

Interim Results for the period from 1 May 2007 to 31 October 2007

Chairman's Statement

During the period under review the quoted Smaller Company Markets demonstrated early signs of weakness which prefaced the summer decline in the wider stock market. The FTSE AIM All-Share Index fell by 2.2% during the period, masking a much sharper peak-to-trough decline of some 16% between July and September.

By comparison your company's Net Assets grew from £3,011,629 (2.64p per share) to £3,591,547 (3.14p per share), a rise of 19.25%. Core contributors to this performance were Braemore Resources, Accsys Technologies, and Mercator Gold within the quoted portfolio, and the asset revaluations of Sino Gas and Energy Limited, and Continental Petroleum Limited in the unquoted portion of the portfolio.

This performance remained stable through to the end of the calendar year when your Company's NAV per share stood at 3.15p.

At the end of October your Company held eight listed & four unlisted investments, having closed out the position in Acta SpA for an average return of 88%. October was a particularly active month with profit-taking in various companies including Acta SpA, Accsys Technologies, Mercator Gold and Braemore Resources. Three new investments were made during the period, Felix Group, Medicsight Plc, and Atlantic Healthcare Limited, a private, international healthcare company.

Since the period end three new investments have been made, Rheochem Plc, Hip Cricket Inc., and Iofina Inc., a private gas and iodine exploration company. These investments take the total number of investments to fifteen (five of which are unquoted), the maximum envisaged to allow the company to pursue a focused investment strategy.

Clearly the current market conditions will have an effect on your Company's listed holdings that will, in turn, affect the NAV. However, your Company's portfolio has a healthy exposure to businesses that trade in global markets such as Environmental Technologies, Oil and Gas, Gold, Nickel, Platinum, & Medical Technologies, as well as niche industries with significant and financially sound, blue chip customers. We feel such diversity partially protects the portfolio from the risk of investing in small companies, & offers significant upside by following secular growth trends.

There is little doubt that our pre IPO investments may be delayed in coming to the Market. However, funding issues have not left any of your unquoted investments at risk in the short term.

Gearing remains manageable at 9% of NAV.

Despite our reservations regarding the current economic environment, your Board views the future of your Company with enthusiasm.

Finally. I would like to extend a personal thanks to our retiring Directors, Julie Melia, Peter Harris and Jonathan Bale, for their valuable contributions to the Company. I am also delighted to welcome the new Non-Executive Directors, Edward Bayman, Jamie Hamilton, and Roy Pitcher and, look forward to working closely with them in the future.

Mark Horrocks

Chairman

Enquiries

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Draganfly Investments Limited
Unaudited Profit and loss account
for the period ended 31 October 2007

Continuing operations

	Notes	Period ended 31/10/07 £	Period ended 31/10/06 £
Turnover	2	705,367	(640,590)
Administrative expenses		<u>(128,062)</u>	<u>(116,493)</u>
Operating profit/(loss)		577,305	(757,083)
Other interest receivable and similar income		7,377	-
Interest payable and similar charges		<u>(4,764)</u>	<u>(9,702)</u>
Profit/(loss) on ordinary activities		579,918	(766,785)

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

Earnings/(loss) per share - basic	<u>0.0051</u>	<u>(0.0066)</u>
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Draganfly Investments Limited
Unaudited Balance sheet
as at 31 October 2007

	Notes	31/10/07 £	31/10/06 £
Current assets			
Debtors		-	12,510
Investments	3	<u>3,870,513</u>	<u>2,774,052</u>
		3,870,513	2,786,562

Creditors: amounts falling due within one year	4	<u>(278,966)</u>	<u>(391,171)</u>
Net assets		<u>3,591,547</u>	<u>2,395,391</u>
Capital and reserves			
Called up share capital		1,142,270	1,142,270
Share premium account		1,980,303	1,980,303
Profit and loss account		468,974	<u>(727,182)</u>
Equity shareholders' funds	5	<u>3,591,547</u>	<u>2,395,391</u>

Draganfly Investments Limited
Unaudited Cash flow statement
for the period ended 31 October 2007

	Period ended 31/10/07 £	Period ended 31/10/06 £
Reconciliation of operating (loss)/profit to net cash outflow from operating activities		
Operating profit/loss	577,305	(757,083)
Realised (gain)/loss on sale of investments	(19,121)	229,985
Unrealised (gain)/loss on revaluation of investments	(686,246)	417,355
Decrease/(increase) in debtors	4,157	(12,510)
(Decrease)/Increase in creditors	<u>(24,160)</u>	<u>36,535</u>
Net cash outflow from operating activities	<u>(148,065)</u>	<u>(85,718)</u>
Cash flow statement		
Net cash outflow from operating activities	(148,065)	(85,718)
Returns on investments and servicing of finance	2,613	(9,689)
Capital expenditure and financial investment	<u>(447,547)</u>	<u>(3,111,058)</u>
	<u>(592,999)</u>	<u>(3,206,465)</u>
Financing	=	3,122,573
Decrease in cash	<u>(592,999)</u>	<u>(83,892)</u>

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2007

1. Accounting policies

1 Accounting policies

Basis of preparation

The financial statements are prepared in accordance with applicable UK accounting standards.

Investments

In accordance with FRS 26, investments are designated as at fair value through profit or loss.

Quoted investments are stated at mid-market 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':

- (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.

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 Comptroller 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.

2 Turnover

Turnover is derived from its principal activity and includes dividends received from investments. It also includes realised and unrealised profits and losses on investments.

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2007

3 Investments

The carrying value of investments is stated as follows:

	Quoted £	Unquoted £	Total £
Fair value at 1st May 2007	2,081,169	636,431	2,717,600
Change in fair values	345,721	807,192	1,152,913
Fair Value at 31st October 2007	<u>2,426,890</u>	<u>1,443,623</u>	<u>3,870,513</u>

4 Creditors: amounts falling due within one year

	31/10/2007 £	31/10/2006 £
Bank overdraft	276,216	354,636
Other creditors	2,750	36,535
	<u>278,966</u>	<u>391,171</u>

5 Reconciliation of Shareholders' funds


	Profit & Loss Account £	Called up Share Capital £	Premium Account £	Total £
As at 1st May 2007	(110,944)	1,142,270	1,980,303	3,011,629
Profit for the period	579,918	-	-	579,918
As at 31st October 2007	<u>468,974</u>	<u>1,142,270</u>	<u>1,980,303</u>	<u>3,591,547</u>

6 Earnings per share

Basic earnings per share is calculated on the basis of profit for the period of £579,918 and 114,227,000 shares being the weighted average number of shares in issue during the trading period.

7 Dividends

No dividends have been paid or proposed.



Timothy Edward Gray Bayman
Director
30th January 2008