature

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statements of Stockholder Equity (Deficit)
For the year ended December 31, 2006

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid in	Unissued	Prepaid	Accumulated	Shareholders' Equity
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Shares	Par Value	Capital	Shares	Consulting	Deficit	(Deficit)
Balance, December 31, 2004	353,918	$3,539	8,044	$ 80	12,500	$ 125	750,849	$ 751	$8,462,836		$(140,000)	$(8,788,687)	$ (461,356)
Adjustment to share capital	-	-	-	-	-	-	-	8	(8)	-	-	-	-
Prepaid consulting	-	-	-	-	-	-	-	-	-	-	140,000	-	140,000
Shares issued for debt settlement	-	-	-	-	-	-	2,195	2	10,974	-	-	-	10,976
Shares issued for services	-	-	-	-	-	-	28,625	29	143,096	-	-	-	143,125
Shares to be issued for services	-	-	-	-	-	-	-	-	-	125,000	-	-	125,000
Shares issued for real estate settlement	-	-	-	-	-	-	938	1	18,749	-	-	-	18,766
Shares issued for real estate settlement	1,563	16	-	-	-	-	-	-	31,233	-	-	-	31,233
Shares cancelled	-	-	-	-	-	-	(1,250)	(1)	(36,749)	-	-	-	(36,750)
Shares cancelled	-	-	-	-	-	-	(12,500)	(13)	(5,003)	-	-	-	(5,000)
Options issued to directors	-	-	-	-	-	-	-	-	31,251	-	-	-	31,251
Warrants issued to President	-	-	-	-	-	-	-	-	15,663	-	-	-	15,663
Net income	-	-	-	-	-	-	-	-	-	-	-	793,828	793,828
Balance, December 31, 2005	355,480	3,555	8,044	80	12,500	125	768,857	777	8,672,041	125,000	-	(7,994,859)	806,735
Shares issued for services, previously unissued	6,250	63	-	-	-	-	-	-	124,937	(125,000)	-	-	-
Shares cancelled - Common stock	-	-	-	-	-	-	(2,037)	(2)	(11,248)	-	-	-	(11,250)
Shares cancelled - Preferred stock	-	-	-	-	(12,500)	(125)	-	-	(367,375)	-	-	-	(367,500)
Shares issued for conversion of Series C preferred													

preferred stock	-	-	-	-	-	-	750,000	750	366,750	-	-	-	367,500
Shares to be issued for fractional shares adjustment	(5,752)	(58)	-	-	-	-	-	(8)	(5,694)	5,830	-	-	70
Shares issued to officers	-	-	-	-	-	-	600,000	600	17,400	-	-	-	18,000
Shares issued for consulting services	-	-	-	-	-	-	400,000	400	11,600	-	-	-	12,000
Shares issued to adjust for anti-dilution	-	-	-	-	-	-	380,000	380	(380)	-	-	-	-
Stock options expense	-	-	-	-	-	-	-	-	4,240	-	-	-	4,240
Net loss	-	-	-	-	-	-	-	-	-	-	-	(740,202)	(740,202)
Balance, December 31, 3006	355,978	$3,559	8,044	$ 80	-	$ -	2,896,820	$2,897	$8,812,272	$ 5,830	$ -	$(8,735,061)	$ 89,577

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
Consolidated Statements of Cash Flows
For the years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Net income (loss)	$ (740,202)	$ 793,827
Adjustment to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	42,583	43,950
Minority interest	(25,254)	(36,070)
Impairment of real estate	248,137	214,977
Gain on equity investment	-	(104,837)
Gain on disposal of equity investment	(33,803)	(1,634,238)
(Gain) Loss on disposal of subsidiary	153,672	(342,646)
Loss on sale of note receivable	-	7,500
Gain on sale of real estate	-	(339,873)
Stocks issued for services	12,000	143,125
Shares issued for real estate settlement	-	49,999
Shares issued officers	18,000	-
Shares cancelled	(11,250)	(41,750)
Options granted	4,240	31,251
Warrants granted	-	15,663
Forgiveness of debt	(268,768)	(658,950)
Prepaid consulting	-	140,000
Unissued shares for real estate services	-	125,000
Increase (decrease) in assets and liabilities		
Receivables	-	(163,161)
Prepaid expenses	(1,133)	3,708
Other assets	16,961	(216,881)
Accrued interest added to notes payable	15,042	27,513
Accounts payable and accrued expenses	(316,034)	259,109
Payroll liabilities	2,459	114,503
Net cash used by operating activities	(883,350)	(1,568,281)
Cash flow from investing activities:		
Collection of notes receivable	-	71,000
Proceeds from sale of subsidiary, net of cash	-	639,357
Proceeds from (payment of) equipment and tenant improvements	-	1,000
Investment in real estate	(200,000)	-
Increase in restricted cash	574	-
Decrease in restricted cash	-	403,767
Proceeds from sale of real estate	-	1,869,044
Net cash (used in) provided by investing activities	(199,426)	2,984,168
Cash flows from financing activities:		
Proceeds from line of credit	-	144,940
Payment of line of credit	-	(396,920)
Cash advanced to discontinued entity	(122,215)	
Proceeds from notes receivable	32,277	(9,907.00)
Payment of mortgage payable	(19,805)	(246,310)
Payment of mortgage payable - related party	(25,000)	(60,000)
Proceeds on notes payable - related party	-	358,811
Payments on notes payable - related party	-	(2,526)
Proceeds from notes payable	-	(9,004)
Net cash used in financing activities	(134,743)	(220,916)
Net increase (decrease) in cash & cash equivalents	(1,217,519)	1,194,971

Cash & cash equivalents, beginning period	1,230,404	35,433
Cash & cash equivalents, end of period	$ 12,885	$ 1,230,404
Supplemental disclosures:		
Cash paid for interest	$ 104,592	$ 144,134
Cash paid for income tax	$ 800	$ 800
Non-cash investing and financing activities:		
Shares issued for debt	$ -	$ 10,976

See accompanying notes

NOTE 1 - Basis of presentation and Going Concern

Basis of presentation:

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of financial information, and include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

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 $8,735,061 as of December 31, 2006. The Company reported net loss of $740,202 at December 31, 2006. Additionally, the Company reported cash of only $12,885 at December 31, 2006. 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.

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.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; for example, the estimated useful lives of assets and the fair value of real property. Accordingly, actual results could differ from those estimates.

Credit and concentration risk. The Company maintains deposit accounts in numerous financial institutions. From time to time, cash deposits may exceed Federal Deposit Insurance Corporation limits. The Company maintains no certificates of deposit in excess of federal deposit insurance limits; however, the Company's general operating account exceeds federal deposit insurance limits.

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.

Cash and cash equivalents. The Company considers all short term, highly liquid investments, that are readily convertible to known amounts within ninety days as cash equivalents. The Company currently has no such investments.

