SECURED DIVERSIFIED INVESTMENT LTD
Form 10QSB/A
November 26, 2003

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

FORM 10-QSB/A

Quarterly Report Under Section 13 or 15(d)
of the Securities and Exchange Act of 1934

For the Quarter Ended	Commission File Number
September 30, 2003	0-30653

SECURED DIVERSIFIED INVESTMENT, LTD.
(Name of small business issuer in its charter)

Nevada	80-0068489
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. No.)

5030 Campus Drive, Newport Beach California	92660
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number, including area code (949) 851-1069

Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date:

As of November 10, 2003, issuer had 6,531,147 shares of its $.001 par value common stock outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

SECURED DIVERSIFIED INVESTMENT, LTD
(Formerly Book Corporation of America)
Consolidated Balance Sheet

	September 30, 2003 (Unaudited)
ASSETS	
Current Assets	
Cash	$ 135,476
Accounts Receivable	64,909
Inventory	20,740
Note Receivable	425,000
Total Current Assets	646,125
Fixed Assets	
Equipment, net of $4,261 of accumulated depreciation	65,663
Real Estate, net of $43,832 of accumulated depreciation	3,600,716
Total Fixed Assets	3,666,379
Other Assets	
Investment in Subsidiaries	109,703
Deposits	5,330
Prepaid Expenses	6,065
Total Other Assets	121,098
Total Assets	$ 4,433,602

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
(Formerly Book Corporation of America)
Consolidated Balance Sheet

September

	30, 2003
	(Unaudited)
LIABILITIES & STOCKHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable	$ 71,382
Interest Payable	184
Payroll Liabilities	198,810
Accrued Property Tax	49,768
Accrued Sales Tax	46,812
Security Deposits	35,664
Current Potion of Long-Term Debt, related parties	314,557
Current Portion of Long-Term Debt	61,000
Total Current Liabilities	778,177
Long Term Liabilities	
Notes Payable, related parties	174,250
Mortgages Payable	2,603,981
Total Long - Term Liabilities	2,778,231
Total Liabilities	3,556,408
Minority Interest	166,524
STOCKHOLDER' EQUITY	
Series A Preferred Stock, 7,5000,000 shares authorized, $0.01 par value, 7,677,807 issued & outstanding	74,978
Series B Preferred Stock, 20,000,000 shares authorized, $0.01 par value, 2,620,480 issued & outstanding	26,205
Series C Preferred Stock, 22,500,000 shares authorized, $0.01 par value, zero share issued & outstanding	-
Common Stock, 100,000,000 shares authorized, $0.001 par value, 6,531,147 issued and outstanding	6,311
Paid in Capital	4,821,145
Accumulated (Deficit)	(4,217,969)
Total Liabilities & Stockholders' Equity	$ 4,433,602

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD
(Formerly Book Corporation of America)
Consolidated Statements of Operations
(Unaudited)

	Three months ended September 30, 2003	Three months ended September 30, 2002	Nine months ended September 30, 2003	Nine months ended September 30, 2002
REVENUES				
Rental Income	$ 559,880	$ -	$ 809,258	$ -
Total Revenues	559,880	-	809,258	-
Operating and Administrative Costs	$ 810,572	$ 20,752	$ 1,925,279	$ 44,605
Operating Income (Loss)	$ (250,692)	$ (20,752)	$ (1,116,021)	$ (44,605)
Other Income and Expenses				
Interest expense	$ (54,545)	$ -	$ (137,471)	$ -
Interest income	4,426	-	7,375	-
Other income (loss)	(25,812)	-	202,850	-
Net Income (Loss)	$ (326,623)	$ (20,752)	$ (1,043,267)	$ (44,605)
Basic and diluted income per common share				
Net income (loss) per share	$ (0.06)	$ (0.01)	$ (0.24)	$ (0.02)
Basic and diluted weighted average shares	5,805,711	2,349,540	4,334,792	2,349,540

See accompanying notes

SECURED DIVERSIFIED INVESTMENT, LTD
(Formerly Book Corporation of America)
Consolidated Statements of Cash Flows

(Unaudited)

