

Draganfly Investments Limited

("Draganfly" or the "Company")

Interim Results for period from May 1st 2013 to October 31st 2013

Chairman's Statement

Following the six months to the 31st October 2014, as disclosed in note 1 to these interim results, a placing took place on the 27th November. This was a success and the Company has raised gross placing proceeds of £360,000 from new investors. The additional funding has provided Draganfly with liquidity and scope to develop any investment opportunities that may arise in the coming months.

The net asset value of these interim results is per the pre consolidation shares and does include the Atlantic Healthcare PLC asset, and does not include the net placing proceeds.

As resolved at the shareholders meeting in November the unquoted shareholding in Atlantic Healthcare PLC is currently being distributed to the qualifying shareholders, being those that held shares in Draganfly on the 12th November 2014. Those investors that have bought shares in Draganfly after this date will not be entitled to the distribution.

We hope to be in a position to update the shareholders further at the financial year end of the company.

Edward Bayman

Chairman

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Unaudited Profit and loss account for the period ended 31 October 2014

	Note	Continuing Operations	
		6 months to 31/10/14 £	6 months to 31/10/13 £
Turnover	2	88	(18,726)
Administrative expenses		(41,113)	(46,956)
Operating (loss)		<u>(41,025)</u>	<u>(65,682)</u>
Other interest receivable and similar income		1	2
Interest payable and similar charges		-	-
(Loss) on ordinary activities		<u>(41,024)</u>	<u>(65,680)</u>

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

(Loss) per share - basic

Basic (in pence) (0.03)p (0.05)p

**Unaudited Balance sheet
as at 31 October 2014**

		31/10/14		31/10/13	
Notes	£	£	£	£	£
Current assets					
Debtors		3,311		2,902	
Investments	3	696,125		716,025	
Cash accounts		36,653		55,432	
		736,089		774,359	
Creditors: amounts falling due within one year					
Creditors	4	(81,395)		(17,950)	
Net assets			654,694		756,409
Capital and reserves					
Called up share capital			1,256,270		1,256,270
Share premium account			1,980,303		1,980,303
Profit and loss account			(2,581,879)		(2,480,164)
Equity shareholders' funds	5		654,694		756,409

**Unaudited Cash flow statement
for the period ended 31 October 2014**

	Period ended 31/10/14	Period ended 31/10/13
	£	£
Reconciliation of operating loss to net cash outflow from operating activities		
Operating (loss)	(41,024)	(65,680)
Realised (gain) on sale of investments	-	(22,920)
Unrealised (gain)/loss on revaluation of investments	(88)	41,646
Decrease in debtors	5,547	2,505
Increase/(decrease) in general creditors	65,719	(14,974)
Net cash flow from operating activities	30,154	(59,423)

Cash flow statement

Net cash flow from operating activities	30,154	(59,423)
Capital expenditure and financial investment	-	104,685
Increase in cash in the period	<u>30,154</u>	<u>45,262</u>
Increase in cash in the period	30,154	45,262
Opening cash balance	6,499	10,170
Closing cash balance	<u>36,653</u>	<u>55,432</u>

**Notes to the interim statements
for the period ended 31 October 2014**

1 Accounting policies

Basis of preparation

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

Going concern basis of accounting

As at the period end date the company was dependent on realisation of sufficient cash from its unquoted investments or raising new funds to be able to meet its operating expenses.

In November 2014 it was resolved to restructure the company in order to raise additional capital by way of a share subscription. It was proposed that prior to the subscription, the company's holding in Atlantic Healthcare would be distributed in specie on a pro rata basis to the existing shareholders and at the same time an additional £400,000 would be raised by subscriptions, at a valuation of the company of £600,000 (including the subscriptions but excluding the shareholding in Atlantic Healthcare). The final irrevocable subscriptions received came to £360,000.

As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a minimum period of at least 12 months from the date of approval of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

3 Investments

The carrying value of investments is stated as follows:	Quoted £	Unquoted £	Total £
Fair value of investments at 1 May 2014	16,818	679,219	696,037
Costs of investment purchases in the period	-	-	-
Sale proceeds of investments sold in the period	-	-	-
	<u>16,818</u>	<u>679,219</u>	<u>696,037</u>
Realised gains on sale of investments included in the profit and loss account	-	-	-
Unrealised change in fair value of investments held at 31 October 2014 included in the profit and loss account	88	-	88
	<u>88</u>	<u>-</u>	<u>88</u>
Fair value of total investments at 31 October 2014	<u>16,906</u>	<u>679,219</u>	<u>696,125</u>

4 Creditors: amounts falling due within one year

	31/10/2014 £	31/10/2013 £
Other creditors	81,395	17,950
	<u>81,395</u>	<u>17,950</u>

5 Reconciliation of Shareholders' funds

	Profit and Loss Account £	Called up Share Capital £	Share Premium Account £	Total £
As at 1st May 2014	(2,540,855)	1,256,270	1,980,303	695,718
(Loss) for the period	(41,024)	-	-	(41,024)
	<u>(2,581,879)</u>	<u>1,256,270</u>	<u>1,980,303</u>	<u>654,694</u>

As at 31st October 2014	<u>(2,581,879)</u>	<u>1,256,270</u>	<u>1,980,303</u>	<u>654,694</u>
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6 Earnings per share

Basic earnings per share is calculated on the basis of the (loss) for the period of £39,868 and 125,627,000 shares being the weighted average number of shares in issue during the trading period and is stated in pence.

7 Dividends

No dividends have been paid or proposed.