Restricted cash. The Company is required by a lender to maintain a $70,000 deposit in a bank account at the lenders financial institution. The deposit and 1st trust deed on real property serve as collateral for the loan. The deposit is returnable subject to the borrower meeting certain payment and financial reporting conditions.

Property and equipment. Property and equipment are depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the lease term or the estimated life of the asset. Depreciation and amortization is computed on the straight-line method. Repairs and maintenance are expensed as incurred.

Investments. The consolidated method of accounting is used for investments in associated companies in which the company's interest is 50% or more. Under the consolidated method, the Company recognizes its share in the net earnings or losses of these associated companies as they occur rather than as dividends are received. Dividends received are accounted for as a reduction of the investment rather than as dividend income.

Fair value. The carrying value for cash, prepaid, and accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. Based upon the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of long-term debt approximates its carrying value.

Long-lived assets. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Issuance of shares for service. The Company accounts for the issuance of equity instruments to acquire goods and services. The stocks were valued at the average fair market value of the freely trading shares of the Company as quoted on OTCBB on the date of issuance.

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 December 31, 2006 and 2005, all potential common shares are excluded from the computation of diluted loss per share, as the effect of which was anti-dilutive.

Stock-based compensation. In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires compensation expense to be recorded (i) using the new fair value method or (ii) using the existing accounting rules prescribed by Accounting Principles Board Opinion No. 25, "Accounting for stock issued to employees" (APB 25) and related interpretations with pro forma disclosure of what net income and earnings per share would have been had the Company adopted the new fair value method. The company uses the intrinsic value method prescribed by APB25 and has opted for the disclosure provisions of SFAS No.123.

In November of 2003, the Company adopted the 2003 Employee Stock Incentive Plan and the 2003 Non-Employee Director Stock Incentive Plan, (collectively the "2003 Plans"). The 2003 Plans authorized the grant of stock options, restricted stock awards, stock in lieu of cash compensation and stock purchase rights covering up to a total of 15,000,000 shares of common stock to key employees, consultants, and members our Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Effective April 1, 2005, the 2003 Employee Plan had been eliminated. The officers rescinded their employment agreements thereby forgiving and rescinding their respective grant of options under the 2003 Employee Plan. The options were part of the 2003 employment agreements (see Footnote 12 Commitments and Contingencies *Officer Employment Agreements*). The former officers of the Company were collectively granted a total of $2,500,000 shares of which 1,250,000 were vested at December 31, 2004. The Company recorded the expense of the vested options at that date. However, a majority of the non-employee directors who received grants have resigned and were required to exercise such options within six months of resigning from the board or the options would expire and automatically cancel. All grants of stock options have expired and thus cancelled. There are no outstanding stock options as of December 31, 2006.

Gain recognition on sale of real estate assets. In accordance with SFAS No. 66, Accounting for Sales of Real Estate, the Company performs evaluations of each real estate sale to determine if full gain recognition is appropriate and of each sale or contribution of a property to a joint venture to determine if partial gain recognition is appropriate. The application of SFAS No. 66 can be complex and requires the Company to make assumptions including an assessment of whether the risks and rewards o f ownership have been transferred, the extent of the purchaser's investment in the property being sold, whether its receivables, if any, related to the sale are collectible and are subject to subordination, and the degree of its continuing involvement with the real estate asset after the sale. If full gain recognition is not appropriate, the Company accounts for the sale under an appropriate deferral method.

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.

Advertising. The Company expenses advertising costs as incurred.

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 2005, the Company sold two improved real properties and our unimproved parcel of land located Dickinson, North Dakota and Las Vegas, Nevada. By the end of 2005, our remaining portfolio consisted of a 100% ownership interest in the Katella Business Center in Orange, California, and a 53.8% ownership interest in the Campus Drive Office Building in Newport Beach, California.

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.

During the years ended December 31, 2006 and 2005, all of the Companies properties are located in California except for the investment properties which are located in Arizona. Properties in Arizona does not contribute to the income or expense stream of the Company.

Recent accounting pronouncements. In December 2004, the FASB issued FASB Statement No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123" ("FAS No. 123R"). FAS No. 123R requires companies to recognize in the statement of operations the grant- date fair value of stock options and other equity-based compensation issued to employees. FAS No. 123R is effective beginning in the Company's first quarter of fiscal 2006. The Company believes that the adoption of this standard will have no material impact on its consolidated financial statements.

In February 2006, FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments". SFAS No. 155 amends SFAS No 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAF No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 155, permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest-only strips and principal-only strips are not subject to the requirements of SFAS No. 133, establishes a requirement to evaluate interest in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends SFAS No. 140 to eliminate the prohibition on the qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for all financial instruments acquired or issued after the beginning of the Company's first fiscal year that begins after September 15, 2006. Management believes that this statement will not have a significant impact on the consolidated financial statements.

In March 2006 FASB issued SFAS 156 'Accounting for Servicing of Financial Assets' this Statement amends FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* with respect to the accounting for separately recognized servicing assets and servicing liabilities. This Statement:

1. Requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract.
2. Requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable.
3. Permits an entity to choose 'Amortization method' or Fair value measurement method' for each class of separately recognized servicing assets and servicing liabilities:
4. At its initial adoption, permits a one-time reclassification of available-for-sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value.

5. Requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities.

This Statement is effective as of the beginning of the Company's first fiscal year that begins after September 15, 2006. Management believes that this statement will not have a significant impact on the consolidated financial statements.

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 for the Company. Adoption of SFAS 158 is not expected to have a material impact on the Company's consolidated 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. Adoption of SFAS 159 is not expected to have a material impact on the Company's consolidated financial statements.

Reclassification

Certain items in the accompanied financial statements are reclassified for comparative purpose.

NOTE 4 - Property and Equipment

The Company acquires income-producing real estate assets in the normal course of business. During 2005, the Company sold a shopping center and vacant lot in Dickinson, North Dakota and a shopping center in Las Vegas, Nevada.

		Estimated Life
Buildings and improvements	$ 1,648,037	39 years
Less accumulated depreciation	(116,376)	
	$ 1,531,661	

Depreciation expense at December 31, 2006 and 2005 was $42,583 and $43,950, respectively. No interest was capitalized in either period.

During 2003, the Company acquired the T-Rex Plaza Mall and recognized an impairment loss of $448,000, representing the entire basis of the property, because the Company does not anticipate any future cash flows from existing leases. The impairment was included in “Other income (loss)” in the financial statements for the year ended December 31, 2003. On November 9, 2005, the Company sold the T-Rex Plaza Mall, Dickinson North Dakota, to an unrelated third party for total consideration of $274,840 which entailed $50,000 in cash and assumption of the underlying debt in the amount of $224,840. The Company was also released from the land lease obligation totaling $14,401 per month and the payment of property taxes in the amount of $27,834, including penalties, of which $10,039 was delinquent. The Company recorded a gain in the amount of $276,173. A commission of $5,000 was paid to Nationwide Commercial Brokers, Inc, a former subsidiary of the Company. The sale of the property netted no cash.