	September 30, 2003	September 30, 2002
Cash flows from operating activities:		
Net loss	$ (1,043,267)	$ (44,605)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	61,596	-
Loss on sale of note receivable	45,000	-
Loss on sale of real estate	106,832	-
Impairment of real estate	448,403	-
Increase (decrease) in assets and liabilities:		
Receivables	(64,908)	-
Inventory	(20,740)	-
Prepaid expenses	(6,064)	-
Current liabilities	443,537	(16,584)
Net cash provided (used) by operating activities	(29,611)	(61,189)
Cash flow from investing activities:		
Purchase of equipment and tenant improvements	(62,542)	-
Proceeds from sale of real estate	231,186	-
Investment in subsidiary	(109,703)	-
Net cash provided by investing activities	58,941	-
Cash flows from financing activities:		
Proceeds from capital contributions	-	61,189
Proceeds from stock issuance	34,000	-
Proceeds on notes payable - related party	123,708	-
Payments on note payable - related party	(72,021)	-
Proceeds from notes payable	45,000	-
Payments on notes payable	(18,483)	-
Net cash provided by financing activities	112,204	61,189
Net increase (decrease) in cash	141,534	-
Cash, beginning of period	6,058	-
Cash, end of period	$ 135,476	$ -
Supplemental disclosures:		
Cash paid for interest	$ 137,397	$ -
Cash paid for income tax	$ -	$ -
Non-cash investing and financing activities:		
Property acquired through stock issuances, net of debt	$ 1,077,974	$ -
Investment in subsidiary through stock issuance, net of debt	$ 343,610	$ -
Conversion of note to stock	$ 500,000	$ -
Note receivable acquired in real estate sale transaction	$ 425,000	$ -
Assumption of note payable in real estate sale transaction	$ 194,230	$ -

See accompanying notes

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SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

NOTE 1 - Going Concern

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company, since its inception has sustained continued losses. Currently, the Company does not have significant cash, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. The Company does not currently possess a financial institution source of financing and the Company cannot be certain that its existing sources of cash will be adequate to meet its liquidity requirements.

There are no assurances that the Company will be successful in any of its endeavors or will become financially viable.

NOTE 2 - Nature of Operations

The Company was incorporated under the laws of the state of Utah on November 22, 1978. For the purpose of (1) engaging primarily in the specific business of acquiring, developing, owning, selling, leasing, licensing, and otherwise dealing with literary properties and materials, copyrights, licenses, and to carry on a negotiation for, production of, properties in the entertainment industry, and (2) acting as principal, agent, joint venturer, partner, or in any other capacity which may be authorized or approved by the Board of Directors.

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 affected by merging the foreign corporation with and into a Nevada corporation. On August 9, 2002, a merger between Secured Diversified Investment, Ltd., and Book Corporation of America was completed. Upon completion of the merger Secured Diversified Investment, Ltd. became the surviving corporation and Book Corporation of America was dissolved. On September 18, 2002, the OTCBB symbol for the Company's common stock was changed for 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, par value $.01.

On November 15, 2002, the Company notified the Securities and Exchange Commission of their change in fiscal year end from October to December. From this point forward the Company will be reporting on a regular quarterly and yearly basis.

Because of the Company's failure to develop its entertainment business, management of the Company decided to pursue the acquisition of ownership interest in real estate properties that are geographically and functionally diverse. The Company believes that by acquiring interests in properties that are geographically and functionally diverse its portfolio will be more stable and less susceptible to devaluation resulting form regional economic downturns and market shifts. The Company is currently focusing on acquiring properties in markets with strong regional economies.

SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

NOTE 3 - Significant Accounting Policies

A. The accompanying consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. Intercompany transactions and balances have been eliminated.
B. Investments in companies in which the Company has 20% to 50% other than temporary ownership interest (Spencer Springs) are carried at cost, adjusted for the Company's proportionate share of undistributed earnings or losses. Investments in companies in which the Company owns less than 20% interest (Campus Drive Office Building) are carried at the lower of cost or fair value.
C. The Company uses the accrual method of accounting.
D. Revenues, currently consisting of rental revenues, are recognized in the period the rent is earned.
E. 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.
F. Basic Earnings per Shares are computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted Earnings Per Share shall be computed by including contingently issuable shares with the weighted average shares outstanding during the period. When inclusion of the contingently issuable shares would have an antidilutive effect upon earnings per share no diluted earnings per share shall be presented.
G. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is amortized over the lesser of the length of the lease of the related assets for the estimated lives of the assets. Depreciation and amortization is computed on the straight-line method.
H. 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 form those estimates.

