

**Draganfly Investments Limited (“the Company”)
Final Results for the period ended 30 April 2008
Chairman’s Statement**

During the twelve months under review net assets have fallen from 2.64 pence per share on 30th April 2007 to 2.45 pence per share on 30th April 2008, a decline of 7.2% compared with the wider AIM market’s decline of 17.2% during the same period.

Since the period end your company’s unaudited net assets per share have not been wholly immune to the global credit crunch and stock market turmoil, declining a further 12.2% to 2.15p per share as at 30th September 2008. However, this remains in sharp contrast to the AIM All Share index which has declined by 36.4% during the same period.

This substantial outperformance provides the Board with encouragement at a time when liquidity in the quoted small companies sector remains extremely low, and share price volatility is commensurately high. Increasing levels of fund redemptions amongst the shareholder base of many of our investee companies have not helped the portfolio performance, but the strategy of investing patiently in companies which can deliver long term capital growth remains intact.

This strategy is borne out more evidently by the performance of the unquoted holdings within the portfolio, many of which continue to raise fresh capital away from the glare of the quoted sector, and despite difficult market conditions. The most encouraging feature is that these fund raising activities are achieving new price premia, highlighting the quality and significant upside potential within the existing portfolio. Most notable are Continental Petroleum Limited where we recently increased the holding value following a successful sequence of capital raisings, and Sino Gas and Energy Limited, which is making excellent progress in developing its Chinese Tight Gas resource base.

We remain confident that our unquoted portfolio companies are well-funded and have access to sufficient capital to see them through the challenge of current market conditions and beyond.

During the period under review we have traded the quoted portfolio more actively than hitherto, taking profits in Braemore Resources, Mercator Gold, and Acta SpA. We have also added to our holdings in Medicsight, Rheochem, and Accsys Technologies. We have not changed the Immedia position, but feel confident that the company has reached a key inflection point in its corporate development and look forward to the future with a sense of heightened optimism.

We have also made two new additions to the unquoted portfolio; Iofina, an emerging gas and iodine producer which successfully listed on the AIM shortly after the period end, and Atlantic Healthcare Limited, a pharmaceuticals company specialising in the development of gastro intestinal products. Both companies have substantial growth potential.

Since the period end we have re-invested in Braemore Resources and sold off the tail of the Mercator Gold holding. We have also reduced the Accsys Technologies holding in order to maintain a balanced portfolio.

Given the small scale of the asset base, the portfolio has remained concentrated throughout, resulting in a greater risk appetite and more volatility than traditional funds might experience. The total number of holdings is twelve, of which five are unquoted. These are shown as follows:

Continental Petroleum Limited
Sino Gas and Energy Limited
Finance Ireland
Microsaic Systems Limited
Atlantic Healthcare Limited

At present the portfolio comprises seven quoted holdings which are listed below:

Accsys Technologies
Braemore Resources
GB Group
Immedia Group
Iofina
Medicsight
Rheochem

Despite difficult market conditions your Board remain confident that the portfolio carries substantial upside potential and look forward to the future with optimism.

At the Company's forthcoming AGM shareholders will be asked consider and vote on a resolution modifying the Company's Investing Strategy. The main change is to allow the managers more flexibility in investing in unlisted entities such that the aggregate value of the Company's investments in unlisted entities may exceed 50 per cent. of the Company's NAV

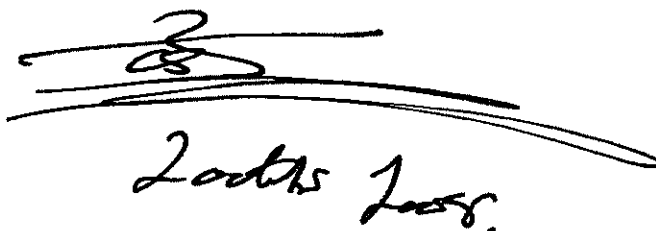
Mark Horrocks

Chairman

Enquiries

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Mark Horrocks

In accordance with AIM Rule 20 the Company confirms that its Report and Accounts for the year ended 30 April 2008 are today being posted to shareholders. Accompanying the Report and Accounts is a Notice convening the Company's AGM to be held on 29th October 2008 at Pentera Chambers, Century Buildings, Patriotic Place, St Helier, Jersey, Channel Islands, JE4 8PS. The Report and Accounts and Notice of AGM will shortly be available on the Company's website.