On October 18, 2005, the Company sold its vacant lot in Dickinson, North Dakota to Morgan Rose Investment, LLC for $110,000. The lot was acquired in connection with the sale of the Hotel in October 2004. The Company recognized a gain on the sale of the lot in the amount of $63,700. The sale of the lot resulted in the payoff of a mortgage and accrued interest to Prime Time Auctions in the amount of $61,475 and the Company netting $37,683 in cash.

During 2003, the Company acquired the Katella Business Center. The property is encumbered by a first trust deed in the amount of $370,000 bearing an interest rate of 11.5% per annum maturing June 25, 2007, and a second trust deed in the amount of $25,000 bearing an interest rate of 15% per annum. The second trust deed was paid off on January 19, 2006. In 2005, the Company recognized an impairment loss of $214,977, representing 45% of the property’s basis. The impairment was included in “Operating Expenses” in the financial statements for the year ended December 31, 2005. During 2006, the Company recognized an additional impairment loss of $248,137. In June 2007 the ground lease payment will increase to $4,760 per month with annual CPI increases, resulting in reduced cash flow of $2,300 per month. As a result of the impairments in 2005 and 2006 Katella Business Center is 100% impaired as of December 31, 2006.

NOTE 5 - Related Party Transactions

Seashore Diversified Investment Company (SDIC). Certain of the Company’s directors and officers were also directors and officers of SDIC and continue to be major shareholders of SDIC. During 2004, 2003 and 2002, SDIC advanced monies to the Company, of which $55,000 bearing interest at 9% is evidence by a note. The advance has matured and is due on demand. At December 31, 2005, the outstanding advances totaled $162,143 with $38,143 in accrued interest. However, while the Company has recorded the liability and accrued interest, it is not evidence by a written instrument. Further, SDIC, whose president and major shareholders were former officers and directors of the Company agreed and acknowledge the forgiveness of all but $35,000 of the advances and accrued interest. This forgiveness was verbally granted in 2004 and again in 2005 and acknowledged in a letter dated December 13, 2005. However, in the same letter, SDIC retracted its forgiveness. SDIC has not confirmed the debt or provide the required documentation. As of December 31, 2006 the Company recognized debt forgiveness of $200,285.

Robert Leonard. In July 2005, the Company sold its entire interest in Nationwide Commercial Brokers, Inc. (“NCB”) to Robert J. Leonard, a large shareholder of the Company for $50,000. Prior to the sale, NCB had borrowed $20,000, due on demand, from Mr. Leonard during 2005 and 2004. The Company realized a loss of $21,352 from discontinued operations and a gain of $75,382 on the disposal of the subsidiary. On November 1, 2005, the Company relocated its offices to 5030 Campus Drive, Newport Beach, California, which is owned by the Company’s subsidiary, DCB. NCB assumed the Company’s former offices at 4940 Campus Drive indemnifying and holding 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 NCB’s breach or non-fulfillment (whether by action or inaction), at any time. NCB breached the subject agreement with the Company.

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 subsequently on the other note of $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 in 2006 and 2005 totaled $14,034.40 and $22,177, respectively. There is also $25,003 in accrued interest payable. The Company retains the right to acquire all his interests in DCB. Pursuant to the operating agreement, the Company is responsible for any all cash flow deficiencies.

In December 2004, the Company sold 37% interest, equal to $350,000, in its Spencer Springs subsidiary to Biddle and Robert Leonard (large shareholder) for $200,000. In March 2005, the Company sold its remaining interest in Spencer Springs to Biddle for $577,777, comprised of $300,000 in cash and a promissory note for $277,777 accruing interest at 3% per annum, all due and payable on October 28, 2007. Biddle repaid the note, including accrued interest, in full on May 2, 2005. The note was secured by a $950,000 second trust deed on a shopping center located in Las Vegas, Nevada, formerly owned by the Company (Spencer Springs). The Company realized a income of $3,491 from discontinued operations and a gain of $285,125 on the disposal of the subsidiary.

Prime Time Auctions, Inc (Prime Time). Prime Time is a shareholder of the Company. To date there is one outstanding loan due Prime Time totaling $25,000 which bears interest at 15%, secured by the Katella Business Center and maturing January 1, 2006. The note was repaid in full including all accrued interest and late fees on January 19, 2006.

On October 23, 2006, the Company issued 400,000 bonus shares to its Chief Executive Officer and 200,000 bonus shares to its Chief Financial Officer. These shares were recorded at the fair market value close to the date of issuance and charged to operations.

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		661,174
Mortgage note, bearing interest at 8%, due on Feb. 4, 2008, secured by 2nd trust deed on 5030 Campus		110,000
Total mortgages payable	$	1,141,174

Interest expense on the Mortgages payable amounted to $104,592 and $138,963 for the year ended December 31, 2006 and 2005, 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 $31,441 and $38,521 for the year ended December 31, 2006 and 2005, respectively. The Company is in default on both the notes as of December 31, 2006.

NOTE 8 - Stockholders' Equity

In February 2003, the Company created three series of preferred stock, all of which are convertible at the option of the holder: (1) Series A consisting of 7,500,000 shares with a par value of $0.01, a liquidation preference of $1.00 per share, convertible into an equal number of common shares 36 months after issuance, with the same voting rights as common stock; (2) Series B consisting of 20,000,000 shares with a par value of $0.01, a liquidation preference of $0.50 per share, and convertible into an equal number of common shares 24 months after issuance; and (3) Series C consisting of 22,500,000 shares with a par value of $0.01, a liquidation preference of $3.00 per share, and convertible into an equal number of common shares 24 months after issuance. In the event the price of common stock is less than the purchase price of the preferred stock on the conversion date, the holder is entitled to convert at a rate equal to the purchase price divided by the common stock price.

On August 19, 2004, the Company obtained a written consent from the holders of a majority of its outstanding shares of Common Stock and Series B Preferred Stock to amend the Certificate of Designation. Such consent amends the terms of the Series B Preferred Stock to permit the Board of Directors to permit conversion of the Series B Preferred Stock into Common Stock prior to the expiration of the two-year prohibition on conversion. All 250,000 shares of Series C Preferred Stock also consented to the amendment. The amendment to the Certificate of Designation became effective October 28, 2004. After approval to amend the Certificate of Designation, 5,839,479 shares of Series B Preferred Stock were converted to Common Stock.