NOTE 4 Related Party Transactions

On August 1, 2003, the Company acquired the Hospitality Inn, a 149 room full service hotel complete with meeting and banquet rooms as well as a restaurant and bar on leased land. The hotel was purchased from Seacrest Hospitality I, a limited partnership ("Seacrest") for $2,500,000. The Company also acquired Dickinson Management Inc., a wholly owned subsidiary of Seacrest which operated the inn, owns the liquor license and is the registered entity for various permits and licenses necessary to operate the inn. In acquiring Dickinson Management Inc, the Company has assumed certain tax liabilities. The purchase price was paid in stock consisting of 1,500,000 restricted shares of common stock and 2,500,000 restricted shares of Series A Preferred Stock. Certain officers, directors and shareholders of the Company, Clifford Strand, Sumiye Leonard, Robert Leonard, and Wayne Sutterfield, are limited partners of Seacrest. Additionally, the Company assumed the land lease. The land is owned by Robert Leonard, Sumiye Leonard, and the Akira and Hisako Imamura Family Trust which is managed by the sister of Sumiye Leonard. The lease has a term of 50 years that expires in 2053. The monthly ground lease payments are $10,000, $12,000, and $14,000 for the first three years, respectively. Beginning with the fourth year, the ground lease payments will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. Pursuant to the terms of the ground lease, the Company may purchase the land.

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SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

NOTE 5 Related Party Long-Term Debt

The following is a summary of the Company's debt to related parties at September 30, 2003:

Convertible note payable, bearing interest at 9%, interest only, matured September 30, 2003	$ 135,057
Note payable, due on demand	12,500
Note payable, bearing interest at 8%, interest only, maturing February 17, 2006	67,000
Note payable, bearing interest at 7.05%, maturing April 15, 2008, interest only, secured by first trust deed on T Rex Plaza Mall	100,000
Note payable, bearing interest at 10%, interest only maturing April 21, 2004	174,250
Total related party debt	$ 488,807
Less current portion of related party debt	314,557
	$ 174,250

Following are maturities of related party long-term debt for each of the next five years:

YEAR	AMOUNT
2003	$ 247,557
2004	-
2005	-
2006	67,000
2007	-
2008	174,250
Total	$ 488,807

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SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

NOTE 6   Long Term Debt Payable

Following is a summary of the Company's debt at September 30, 2003:

	2003
Note Payable, bearing interest at 9%, maturing June 20, 2005, interest only, unsecured.	$ 19,980
Mortgage payable, bearing interest at 11.5%, maturing May 15, 2005, interest only, secured by first trust deed on Katella Center	370,000
Mortgage Payable, bearing interest at 15%, maturing July 1, 2005, interest only, secured by second trust deed on Katella Center	25,000
Mortgage payable, bearing interest at 9.719%, maturing April 1, 2008, amortized monthly payment $20,245.74, secured by first trust deed on Spencer Springs, see Subsequent Events	2,250,000
Total Long-Term Debt	$ 2,664,980
Less current portion of long-term debt	61,000
	$ 2,603,980

Following are maturities of long-term debt for each of the next five years:

YEAR	AMOUNT
2003	$ 10,500
2004	61,000
2005	437,980
2006	45,000
2007	50,000
2008	2,060,500
Total	$ 2,664,980

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SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

NOTE 7 - Stockholders' Equity

In February 2003, the Company created three series of preferred stock as follows: (1) Series A consisting of 7,500,000 shares with a par value of $0.01 and a liquidation preference of $1.00 per share; (2) series B consisting of 20,000,000 shares with a par value of $0.01 and a liquidation preference of $0.50 per share; and (3) Series C consisting of 22,500,000 shares with a par value of $0.01 and a liquidation preference of $3.00 per share. The Company's Series A Convertible Preferred shares have the same voting rights as Common Stock and are convertible to common stock at no cost, at the option of the holder.