Draganfly Investments Limited

**Profit and loss account
for the year ended 30 April 2008**

		Continuing Operations	
		Year End 30/4/08	Year End 30/4/07
		£	£
Turnover	2	61,580	110,970
Administrative expenses		(258,042)	(239,218)
Operating loss	3	(196,462)	(128,248)
Other interest receivable and similar income		1,346	21
Interest payable and similar charges	4	(17,073)	(22,320)
Loss on ordinary activities		(212,189)	(150,547)

There are no recognised gains or losses other than those included in the profit and loss account.

Loss per share (pence)

Basic	7	(0.19)	(0.13)
Diluted	7	(0.19)	(0.13)

Draganfly Investments Limited

Balance sheet as at 30 April 2008

	Notes	30/04/08		30/04/07	
		£	£	£	£
Current assets					
Debtors	8	5,022		4,157	
Investments	9	2,997,889		2,717,600	
Cash at bank and in hand		—		316,782	
		<u>3,002,911</u>		<u>3,038,539</u>	
Creditors: amounts falling due within one year					
Creditors	10	(19,423)		(26,910)	
Bank overdraft	10	(184,048)		—	
		<u>(203,471)</u>		<u>(26,910)</u>	
Net current assets			<u>2,799,440</u>		<u>3,011,629</u>
Total assets less current liabilities			2,799,440		3,011,629
Net assets			<u>2,799,440</u>		<u>3,011,629</u>
Capital and reserves					
Called up share capital	12		1,142,270		1,142,270
Share premium account	13		1,980,303		1,980,303
Profit and loss account	13		(323,133)		(110,944)
Equity shareholders' funds	14		<u>2,799,440</u>		<u>3,011,629</u>

The financial statements were approved and authorised for issue by the Board on 16 September 2008 and signed on its behalf by

Director

T E G Bayman
Date 16 September 2008

Draganfly Investments Limited

Cash flow statement for the year ended 30 April 2008

	Notes	Year ended 30/04/08 £	Year ended 30/04/07 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(196,462)	(128,248)
Realised (gain) / loss on sale of investments		(183,212)	69,202
Unrealised loss /(profit) on revaluation of investments		127,257	(173,422)
(Increase) in debtors		(865)	(4,157)
(Decrease) / increase in general creditors		(9,087)	14,410
Net cash outflow from operating activities		<u>(262,369)</u>	<u>(222,215)</u>
 Cash flow statement			
Net cash outflow from operating activities		(262,369)	(222,215)
Returns on investments and servicing of finance	16	(14,127)	(22,299)
Capital expenditure and financial investment	16	(224,334)	832,029
(Decrease) / increase in cash in the year		<u>(500,830)</u>	<u>587,515</u>
 Reconciliation of net cash flow to movement in net funds/(debt)(Note 17)			
		(500,830)	587,515
Net funds / (debt) at 1 May 2007		<u>316,782</u>	<u>(270,733)</u>
Net (debt) / funds at 30 April 2008		<u>(184,048)</u>	<u>316,782</u>

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain investments, and in accordance with applicable accounting standards.

1.2. Investments

After initial recognition, investments, which are classified as held for trading, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account.

1.3. Foreign currencies

The company's accounts are presented in sterling which is its functional currency. Transactions in foreign currencies are initially recorded at the rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are retranslated at the balance sheet date with any exchange differences charged or credited to the profit and loss account.

1.4. Taxation

The company has been granted exempt company status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961 (as amended). The effect of such special status is that the company is treated as a non-resident company for the purposes of Jersey tax laws and is therefore exempt from Jersey income tax on its profits arising outside Jersey and, by concession, on bank deposit interest arising in Jersey (and from any obligation to withhold Jersey income tax from any interest or dividend payments made by it). This status is renewable on an annual basis upon payment of a fee to the Controller of Income Tax in Jersey, and it is the company's intention to maintain this status.

Consequently, no provision for taxation, either current or deferred has been made in these financial statements.

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

1.5. Financial instruments

Investments

The company manages its investments with a view to profiting from the receipt of dividends and changes in fair value of investments. Therefore all quoted investments and unquoted equity investments are designated as at fair value through the profit or loss and carried in the balance sheet at fair value. All investments are initially recognised at the fair value of the consideration given plus acquisition costs associated with the investment and held at this value until it is appropriate to measure fair value on a different basis.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Quoted investments are stated at bid prices at the balance sheet date.