On August 1, 2006, our Board of Directors resolved to amend the Articles of Incorporation pursuant to Nevada Revised Statues 78.207 to decrease the number of authorized shares of our common stock, par value $.001, from 100,000,000 to 5,000,000 shares. Correspondingly, our Board of Directors affirmed a reverse split of twenty to one in which each shareholder will be issued one common share in exchange for each twenty common share of their currently issued common stock. At the same time and under the same authority, our Board of Directors resolved to amend the Articles of Incorporation to decrease the number of authorized shares of our preferred stock, par value $0.01, from 50,000,000 to 2,500,000 shares. Correspondingly, our Board of Directors affirmed a reverse split of twenty to one in which each shareholder will be issued one common share in exchange for each twenty common share of their currently issued common stock. A record date of August 14, 2006 was established in order to provide the NASD ten days notice pursuant to Rule 10b-17 of the Securities and Exchange Act of 1934 as amended. All shareholders of this record date will receive one share of our common stock for each twenty shares owned. These share certificates will be issued upon surrender. On August 1, 2006, we filed a Certificate of Amendment to the Articles of Incorporation with the Nevada Secretary of State to reflect the decrease in authorized shares. Under Nevada Revised Statutes 78.207, shareholder approval was not required.

On October 24, 2006, our Board of Directors unanimously approved an amendment of our Articles of Incorporation to increase our total authorized capital stock from 7,500,000 shares to 102,500,000 shares in connection with an increase in our authorized common stock from 5,000,000 shares to 100,000,000 shares. The amendment will not effect a change to our 2,500,000 shares of authorized preferred stock. On October 27, 2006, holders of a majority of the outstanding shares of voting capital stock executed a written stockholder consent approving the amendment.

All the issued and outstanding shares have been retroactively restated for the effect of the reverse stock split of 20:1.

During the year ended December 31, 2006 and 2005, the Company had the following equity transaction:

On February 2, 2006, Iomega converted its 250,000 shares of Series C Preferred Stock for 15,000,000 shares of the Company's common stock. The shares were converted at a price of $0.05 per share.

On October 23, 2006, the Company issued 400,000 bonus shares to its Chief Executive Officer and 200,000 bonus shares to its Chief Financial Officer. These shares were recorded at the fair market value close to the date of issuance and charged to operations.

On October 24, 2006, the Company issued 400,000 shares for consulting services. These shares were issued at the fair market value close to the date of issuance and charged to operations.

On May 17, 2005, the Company issued 938 shares of restricted common stock and 1,563 shares of Preferred Series A preferred stock for previously transacted real estate. The Series A and common shares were issued at a price of $0.05 per share.

On May 23, 2005, the Company issued 1250 restricted shares of common stock for public relations services. The shares were issued at market price of $0.013 per share.

On June 7, 2005, the Company issued 2,195 restricted shares of common stock for debt repayment. The shares were issued at market price of $0.013 per share.

On June 7, 2005, the Company issued 4,625 restricted shares of common stock for various real estate services. The shares were issued at market price of $0.013 per share.

On June 7, 2005 the Company issued 22,250 shares of restricted stock for consulting and public relation services. The shares were issued at market price of $0.013 per share.

On June 7, 2005, the Company issued 500 restricted shares of common stock for web design and internet services. The shares were issued at market price of $0.013 per share.

On September 9, 2005, the Chief Financial Officer returned 12,500 shares of common stock to the Company for cancellation and return to unissued and authorized shares. The shares were cancelled October 11, 2005.

On December 22, 2005, the Chief Executive Officer and President returned 1,250 shares of common stock to the Company for cancellation and return to unissued and authorized shares. The shares were cancelled January 14, 2006.

NOTE 9 - Stock Incentive Plans

In November 2003, the Board of Directors adopted and the Shareholders approved two stock incentive plans: the Secured Diversified Investment, Ltd. 2003 Employee Stock Incentive Plan (2003 Employee Plan) and the Secured Diversified Investment, Ltd. 2003 Non-employee Directors Stock Incentive Plan (2003 Directors Plan). The Plans authorized the grant of stock options, restricted stock awards, stock in lieu of cash compensation and stock purchase rights covering up to a total of 15,000,000 shares of common stock to key employees, consultants, and members our Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Effective April 1, 2005, The 2003 Employee Plan had been eliminated. The officers rescinded their employment agreements thereby forgiving the entire amount of their accrued salaries, shares issued and their grant of options under the 2003 Employee Plan. The former officers of the Company were collectively granted stock options totaling 2,500,000 shares of which 1,250,000 were vested at December 31, 2004. The Company recorded the expense of the vested options See Footnote 12 Commitments and Contingencies *Officer Employment Agreements* and Footnote 13 Litigation.

The 2003 Director Plan has also been eliminated in 2006. However, a majority of the non-employee directors who received grants have resigned and were required to exercise such options within six months of resignation or the options would expire and automatically cancel. At December 31, 2006, all grants of stock options have expired and been cancelled.

NOTE 10 - Warrants

At December 31, 2006, 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

Following is a summary of the warrant activity:

	Warrants Outstanding	Aggregate Intrinsic Value
Outstanding at December 31, 2005	400,000	$ -
Granted	-	
Forfeited	-	
Exercised	-	
Outstanding at December 31, 2006	400,000	$ -

Following is a summary of the status of warrants outstanding at December 31, 2006:

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	3.25 years	$ 1.25	75,000	$1.25

At December 31, 2005, the Company recorded an expense of $15,663.

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 11 - Stock Options

On April 7, 2006, the Company settled its litigation with Luis Leon. The settlement included a grant of 7,500 (adjusted for post split effect) stock options. The Company adopted 2006 stock option plan in June 2006 and on August 8, 2006 issued 7,500 (adjusted for post split effect) options at a strike price of $0.01 to Luis Leon under the ‘2006 Stock Option Plan of Secured Diversified Investment, Ltd.

As of December 31, 2006, the following is a summary of the stock option activity:

	Options Outstanding	Weighted Average Exercise Price	Agregate Intrinsic Value
Outstanding at December 31, 2005	-	$ -	$ -
Granted	7,500	$ 0.01	-
Forfeited	-	-	-
Exercised	-	-	-
Expired	(7,500)		
Outstanding at December 31, 2006	-	$ -	$ -

As of December 31, 2006 the Company recorded $4,240 in stock options expense.

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 0.6 years and expected volatility of 100%.

NOTE 11 - Loss Per Share

Following is a reconciliation of net income (loss) and weighted average number of shares outstanding, in the computation of income (loss) per share for the years ended December 31, 2006 and 2005.

	2006	2005
Net income (loss)	$ (740,202)	$ 793,828
Less preferred stock dividends	-	-
Net income (loss) available to common shareholders	$ (740,202)	$ 793,828
Basic weighted average shares outstanding	1,697,249	765,278
Dilutive potential common shares	-	397,000
Diluted weighted average shares outstanding	1,697,249	1,162,278
Basic weighted net income (loss) per share	$ (0.44)	$ 1.04
Basic and diluted net income (loss) per share	$ (0.44)	$ 0.68
Potential common shares excluded from diluted weighted average shares outstanding because of their anti-dilutive nature:		
Convertible Series A, B and C preferred stock and warrants granted, not yet exercised	620,000	20,000
	620,000	20,000

NOTE 12 - 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	92,472	67,000	370,000	21,000	550,472
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
	$ 369,888	$ 67,000	$ 525,528	$ 21,000	$ 983,416

The lease expenses were $79,290 and $222,657 for the year ended December 31, 2006 and 2005, respectively.