Private Placement. The Company is offering 18,447,520 shares of its Series B preferred stock at $0.50 per share in order to raise working capital. Additionally, the Company is offering 22,500,000 shares of its Series C preferred stock at $3.00 per share in exchange for real estate acquisitions. Both Series B and Series C preferred stock is convertible to common stock at the option of the holder. During the quarter ended September 30, 2003, the Company sold 28,000 shares of Series B Preferred Stock for $14,000.

NOTE 8 Financial Statements of Acquired Properties and Interests

Hospitality Inn. August 1, 2003, the Company acquired a 100% ownership interest in a full service hotel on leased land. The following represents the unaudited condensed financial statements of Hospitality Inn prior to the acquisition.

Hospitality Inn
Condensed Balance Sheet
July 31, 2003

ASSETS	
Cash	$ 60,019
Receivables	33,601
Inventory	22,016
Deposits	5,330
Real Estate, net	602,161
Furniture, Fixtures & Equipment, net	60,952
Total Assets	$ 784,079
LIABILITIES AND CAPITAL	
Liabilities	
Accounts Payable	$ 65,797

Taxes Payable	142,554
Other Liabilities	405,557
Total Liabilities	$ 613,908
Capital	
Retained Earnings	$ (531,683)
Net Income	771,589
Total Capital	$ 170,171

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SECURED DIVERSIFIED INVESTMENT, LTD.
Formerly Book Corporation of America
Notes to Consolidated Statements
September 30, 2003

Hospitality Inn
Condensed Statement of Operations
July 31, 2003

Revenues	$ 1,226,221
Expenses	(1,509,780)
Net Loss	(283,559)
Other Income	
Gain on Sale of Land	907,786
Other Income	147,362
Total Other Income	$ 1,055,148
Net Income	$ 771,589

Note 9 Commitments and Contingencies

The Company entered into a 50-year ground lease for the land under T-Rex Mall. The lease requires monthly payments of $13,708, adjusted annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%.

The Company assumed a 50-year ground lease for the land under the Hospitality Inn. The monthly ground lease payments are $10,000, $12,000, and $14,000 for the first three years, respectively. Beginning with the fourth year, the ground lease payments will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%.

NOTE 10 - Subsequent Events

On October 25, 2003, the Company acquired the remaining 50% of Spencer Springs, LLC for $167,865 in cash and 3,100,000 restricted shares of Series B Preferred Stock. The former members of Spencer Springs include William S. Biddle Family Trust, managed by William Biddle an officer and director of the Company, and Anthony Giangrande Family Trust, Jack Dezen, Kellogg Business Center, Gill Biddle, Sally Podell all of whom are shareholders of the Company. Clifford Strand, William Biddle, and Anthony Giangrande received 124,000, 128,000, and 128,000 restricted shares of Series B Preferred Stock as fees.

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Item 2. Management's Discussion and Analysis

Overview

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto of the Company appearing elsewhere in this report. Such financial statements have been prepared to reflect the Company's financial position as of September 30, 2003, together with the results of operations and cash flows for the periods ended September 30, 2003 and 2002.

Forward-Looking Statements

Historical results and trends are not necessarily indicative of future operations. Managements' statements contained in this report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may differ materially from those included in the forward-looking statements. The Company intends 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 is including this statement for purposes of complying with such provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of management, are generally identifiable by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project," "prospects," or similar expressions. The Company's 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 the operations and future prospects of the Company include, but are not limited to: changes in general economic conditions and in the real estate market specifically (including those in the local economy of the regions where the Company's properties are located), legislative/regulatory changes, availability of capital, interest rates, competition and supply and demand for operating properties in the Company's current and proposed market areas. These risks and uncertainties should be considered in evaluating forward-looking statements, and undue reliance should not be placed on any such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included herein and in the Company's other filings with the Securities and Exchange Commission. The Company does not intend to update any of the forward-looking statements after the date this report is filed to conform these statements to actual results, unless required by law.

Critical Accounting 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.