Unlisted investments are stated at 'price of recent investment', reflecting the early stage nature of the investment. The following considerations are used when calculating the 'price of recent investment' as recommended by the British Venture Capital Association valuation guidelines, published August 2003:

- (i) Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value.
- (ii) Where there has been a recent investment by third parties, the price of that investment will provide a basis of the valuation. Where a fair value cannot be estimated reliably, the investment is reported at cost or the carrying value at the previous reporting date, unless there is evidence that the investment has since been impaired.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received.

Short term debtors and creditors

Short term debtors and creditors are excluded from the disclosures required by Financial Reporting Standard 13, Derivatives and other financial instruments : disclosures.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity and includes dividends received from investments and realised and unrealised profits and losses on investments.

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

3. Operating loss

	Year ended 30/04/08 £	Year ended 30/04/07 £
Operating loss is stated after charging:		
Auditor's remuneration	12,774	10,000

Remuneration paid to auditors is solely in respect of audit services.

4. Interest payable and similar charges

	Year ended 30/04/08 £	Year ended 30/04/07 £
Included in this category is the following:		
Interest payable on bank overdrafts	17,073	22,320

5. Employees

There were no employees during the year apart from the directors.

6.1. Directors' remuneration

	Year ended 30/04/08 £	Year ended 30/04/07 £
The company paid consultancy fees as follows		
M Horrocks	12,500	12,500
D Edmonds	25,000	25,000
	37,500	37,500

6.2. Directors' share options

		Number of options			Exercise price	Date from which Exercisable	Expiry date
Directors	1 May 2007	Granted	Expired	30 April 2008			
M Horrocks	3,000,000	-	3,000,000	-	3p	29/04/2005	29/4/2008
D Edmonds	850,000	-	850,000	-	3p	29/04/2005	29/4/2008
	3,850,000	-	3,850,000	-			

Draganfly Investments Limited
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for the year ended 30 April 2008

7. Earnings per share

The basic earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year.

The diluted earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year (after adjusting both figures for the effect of dilutive potential ordinary shares).

The calculation of basic earnings per ordinary share is based upon the following data:

<i>Earnings</i>	2008	2007
	£	£
Earnings for the purposes of basic earnings per share and diluted earnings per share	<u>(212,189)</u>	<u>(150,547)</u>
<i>Number of shares</i>	2008	2008
	£	£
Basic weighted average number of shares	<u>114,227,000</u>	<u>114,227,000</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>114,227,000</u>	<u>114,227,000</u>

At 30 April 2007 there were 6,850,000 share options in issue which could have potentially diluted basic earnings per share but which were not included in the calculation of diluted earnings per share because they are antidilutive in the year as the exercise price exceeded the average share price. At 30 April 2008, all share options had expired.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the approval of these financial statements.

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

8. Debtors

	30/04/08	30/04/07
	£	£
Prepayments and accrued income	<u>5,022</u>	<u>4,157</u>

9. Current asset investments

The carrying value of investments is stated as follows:

	Quoted £	Unquoted £	Total £
Fair value of investments at 1 May 2007	2,081,170	636,430	2,717,600
Costs of investment purchases in the period	1,190,157	400,000	1,590,157
Sale proceeds of investments sold in the period	(1,365,823)	-	(1,365,823)
Realised gains on sale of investments included in turnover	<u>183,212</u>	<u>-</u>	<u>183,212</u>
	2,088,716	1,036,430	3,125,146
Unrealised change in fair value of investments held at 30 April 2008 included in turnover	<u>(684,450)</u>	<u>557,193</u>	<u>(127,257)</u>
Fair value of investments at 30 April 2008	<u>1,404,266</u>	<u>1,593,623</u>	<u>2,997,889</u>

**10. Creditors: amounts falling due
within one year**

	30/04/08	30/04/07
	£	£
Bank overdraft	184,048	-
Accruals and deferred income	<u>19,423</u>	<u>26,910</u>
	<u>203,471</u>	<u>26,910</u>

The bank overdraft totalling £184,048 (2007 - £-) is secured by a debenture on the bank's standard form, and a charge over a portfolio of the company's securities held by the bank which at 30 April 2008 had a value of £1,404,266 (2007 - £2,081,170).