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.

Officer employment agreements. During 2003, the Company executed employment agreements with its officers that extend through 2006. On May 11, 2005 and effective April 1, 2005, the officers have rescinded their employment agreements and forgiven the entire amount of their accrued salaries and their respective grant of options under the Company's 2003 Employee Stock Incentive Plan. The Company entered into new employment agreements with the officers. Shares and stock options issued under the previous agreements will be rescinded. The employment agreements will provide for a reduced issuance of common stock and options vesting over the term of the agreement. Since then three officers have agreed to resign, and the Company has decided to set aside $177,000 in contingent liabilities as potential payout and settlement to these officers. The Company is now in a dispute with these former officers (See Note 13 - Litigation).

Unpaid taxes. The Company has not paid approximately $19,909 in property taxes and penalties on 5030 Campus Drive. These amounts are currently delinquent. At December 31, 2006, the Company had $3,465 in unpaid payroll tax liabilities. These payroll tax liabilities have been paid subsequent to December 31, 2006.

NOTE 13 - Litigation

O n January 11, 2005, the Company terminated the employment of Luis Leon, formerly the Chief Executive Officer of the Company. On April 6, 2005, Luis Leon filed a complain against the Company in the Superior Court of California, County of Orange, alleging causes of action for breach of contract, promissory estoppels, intentional misrepresentation, violations of the California Labor Code. The Complaint seeks damages in an amount including $116,359 of unpaid salary, $16,667 for one month unpaid vacation time, $5,548.27 for unpaid insurance benefits through August 15, 2005, reimbursable expenses of $288 plus a statutory penalty of $16,666. Mr. Leon also seeks a grant of options to purchase 250,000 of Company Common Stock. On April 7, 2006, the Company settled its litigation with former CEO Luis Leon. The matter was settled for $65,000 and a grant of options for 7,500 shares at a strike price of $0.01 per share. Each party will be responsible for its respective legal costs. The Company recorded stock options expense of $4,240 during the year ended December 31, 2006.

On January 13, 2006, Alliance Title Company, Inc. ("Alliance") filed a complaint in the matter of Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129) in the Superior Court of California, County of Orange. The complaint alleges that Alliance, our escrow agent, was entrusted with $267,000 pursuant to escrow instructions, and that a mutual written agreement among the parties to the escrow was required to properly disperse the funds. Alliance further alleges that no instructions were provided to disperse the funds, but instead, competing claims for the funds were made by Secured Diversified Investment, Ltd., Clifford L. Strand, William S. Biddle, Gernot Trolf, Nationwide Commercial Brokers, Inc., and Prime Time Auctions, Inc. Alliance has deposited the funds with the court and has asked for a declaration of rights regarding the funds. Alliance has requested that its reasonable costs and attorney's fees be paid from the deposited funds.

This matter was dismissed by Alliance Title Company in open court in February 2007.

The Company received $33,803 as its share out of the funds and recognized as gain on equity investment as of December 31, 2006.

On January 20, 2006, Clifford L. Strand, William S. Biddle, Gernot Trolf, our former management, and Nationwide Commercial Brokers, Inc., our former subsidiary (collectively, “Plaintiffs”), filed a complaint in the matter of Clifford L. Strand v. Secured Diversified Investment, Ltd. (case no. 06CC02350) in the Superior Court of California, County of Orange. The complaint contains causes of action for fraud and misrepresentation, negligent misrepresentation, breach of contract, breach of the covenant of good faith and fair dealing, conversion, common counts, money had and received, and declaratory relief. These allegations arise out of the hold over of funds at issue in Alliance Title Company, Inc. v. Secured Diversified Investment, Ltd. (case no. 06CC02129), described above. To date, however, the matters have not been consolidated. The Company has set aside $177,000 in contingent liabilities as potential payout and settlement to these officers. As of December 31, 2006 the Company paid $45,000 to William S. Biddle and $42,000 to Gernot Trolf.

This matter has been settled as of April 5, 2007 (See note 20 for details)

On March 10, 2006, some of our shareholders, including Clifford L. Strand, Robert J. Leonard, William S. Biddle, and Gernot Trolf (collectively, “Plaintiffs”) filed a complaint in the matter of William S. Biddle v. Secured Diversified Investment, Ltd. (case no. 06CC03959) in the Superior Court of California, County of Orange. Plaintiff seek declaratory relief as to whether we are a foreign corporation under California Corporation Code Section 2115(a) and whether Plaintiff’s alleged demand for our shareholder list and for an inspection of the accounting books and records and minutes of shareholders , board of directors and committees of such board is governed under California Corporation Code Sections 1600 and 1601. The Company is contesting this case vigorously and is proceeding with discovery. At this time, the Company cannot make any evaluation of the outcome of this litigation.

NOTE 14 -Equity Investments in Real Estate

The Company entered into a tenant-in-common agreement on May 14, 2004 with Denver Fund, I to purchase a shopping center in Las Vegas, Nevada. The Company owned a 51% interest in the property and accounts for this interest under the equity method. Both parties to the agreement are jointly and severally liable for the obligations of the property and share in management decisions. The agreement provided the minority tenant with a preferential return on profits while operating losses are allocated based upon the pro-rata ownership interest. The shopping center was sold December 2, 2005 and the Company realized a gain of $1,634,238.

For the year ended December 31, 2005, the property generated total revenues of $748,898 and a net operating loss of $806,807 attributable to a sales commission of $540,000 and a loan prepayment penalty of $300,518 upon sale of the property. The sale of the property generated a gain of $3,204,388. The Company’s 51% of gain on sale totaled $1,634,238, which is included in other income and losses in the accompanying consolidated statements of operations. The Company recorded a gain on equity investment of $104,837 and netted $1,831,361 in cash.

Note 15 - Sale of a Subsidiary

Spencer Springs - In March 2005, the Company sold its remaining interest in Spencer Springs to William S. Biddle, who at the time was an officer and director of the Company, for $577,777, $300,000 in cash and a promissory note for $277,777 accruing interest at 3% per annum, all due and payable on October 28, 2007. The note was secured by a $950,000 second trust deed on Spencer Springs Retail Center located in Las Vegas, Nevada, formerly owned by the Company. On May 2, 2005, Biddle paid off the outstanding obligation plus all interest. As a result of the sale the Company recorded a gain on disposal of $290,161. Previously, in December 2004, the Company sold a 37%, or $350,000, interest in Spencer Springs for $200,000 to Biddle and Robert Leonard, a shareholder.