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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:

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

Real Estate Investments

The following table presents a summary of the Company's wholly-owned properties and properties in which it owns interests through certain limited liability companies as of September 30, 2003:

Property Name	Location	Company Ownership %	Square Feet	Date Acquired	Major Tenant (1)
Operating Properties					
Katella Center	Orange, CA	100	9,500	03/31/03 (2)	Judith by Strings
T-Rex Mall	Dickinson, ND	100	89,642	03/31/03 (2)	Newby's
Spencer Springs	Las Vegas, NV	50(3)	24,336	03/31/03	Amerident Chris's

					Place
Hospitality Inn	Dickinson, ND 100			08/31/03	

Investments in Unconsolidated Real Estate					

Campus Drive Office Building	Newport Beach, CA	19(4)	8,685	01/24/03	Borders

(1) Tenant occupying largest space of property.
(2) The Company assumed operations of the property in February 2003.
(3) Owned by Spencer Springs limited liability company.
(4) Limited liability company membership interest.

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Acquisitions

Pursuant to the terms and conditions of an Asset Purchase Agreement consummated on March 31, 2003, between the Company and Seashore Diversified Investment Company ("Seashore"), a Maryland corporation, the Company acquired certain real estate holdings from Seashore in exchange for restricted shares of the Company's Preferred and Common Stock. Seashore is a real estate investment trust in the business of acquiring, selling and managing real estate holdings. Specifically, in exchange for 3,630,000 shares of restricted common stock of the Company and 7,370,000 shares of Series A Convertible Preferred Stock of the Company, the Company was to acquire two properties, interests in two limited liability companies and the general partnership interest in Seacrest Hospitality I, a limited partnership, ("Seacrest").

During the quarter ended June 30, 2003, the Company and Seashore agreed to rescind the acquisition of the general partnership interest in Seacrest. The primary asset of Seacrest is the Hospitality Inn in Dickinson, North Dakota. Accordingly, the number of shares Seashore received in connection with the Asset Purchase Agreement was reduced by 1,168,393 shares of common stock and 2,371,193 shares of Series A Convertible Preferred Stock.

On August 1, 2003, the Company acquired from Seacrest the Hospitality Inn, on leased land, for $2,500,000 payable in the Company's restricted shares of common stock and Series A Preferred Stock in the amount of 1,320,000 shares and 2,680,000 shares, respectively. The property is a 149 room, full service hotel and convention center with a restaurant and banquet rooms. The inn is located on 6.6 acres of land that is subject to a 50-year ground lease that expires in 2053. Seacrest sold the ground to a third party that includes Sumiye Onodera-Leonard, a director of the Company, her husband Robert J. Leonard, who manages the interest of a family trust which effectively owns 25% of the Company's outstanding common shares, and the Akira and Hisako Imamura Family Trust which is managed by the sister of Sumiye Onodera-Leonard (collectively "Landowners"). The Landowners purchased the ground from Seacrest on June 17, 2003 for $1,300,000. The Landowners and Seacrest entered into a ground lease with monthly ground lease payments of $10,000, $12,000 and $14,000 for the first three years, respectively. Beginning with the fourth year, the ground lease payment will adjust annually based on the Consumer Price Index, with a floor of 2% and a ceiling of 3%. The Company is assuming the ground lease payments. Pursuant to the terms of the ground lease, Seacrest may repurchase the ground or assign its' rights to repurchase the ground to the Company. Additionally, the Company also acquired Dickinson Management

Company ("DMC"), a North Dakota corporation wholly owned by Seacrest, which operated the inn, owns the liquor license and is the registered entity for various licenses and permits necessary to operate the inn. In acquiring DMC, the Company will be assuming certain liabilities.

Certain of the Company's officers, directors and shareholders, Clifford L. Strand, Sumiye Onodera-Leonard, Wayne Sutterfield, and Robert J. Leonard, own limited partnership interests in Seacrest.

Subsequent Events

On October 25, 2003, the Company acquired the remaining 50% of Spencer Springs, LLC for $167,865 in cash and 3,100,000 restricted shares of Series B Preferred Stock. The former members of Spencer Springs include William S. Biddle Family Trust, managed by William Biddle an officer and director of the Company, and Anthony Giangrande Family Trust, Jack Dezen, Kellogg Business Center, Gill Biddle, Sally Podell all of whom are shareholders of the Company. Clifford Strand, William Biddle, and Anthony Giangrande received 124,000, 128,000, and 128,000 restricted shares of Series B Preferred Stock as commissions.