£167,018 of the company's overdraft facility of £400,000 (as reduced by the security override in clause 7 of the facility letter to £351,066) was unutilised as at 30 April 2008. The overdraft facility is subject to annual review and the next review is on 14 February 2009.

Draganfly Investments Limited
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11. Financial risk management objectives and policies

The company's risk management objective is that the funding of investment assets is primarily met from shareholders' funds.

Interest Rate Risk

The company invests in shares and other securities. The assets are funded with a mixture of mainly shareholders' funds and a bank overdraft. The board seeks to minimise interest rate exposure by minimising the credit funding.

Credit Risk

The company's financial assets are unsecured investments, in which the board considers the maximum credit risk to be the carrying value of the asset. The portfolio is diversified and credit risk is managed on an asset specific basis by the board.

Liquidity Risk

At 30 April 2007 the company had cash at bank of £316,782. During the financial period the company realised some of its investments but also responded to investment opportunities and as a result has an overdrawn bank position of £184,048 at 30 April 2008. The board continues to monitor the position closely.

Currency exchange risk

The company holds investments in different countries and currencies. There is therefore an inherent risk that exchange rate fluctuations will adversely affect the portfolio value. The board does not hedge this risk specifically as it believes that there is no exposure to any particular currency.

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

12. Share capital

	30/04/08	30/04/07
	£	£
Authorised equity		
1,000,000,000 Ordinary shares of £0.01 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid equity		
114,227,000 Ordinary shares of £0.01 each	<u>1,142,270</u>	<u>1,142,270</u>
Equity Shares		
114,227,000 Ordinary shares of £0.01 each	<u>1,142,270</u>	<u>1,142,270</u>

At 30 April 2008 there existed the following share options for unissued ordinary shares.

1 May 2007	Number of Options		30 April 2008	Exercise price	Date from which excisable	Expiry Date
	Granted	Expired				
6,850,000	–	6,850,000	–	3p	29/04/2005	29/04/2008
<u>6,850,000</u>	<u>–</u>	<u>6,850,000</u>	<u>–</u>			

13. Equity Reserves

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 May 2007	1,980,303	(110,944)	1,869,359
Loss for the year	–	(212,189)	(212,189)
At 30 April 2008	<u>1,980,303</u>	<u>(323,133)</u>	<u>1,657,170</u>

14. Reconciliation of movements in equity shareholders' funds

	30/04/08	30/04/07
	£	£
Loss for the year	<u>(212,189)</u>	<u>(150,547)</u>
Net reduction in shareholders' funds	(212,189)	(150,547)
Opening shareholders' funds	<u>3,011,629</u>	<u>3,162,176</u>
Closing shareholders' funds	<u>2,799,440</u>	<u>3,011,629</u>

Draganfly Investments Limited
Notes to the financial statements
for the year ended 30 April 2008

15. Related party transactions

The company owns a 20% holding in Millpath Limited, a company which provides investment advice to Draganfly Investments Limited, for which it has been paid £120,000 (2007:£120,000).

M Horrocks and D Edmonds, directors, have had share options as set out in Note 6.2

During the year the company paid fees of £12,994 (2007 - £16,300) to Walkers, a law firm in which P Harris and J Melia are partners, and its group companies, including Walkers Jersey Limited (formerly named Walkers Secretaries Limited). P Harris and J Melia served as directors of the group companies until 11 April 2007. The company has incurred fees of £5,823 (2007-£-) to Pentera Trust Company Limited, a trust company of which T E G Bayman, R L Pitcher and J P Hamilton are directors and majority shareholders.

16. Gross cash flows

	30/04/08	30/04/07
	£	£
Returns on investments and servicing of finance		
Interest received	1,346	21
Interest paid	<u>(15,473)</u>	<u>(22,320)</u>
	<u>(14,127)</u>	<u>(22,299)</u>
 Capital expenditure and financial investment		
Payment for current asset investment	(1,590,157)	(645,122)
Receipts from sales of investments	<u>1,365,823</u>	<u>1,477,151</u>
	<u>(224,334)</u>	<u>832,029</u>

17. Analysis of changes in net funds/(debt)

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	316,782	(316,782)	-
Overdrafts	-	(184,048)	(184,048)
	<u>316,782</u>	<u>(500,830)</u>	<u>(184,048)</u>
 Net funds / (debt)	<u>316,782</u>	<u>(500,830)</u>	<u>(184,048)</u>