Nationwide Commercial Brokers Incorporated - In July 2005, the Company sold its entire interest in Nationwide Commercial Brokers to Robert J. Leonard, a shareholder of the Company for $50,000. The Company realized a loss of $21,352 from discontinued operations and a gain of $75,382 on the disposal of the subsidiary.

Diversified Commercial Mortgage Corp. - In July 2005, the Company sold its entire interest in Diversified Commercial Mortgage, Inc. to Nationwide Commercial Brokers for $1,000. Diversified Commercial Brokers was dormant since inception and had no operating history, assets or liabilities. The Company realized a gain of $975 on the disposal of the subsidiary.

During 2006 the Company established a new wholly owned subsidiary, Secured Lending, LLC, to engage in mortgage banking activities in the state of Arizona. The new subsidiary was incorporated on June 15th, 2006 and it began funding loans in July. However, Secured Lending was not able to sustain its mortgage banking activities and these relationships were mutually terminated. The Company discontinued its mortgage banking activity at December 31, 2006. The Company recognized a loss of $153,672 as a result of discontinued operations and recorded net assets held for sale of $23,544.

Note 16 - Note Receivable

In 2005, the Company accepted payment of $42,500 on an original note in the amount of $50,000 secured by a second trust deed on a commercial property located in Alexandria, Minnesota. The Company recorded a loss of $7,500 on the short payment.

The Company was a holder of a promissory note secured by a first mortgage deed on a single family residence in the amount of $33,798. The Company sold the note to an unrelated party in March 2005 for $28,000. The loss of $5,798 was included in loss on sale of notes in the accompanying financial statements as of December 31, 2005.

NOTE 17 - Notes Payable

On October 18, 2005, the Company sold its vacant lot in Dickinson, North Dakota to Morgan Rose Investment, LLC for $110,000 and recorded a gain of $63,700. The sale of the lot resulted in the payoff of a mortgage to Prime Time Auctions, a shareholder, in the amount of $60,000, bearing an interest rate of 15 percent per annum, plus any remaining accrued interest. The Company netted $37,683 in cash

On November 9, 2005, the Company sold the T-Rex Plaza Mall, Dickinson North Dakota, to an unrelated third party for total consideration of $274, 840. The Company received $50,000 and the remainder was used to pay off an existing loan secured by the property. The sale of the property resulted in a reduction of secured debt with an outstanding balance of $224,840, bearing an interest rate of 12 percent per annum, and a release from the land lease obligation totaling $14,401 per month. Because the property was 100% impaired, the Company recorded a gain on sale of $276,173. The Company netted no cash from the sale of the property.

On December 2, 2005, the Company sold the Cannery West Shopping Center, Las Vegas, Nevada. The sale of the property results in the pay off of a $4,019,672 note bearing an interest rate of 7.52 percent per annum secured by a first trust deed. The payoff of the note resulted in a prepayment penalty of $300,518. The sale also resulted in the payoff of a $50,000 note bearing an interest rate of 18 percent per annum to the Sutterfield Family Trust of which the trustee Wayne Sutterfield is a shareholder and former director.

Note 18 - Forgiveness of Debt

During 2003, the Company executed employment agreements with its officers that extend through 2006. On May 11, 2005 and effective April 1, 2005, the officers have rescinded their employment agreements

and forgiven the entire amount of their accrued salaries. The accrued salaries forgiven totaled $658,950:
The forgiveness of the accrued salaries also resulted in the reversal of $56,672 in accrued payroll tax expense.

During 2006 the Company recorded debt forgiveness of $268,768 against reversal of various old debts which passed statute of limitations.

Note 19 - Income Taxes

No provision was made for Federal income tax for the year ended December 31, 2006 and 2005, since the Company had significant net operating loss. For the year ended December 31, 2006, the Company incurred net loss carry forward for tax purposes of $2,990,000. However, for the year ended December 31, 2005 the Company incurred net loss carry forward for tax purposes of approximately $2,498,000. The net operating losses carry forwards may be used to reduce taxable income through the year 2025. The availability of the Company's net operating loss carry forwards are subject to limitation if there is a 50% or more positive change in the ownership of the Company's stock. The provision for income taxes consists of the state minimum tax imposed on corporations.

Temporary differences that give rise to deferred tax assets and liabilities at December 31, 2006 and 2005, comprised of depreciation and amortization and net operating loss carry forward. The gross deferred tax asset balance as of December 31, 2006 is approximately $2,050,258. A 100% valuation allowance has been established against the deferred tax assets, as the utilization of the loss carry forwards cannot reasonably be assured.

The components of the net deferred tax asset are summarized below:

	December 31, 2006	December 31, 2005
Deferred tax asset		
Net operating losses	$ 2,050,258	$ 1,710 000
Less: valuation allowance	(2,050,258)	(1,710,000)
	$ -	$ -

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Statement of Operations:

	December 31, 2006	December 31, 2005
Tax expense (credit) at statutory rate-federal	(34) %	(34) %
State tax expense net of federal tax	(6)	(6)
Changes in valuation allowance	40	40
Tax expense at actual rate	-	-

Income tax expense consisted of the following:

	2006	2005
Current tax expense:		
Federal	$ -	$ -
State	800	800
Total Current	$ 800	$ 800

Deferred tax credit:				
Federal	$	153,000	$	313,000
State		44,000		89,000
Total deferred	$	197,000	$	402,000
Less: valuation allowance		(197,000)		(402,000)
Net Deferred tax credit		-		-
Tax expense	$	800	$	800

Note 20 - Subsequent Events

On February 17, 2006, the $67,000 note, secured by 5030 Campus Drive, payable to the Sutterfield Family Trust (Wayne Sutterfield) matured. The note is in default.

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.

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.

Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

No events occurred requiring disclosure under Item 304(b) of Regulation S-B.

Item 8A. 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 December 31, 2006. 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 December 31, 2006, our disclosure controls and procedures are effective. There have been no significant changes in our internal controls over financial reporting during the quarter ended December 31, 2006 that have materially affected or are reasonably likely to materially affect such controls.

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 our 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.

Item 8B. Other information

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

The following information sets forth the names of our current directors and executive officers, their ages and their present positions.

Name	Age	Position(s) and Office(s) Held
Jan Wallace	52	Chief Executive Officer, President, and Director
Munjit Johal	51	Chief Financial Officer
Peter Richman	40	Director
Jay Kister	32	Director

Set forth below is a brief description of the background and business experience of each of our current executive officers and directors.