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Results of Operations

The comparability of the financial information discussed below is limited by acquisitions and dispositions completed during the nine months ended September 30, 2003. As discussed above, during the three months ended March 31, 2003, the Company acquired a 100% ownership interest in a 9,500 square foot strip mall in Orange, California and a 89,642 square foot enclosed mall in Dickinson, North Dakota. The Company purchased a 50% membership interest in two LLCs: one (Spencer Springs) owns a 100% interest in a 24,336 square foot, strip mall in Las Vegas, Nevada; and the other (Decatur Square) owned a 100% interest in a 16,500 square foot strip mall also located in Las Vegas, Nevada, which the Company subsequently sold. The Company also acquired a 19% membership interest in an LLC that owns an 8,685 square foot office building in Newport Beach, California.

Three Months Ended September 31, 2003 and 2002

Comparability of the financial information discussed below is materially impacted by the Company's acquisition of properties beginning in the first quarter of 2003.

Income.

Income consists of rental income from commercial properties pursuant to tenant leases and income from the operation of a full service hotel. As a result of these operations, income increased to $559,880 for the three months ended September 30, 2003. The Company realized no income in the comparable period 2002.

Operating 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 increased $789,820 to $810,572 for the three months ended September 30, 2003, compared to $20,752 for the three months ended September 30, 2002. The increase is attributable to the operation of acquired real estate. Additionally, payroll increased as a result of employment agreements being executed by certain members of management effective May 1, 2003. These agreements result in a monthly expense of $30,000 of which $19,000 is being paid and the balance accrued (See Part II Item 5. Other Information).

Management anticipates that operating and administrative expenses will continue to increase throughout the remainder of 2003 as the Company seeks to acquire additional real estate holdings and expand its operations.

Depreciation.

Depreciation for the three months ended September 30, 2003 was $29,026 compared to no depreciation for the three months ended September 30, 2002. The depreciation was attributable primarily to the Katella Center, Hospitality Inn and Spencer Springs.

Interest and Other Expense.

Interest expense consists of mortgage interest paid on the Company's properties. Interest expense of $54,545 for the three months ended September 30, 2003 was attributable to the Katella Center, T-Rex Plaza Mall and Spencer Springs properties. The Company recognized impairment with respect to the T-Rex property in the amount of $448,000. The Company paid nothing in interest and other expense during the comparable period ended September 30, 2002.

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Net Income.

The net loss was $326,623 or $(0.07) per share basic and diluted for the three months ended September 30, 2003 compared to a net loss of $20,752 or $(0.01) per share basic and diluted for the three months ended September 30, 2002.

Nine Months Ended September 31, 2003 and 2002

Comparability of the financial information discussed below is materially impacted by the Company's acquisition of properties beginning in the first quarter of 2003.

Income.

Income consists of rental income from commercial properties pursuant to tenant leases and income from the operation of a full service hotel. As a result income increased to $809,258 for the nine months ended September 30, 2003. The Company realized no income in the comparable period 2002.

Operating 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 increased $1,880,674 to $1,925,279 the nine months ended September 30, 2003, compared to $44,605 for the nine months ended September 30, 2002. The increase in payroll was attributable to the execution of employment agreements for certain members of management effective May 1, 2003. These agreements result in a monthly expense of $30,000 of which only $19,000 is being paid and the balance accrued (See Part II Item 5. Other Information). Management anticipates operating and administrative expenses to continue to increase throughout the remainder of 2003 as the Company seeks to acquire additional real estate holdings and expand its operations.

Depreciation.

Depreciation for the nine months ended September 30, 2003 was $61,596 compared to no depreciation for the nine months ended September 30, 2002.

The depreciation was attributable primarily to the Katella Center, Spencer Springs, Hospitality Inn, and a new phone system.

Interest and Other Expense.

Interest expense consists of mortgage interest paid on the Company's properties and the amortization of deferred financing fees. Interest expense of $137,471for the nine months ended September 30, 2003 was attributable to the Katella Center, T-Rex Plaza Mall and Spencer Springs properties. The Company recognized impairment in the amount of $448,000 with respect to the T-Rex Plaza Mall. The Company paid nothing in interest and other expense during the comparable period ended September 30, 2002.

Net Loss.

The net loss was $1,043,267 or $(0.22) per share basic and diluted for the nine months ended September 30, 2003 compared to a net loss of $44,605 or $(0.02) per share basic and diluted for the nine months ended September 30, 2002.

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Liquidity and Capital Resources

Capital Resources

As stated in financial statement Note 7 Going Concern, the Company does not have significant cash or other liquid assets, nor does it have an established source of revenues sufficient to cover its operating costs and to allow it to continue as a going concern. Moreover, the Company does not currently possess a financial institution source of financing. The Company anticipates that it will be dependent for a significant period of time on additional investment capital to fund operating expenses, to meet debt service obligations, and to fund additional property acquisitions before achieving profitability. Since its inception, the Company has covered its capital requirement shortfall through additional financing from its control shareholders. Because of the Company's current negative equity position, fund-raising from non-affiliated third parties may be difficult resulting in continued reliance upon funding from its control shareholders. These control shareholders, however, are under no obligations and have made no commitments to continue to fund the Company.

At September 30, 2003, the Company had $135,476 of cash and cash equivalents as compared to $6,000 of cash and cash equivalents at December 31, 2002 to meet its immediate short-term liquidity requirements. This increase in cash and cash equivalents resulted primarily from the cash proceeds from the sale of Decatur Square.

Operating cash flows are expected to increase as additional properties and investments in unconsolidated real estate are added to the Company's portfolio. Cash and cash equivalents decreased since December 31, 2002 principally as a result of acquisition of real estate investments.

To date, the Company has paid no dividends and does not anticipate paying dividends into the foreseeable future.

Cash Flows from Operating Activities

Net cash used by operating activities was $(29,611) for the nine months ended September 30, 2003 compared to net cash used by operating activities of $61,000 for the nine months ended September 30, 2002. This increase in cash provided by operating activities relative to the prior period was primarily due to the Company's acquired real estate holdings and expenses relating to audit, legal and expanded compliance with federal and state securities laws. The Company had no operations during the same quarter of 2002.

Management expects cash flows from operating activities to increase due to the acquisitions of the Katella Center, T-Rex Mall, and the limited liability company membership interest in Spencer Springs and the Campus Drive Office Building as well as the acquisition of additional properties and investments in unconsolidated real estate during the remainder of the year as the Company strategically builds its real estate portfolio. Management is currently considering other potential opportunities to acquire real estate. The decision to acquire one or more properties or investments in unconsolidated real estate will generally depend upon (i) receipt of a satisfactory environmental survey and property appraisal, (ii) an absence of any material adverse change relating to the property, its tenants, or local economic conditions, and (iii) adequate financing. There is no assurance that any of these conditions will be satisfied or, if satisfied, that the Company will purchase any additional properties or make any further investments in unconsolidated real estate.

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Cash Flows From in Investing Activities

Net cash from in investing activities amounted to $58,941 for the nine months ended September 30, 2003 compared to $0 for the nine months ended September 30, 2002, primarily from the sale of Decatur Square offset by an investment in the Campus Drive office building and various capital expenditures.

At September 30, 2003, the Company does not have any material planned capital expenditures resulting from any known demand based on existing trends. However, management may conclude that expenditures to improve properties are necessary and/or desirable.

Cash Flows from Financing Activities

Cash provided by financing activities amounted to $112,204 for the nine months ended September 30, 2003 compared to $61,000 for the quarter ended September 30, 2002. The primary reason for the increase was proceeds from notes and the sale of preferred stock.

The Company intends to acquire additional properties and make additional investments in unconsolidated real estate and may seek to fund these acquisitions through proceeds received from a combination of subsequent equity offerings, debt financings or asset dispositions.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures as of a date (the "Evaluation Date") within 90 days before the filing of this quarterly report. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

PART II OTHER INFORMATION

Item 2 Changes in Securities

No instruments defining the rights of the holders of any class of registered securities were materially modified, limited or qualified during the quarter ended September 30, 2003.