Jan Wallace. Ms. Wallace is our CEO, President and Director. She is also the President of Wallace Black Financial & Investment Services, a private consulting company to private and public companies and individuals for business, financial and Investment strategies. Ms. Wallace has served as the President and CEO of three public companies listed on the Over-The-Counter Bulletin Board: MW Medical from 1998 to 2001; Dynamic and Associates, Inc.; and Claire Technologies, Inc. from 1994 to 1995. From 1987 to 1996, Ms. Wallace was associated with four Canadian companies: Active Systems as Executive Vice President; The Heafey Group, as financial consultant; Mailhouse Plus, Ltd., owner and President; and Pitney Bowes, first female sales executive. Ms. Wallace has a B.A. in Political Science and Economics from Queens University, Kingston, Ontario, Canada.

Peter Richman. Dr. Richman is one of our Directors. Dr. Richman is a Board Certified and Licensed Physician in three states. Since 2003, Dr. Richman has been an Assistant Professor at the Mayo Clinic of Medicine, Scottsdale, Arizona. From 1997 to 2001, Dr. Richman served as attending emergency physician and attending physician at Morristown Memorial Hospital, Morristown New Jersey. From 2001 to 2004, Dr. Richman was Senior Associate Consultant at the Mayo Clinic Hospital, Scottsdale, Arizona. Dr. Richman is the author and co-author of numerous medical publications and currently involved in a number of medical research projects. Dr. Richman was the co-founder and editor-in-chief of Choicemedia.com recently acquired by the Polaris, Sequoia, and Allen Group in 2005. Dr. Richman earned a Bachelor of Arts in Political Science from Brandeis University in 1989. Dr. Richman earned his medical degree from S.U.N.Y Health Science Center at Syracuse in 1993 and his MBA from Arizona State University in 2005.

Jay Kister. Mr. Kister is one of our Directors. Since June 2001, Mr. Kister has been employed with Blossom Valley Mortgage, Inc. Mr. Kister currently serves as a Loan Broker. From April 1999 to June 2001, Mr. Kister was a Personal Banker for San Diego National Bank. He was primarily responsible opening and servicing commercial accounts and commercial loans. From May 1998 to April 1999, Mr. Kister worked for Bank of America performing essentially the same functions as he performed for San Diego National Bank. Mr. Kister earned a Bachelor of Arts degree in Spanish from Weber State University in Ogden, Utah in August 1997.

Munjit Johal. Mr. Johal is our Chief Financial Officer. Mr. Johal has broad experience in accounting, finance and management in the public sector. Mr. Johal also serves as the Chief Financial Officer for Makeup.Com Limited, and Davi Skin, Inc. Since 1998, Mr. Johal has served as the Chief Financial Officer for Dippy Foods, Inc. Mr. Johal held the same position with Bengal Recycling from 1996 to 1997. As the Chief Financial Officer for these companies, Mr. Johal was primarily responsible for overseeing the financial affairs of these entities and ensuring that their financial statements of these were accurate and complete and complied with all applicable reporting requirements. From 1990 to 1995, Mr. Johal serves as the Executive VP for Pacific Heritage Bank in Torrance, California. Mr. Johal earned his MBA degree from the University of San Francisco in 1980. He received his BS degree in History from the University of California in Los Angeles in 1978.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws.

Our executive officers are appointed by our board of directors and hold office until removed by the board.

Significant Employees

We have no significant employees other than our officers and directors.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, during the past five years, none of the following occurred with respect to a present director, person nominated to become director, executive officer, or control person: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Audit Committee

We do not have a separately-designated standing audit committee. The entire board of directors performs the functions of an audit committee, but no written charter governs the actions of the board of directors when performing the functions of that would generally be performed by an audit committee. The board of directors approves the selection of our independent accountants and meets and interacts with the independent accountants to discuss issues related to financial reporting. In addition, the board of directors reviews the scope and results of the audit with the independent accountants, reviews with management and the independent accountants our annual operating results, considers the adequacy of our internal accounting procedures and considers other auditing and accounting matters including fees to be paid to the independent auditor and the performance of the independent auditor.

We do not have an audit committee financial expert because of the size of our company and our board of directors at this time. We believe that we do not require an audit committee financial expert at this time because we retain outside consultants who possess these attributes.

For the fiscal year ending December 31, 2006, the board of directors:

1. Reviewed and discussed the audited financial statements with management, and

2. Reviewed and discussed the written disclosures and the letter from our independent auditors on the matters relating to the auditor's independence.

Based upon the board of directors' review and discussion of the matters above, the board of directors authorized inclusion of the audited financial statements for the year ended December 31, 2006 to be included in this Annual Report on Form 10-KSB and filed with the Securities and Exchange Commission.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of the Company's equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2006, the following persons have failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2006:

Name and principal position	Number of late reports	Transactions not timely reported	Known failures to file a required form
Jan Wallace Chief Executive Officer, President, Director	0	0	0
Munjit Johal Chief Financial Officer	0	0	0
Peter Richman Director	0	0	0
Patrick McNiven Former Director	0	0	0
Jay Kister Director	0	0	0

Code of Ethics Disclosure

As of December 31, 2006, we have not adopted a Code of Ethics for Financial Executives, which include our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

We have begun the process of drafting a code of ethics which will be filed with the Security and Exchange Commission upon its adoption by the board of directors.

Item 10. Executive Compensation

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our former or current executive officers for the fiscal years ended 2006 and 2005.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jan Wallace (1)	2006	180,000	-	600,000	-	-	-	-	60000
President & CEO	2005	8,641	-	-	-	-	-	-	8,641
Munjit Johal	2006	84,000	-	200,000	-	-	-	-	30000
CFO	2005	79,000	-		-	-	-	-	79,000

Narrative Disclosure to the Summary Compensation Table

In April 2005, we entered into a Consulting Agreement with Wallace Black Financial & Investment Services ("WB") to provide consulting services to us. Jan Wallace, our Chief Executive Officer, is a principal of WB. The Consulting Agreement provides for payment of $10,000 per month, the issuances of 400,000 shares of 144 restricted shares of common stock and 400,000 warrants exercisable at a price range from $0.50 to $2.00 for five (5) years from the date the contract is executed. Of the common shares issued to Wallace Black, only 200,000 shares were placed in Ms. Wallace's name and the remaining 200,000 shares were issued to Ms. Black. The warrants to purchase 400,000 shares remain held in WB, in which Ms. Wallace holds indirect beneficial ownership. Additionally, Ms. Wallace was to be granted shares having a fair market value of $22,500 for each full month of service. In December 2005, we renegotiated the agreement with Ms. Wallace, who agreed accept the unpaid portion in cash through August 31, 2005, amounting to $112,500 and reduce her compensation to $8,500 per month through December 31, 2005. Ms Wallace also agreed to cancel shares issued for each month of service. Ms Wallace had received 45,000 shares that she returned to our corporate treasury.