Recent Sales of Unregistered Securities

On August 1, 2003, the Company issued 62,000 restricted shares of Series B Convertible Preferred Stock for a total consideration of $31,000 to the following individuals: (1) Harlan Morrison, 40,000 shares; Jay & Alicia Kister, 5,000 shares; Matt Kister, 5,000 shares; and Thomas Kister, 12,000 shares. Jay Kister is a director of the Company and the Chairman of its Audit Committee. Matt Kister and Thomas Kister are the brother and father, respectively, of Jay Kister. On August 26, 2003, the Company issued 6,000 restricted shares of Series B Convertible Preferred Stock for $3,000 to Marilyn Jacobs. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided under Section 4(2) of the Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities.

On September 30, 2003, the Company issued 400,000 restricted shares of common stock, of which 200,000 shares will eventually be registered, to Mark Taggatz, President of Wall Street Marketing Group, Inc. Mr. Taggatz would represent, advise, and assist the Company in corporate development, investor and public relations, and assist with shareholder relations. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided under Section 4(2) of the Securities Act, and from similar applicable state securities laws, rules and regulations exempting the offer and sale of these securities by available state exemptions. No general solicitation was made in connection with the offer or sale of these securities. The Company received no cash for these shares.

Item 4 Submission of Matters to a Vote of Security Holders

Subsequent to quarter end, on November 13, 2003, the Company held its Annual Meeting of Stockholders. Proxies were not solicited by the Company. At the Annual Meeting of Stockholders a quorum of shares was present. A number of matters were considered and voted upon at the meeting. Following is a brief description of the matters voted upon and the results of the shareholder votes:

The shareholders of the Company were asked to elect members to the board of directors of the Company for a one-year term or until their successors are elected. Clifford L. Strand, William Biddle, Sumyie Leonard, Jay Kister, Pamela Padgett and Wayne Sutterfield were nominated to serve as directors. Each of the aforementioned individuals received the affirmative vote of 11,337,214 shares, with no votes against or abstaining. The biographical information of each of the aforementioned individuals provided in the Definitive Information Statement filed on October 22, 2003, is incorporated herein by this reference.

The shareholders were also asked to adopt and approve the 2003 Employee Stock Incentive Plan and the 2003 Non-Employee Director Stock Incentive Plan, (collectively the "2003 Plans") which were adopted by the Company's Board of Directors on August 16, 2003, subject to shareholder approval. The purpose of the 2003 Plans is to enable the Company to retain and attract key employees, consultants, members of its Board of Directors who will contribute to its success by their ability, ingenuity and industry, and to enable such individuals to participate in the Company's long-term success and growth by giving them a proprietary interest in the Company. The 2003 Plans authorize 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 of the Company's Board of Directors and also provides for ongoing automatic grants of stock options to non-employee directors. Other than the automatic annual grants to non-employee directors and the grants and awards agreed to in the employment agreements with our executive officers, the number and type of awards that will be granted under the 2003 Plans shall be determined by the Board in its sole discretion. The shareholders voted 11,337,214 shares in favor of the adoption of the 2003 Plans, with no shares voting against or abstaining.

Finally, the shareholders voted 11,337,214 shares in favor of ratification of the appointment of Cacciamatta Accountancy Corporation as independent public accountants to audit the consolidated financial statements of the Company for the fiscal year ending December 31, 2003, and to perform other accounting services as requested by the Company.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 10.1	2003 Employee Stock Incentive Plan
Exhibit 10.2	2003 Non-Employee Director Stock Incentive Plan
Exhibit 31.1	Certification of Principal Executive Officer
Exhibit 31.2	Certification of Principal Financial Officer
Exhibit 32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

None.

SIGNATURES

In accordance with the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf, thereunto duly authorized.

SECURED DIVERSIFIED INVESTMENT, LTD.

Date: November 18, 2003 By: /S/ Clifford L. Strand

Clifford L. Strand, Principal Executive Officer

Date: November 18, 2003 By: /S/ Munjit Johal

Munjit Johal, Principal Financial Officer