In April 2005, we entered into an employment agreement with our Chief Financial Officer, Munjit Johal. As provided in the employment agreement, Mr. Johal is paid a base salary of $84,000. Mr. Johal received $79,000 in salary for the fiscal year ended December 31, 2005 and $84,000 in salary for the fiscal year ended December 31, 2006. Mr. Johal's employment agreement expired April 2007. Salary paid is recorded in the summary compensation table above in the column titled "Salary."

As performance based bonuses in connection with their service to our company, the board of directors in 2006 issued to Ms. Wallace 400,000 shares of our common stock and 200,000 shares of our common stock to Mr. Johal as a stock award. The aggregate value of these shares was computed in accordance with FAS 123R and is reported in the summary compensation table above in the column titled "Stock Awards."

At no time during the last fiscal year was any outstanding option repriced or otherwise modified. There was no tandem feature, reload feature, or tax-reimbursement feature associated with any of the stock options we granted to our executive officers or otherwise.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of December 31, 2006.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Jan Wallace	400,000	-	-	$0.50-$2,00	3/10/2010	-	-	-	-
Munjit Johal (1)	-	-	-	-	-	-	-	-	-

(1) Effective April 1, 2005, Mr. Johal agreed to rescind his 250,000 shares of common stock and options to purchase 500,000 shares of common stock provided under his December 31, 2003 employment agreement and return his share certificates to our corporate treasury. Mr. Johal returned his share certificate to our corporate treasury.

Compensation of Directors

The table below summarizes all compensation of our directors as of December 31, 2006.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jan Wallace	-	-	-	-	-	-	-
Peter Richman	-	-	-	-	-	-	-
Patrick McNiven (1)	-	-	-	-	-	-	-
Jay Kister	-	-	-	-	-	-	-

(1) Mr. McNevin resigned as a member of our board of directors on April 30, 2006.

Narrative Disclosure to the Director Compensation Table

Non-employee directors were not paid for their services in fiscal year ended December 31, 2006.

The consideration earned or paid to Jan Wallace and Munjit Johal were earned in connection with their service as executive officers. Jan Wallace and Munjit Johal received no compensation for their service as members of our board of directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of April 17, 2007, the beneficial ownership of our common stock by each executive officer and director, by each person known by us to beneficially own more than 5% of the our common stock and by the executive officers and directors as a group. Except as otherwise indicated, all shares are owned directly and the percentage shown is based on 2,896,820 shares of common stock issued and outstanding on April 17, 2007. Except as otherwise indicated, the address of each person named in this table is c/o Secured Diversified Investment, Ltd., 5205 East Lincoln Drive, Paradise Valley, Arizona 85253.

Title of class	Name and address of beneficial owner [(1)]	Amount of beneficial ownership	Percent of class*
Executive Officers & Directors:			
Common	Jan Wallace [(2)]	1,000,000 shares	30.3%
Common	Peter Richman	0 shares	0%
Common	Jay Kister [(3)]	5,998 shares	Less than 1%
Common	Munjit Johal	200,000 shares	6.9%
Total of All Directors and Executive Officers:		1,205,998 shares	36.5%
More Than 5% Beneficial Owners:			
Common	Kelly Black 7349 N. Scottsdale Road, #515 Scottsdale, Arizona 85283	200,000 shares	6.9%
Common	Donald Schwall 8326 Geary Boulevard San Francisco, California 94121	400,000 shares	13.8%

(1) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

(2) Includes 600,000 shares of Common Stock held in her name and warrants to purchase 400,000 shares of Common Stock held in Wallace Black Financial & Investment Services.

(3) Includes 5,000 shares of Common Stock held in his name and 998 shares held in joint tenancy with his wife Alicia Kister.

Item 12. Certain Relationships and Related Transactions

Except as disclosed below, none of our directors or executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction since the beginning of our last fiscal year on January 1, 2006 or in any presently proposed transaction which, in either case, has or will materially affect us.

Item 13. Exhibits

Exhibit Number	Description
10.1	Confidential Settlement and General Release Agreement dated January 5, 2007 (1)
10.2	Confidential Settlement and General Release Agreement dated September 20, 2006 (2)
10.3	Secured Lending, LLC Lease Agreement dated July 1, 2006 (2)
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)/15d-14(a), 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

(1) Previously filed as an exhibit to the Current Report on Form 8-K filed on January 11, 2007.

(2) Previously filed as an exhibit to the Quarterly Report on Form 10-QSB for the period ended September 30, 2006 filed on November 14, 2006.

Item 14. Principal Accountant Fees and Services

Audit Fees

The aggregate fees billed by our auditors for professional services rendered in connection with a review of the financial statements included in our quarterly reports on Form 10-QSB and the audit of our annual consolidated financial statements for the fiscal years ended December 31, 2006 and December 31, 2005 were approximately $60,500 and $135,000 respectively.

Audit-Related Fees

Our auditors did not bill any additional fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements.

Tax Fees

The aggregate fees billed by our auditors for professional services for tax compliance, tax advice, and tax planning were $16,065 and $11,540 for the fiscal years ended December 31, 2006 and 2005.

All Other Fees

The aggregate fees billed by our auditors for all other non-audit services, such as attending meetings and other miscellaneous financial consulting, for the fiscal years ended December 31, 2006 and 2005 were $2,000 and $0 respectively.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Secured Diversified Investment, Ltd.

By:	/s/ Jan Wallace Jan Wallace Chief Executive Officer and Director May 18, 2007	By:	/s/ Munjit Johal Munjit Johal Chief Financial Officer May 18, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By:	/s/ Jan Wallace Jan Wallace Director May 18, 2007	By:	/s/ Peter Richman Peter Richman Director May 18, 2007

CERTIFICATIONS

I, Jan Wallace, certify that;

(1) I have reviewed this annual report on Form 10-KSB of Secured Diversified Investment, Ltd.;

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

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

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

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

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

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

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

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

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

Date: May 18, 2007

/s/ Jan Wallace
By: Jan Wallace
Title: Chief Executive Officer

CERTIFICATIONS

I, Munjit Johal, certify that;

(1) I have reviewed this annual report on Form 10-KSB of Secured Diversified Investment, Ltd.;

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

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

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

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

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

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

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

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

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

Date: May 18, 2007

/s/ Munjit Johal
By: Munjit Johal
Title: Chief Financial Officer

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

In connection with the accompanying Annual Report on Form 10-KSB of Secured Diversified Investment, Ltd. for the year ended December 31, 2006, I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) the Annual Report on Form 10-KSB of Secured Diversified Investment, Ltd. for the year ended December 31, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Annual Report on Form 10-KSB for the year ended December 31, 2006, fairly presents in all material respects, the financial condition and results of operations of Secured Diversified Investment, Ltd..

By:	/s/ Jan Wallace
Name:	Jan Wallace
Title:	Principal Executive Officer and Director
Date:	May 18, 2007

By:	/s/ Munjit Johal
Name:	Munjit Johal
Title:	Principal Financial Officer
Date:	May 18, 2007