

26 October 2016

Draganfly Investments Limited

("Draganfly" or the "Company")

Annual Results

The Board of Draganfly, the AIM quoted investing company, are pleased to announce its annual results for the year ending 30 April 2016.

Copies of the annual report and accounts for the year ended 30 April 2016 will be available to view and download from the Company's website www.draganflyinvestments.com.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 of the European Parliament and of the Council.

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Chairman's Statement
For the year ended 30 April 2016

In July 2016 the Company raised gross proceeds of £129,350 by way of a subscription. The Company's broker has also raised additional funds of £145,000 (before expenses) in September 2016 by way of a placing of new ordinary shares. The additional funding has provided the Company with liquidity and scope to explore and develop investment opportunities.

The Board are looking into the possible investment opportunities and hope to be in a position to update our shareholders in the coming months.

We thank you for your support.

Edward Bayman
Chairman

Directors' Report

For the year ended 30 April 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

Principal activity

The principal activity of the company was as an investment trading and holding company. The company is registered and managed in Jersey.

Review of the business and future developments

The original investment brief is to run a small and focused portfolio of investments. The Statement of financial position total has decreased from £125,585 (net assets of 0.36p per share) on 30 April 2015, to £45,918 (net assets of 0.13 p per share) on 30 April 2016. For the year ended 30 April 2016 the company made a loss of £79,667 (2015 - loss of £250,914), which includes an unrealised loss on the company's investments of £2,924 (2015 - loss of £3,326).

The key performance indicator used to monitor the progress of the business is net assets per share.

At 30 April 2016, the company held two investments, the same as at 30 April 2015.

The board is always alert to fresh investment opportunities but does not anticipate materially increasing the number of holdings at this stage. The board believes the current environment for small companies and pre-IPO investments remains very encouraging.

Dividends

The directors are unable to recommend payment of a final dividend.

**Statement of income and retained earnings
for the year ended 30 April 2016**

| | Year End 30/4/16 £ | Year End 30/4/15 £ |
|---|-----------------------------------|-----------------------------------|
| Fair Value loss on investments | (2,924) | (3,326) |
| Income | 136 | 53 |
| | <hr/> | <hr/> |
| Administrative expenses | (2,788) | (3,273) |
| | (76,879) | (247,641) |
| | <hr/> | <hr/> |
| Operating loss | (79,667) | (250,914) |
| Taxation | - | - |
| | <hr/> | <hr/> |
| Loss on ordinary activities after taxation and loss for the financial year | (79,667) | (250,914) |
| | <hr/> | <hr/> |
| Retained loss at 1 May | (3,470,988) | (2,540,855) |
| Distribution in specie | - | (679,219) |
| | <hr/> | <hr/> |
| Retained loss at 30 April | <u>(3,550,655)</u> | <u>(3,470,988)</u> |
| | <hr/> | <hr/> |
| Loss per share (pence) | | |
| Basic & diluted | <u>0.23</u> | <u>1.14</u> |

**Statement of financial position
as at 30 April 2016**

| | | 30/04/16 | | 30/04/15 |
|--|-----------------|---------------|-----------------|----------------|
| | £ | £ | £ | £ |
| Fixed assets | | | | |
| Investments | | 10,568 | | 13,492 |
| Current assets | | | | |
| Debtors | 1,663 | | 7,388 | |
| Cash at bank and in hand | 52,729 | | 122,653 | |
| | <u>54,392</u> | | <u>130,041</u> | |
| Creditors: amount falling due within one year | | | | |
| | <u>(19,042)</u> | | <u>(17,948)</u> | |
| Net current assets | | 35,350 | | 112,093 |
| Net assets | | <u>45,918</u> | | <u>125,585</u> |
| Capital and reserves | | | | |
| Called up share capital | | - | | - |
| Stated capital | | 3,596,573 | | 3,596,573 |
| Retained loss | | (3,550,655) | | (3,470,988) |
| Equity shareholders' funds | | <u>45,918</u> | | <u>125,585</u> |

The financial statements were approved and authorised for issue by the Board on 25 October 2016.

**Statement of Cash flows
for the year ended 30 April 2016**

| | Year ended 30/04/16 £ | Year ended 30/04/15 £ |
|---|-----------------------------|-----------------------------|
| Cash flow from Operating activities | | |
| Loss for the financial year | (79,667) | (250,914) |
| Adjustments for: | | |
| Loss on investments | 2,924 | 3,326 |
| Decrease in debtors | 5,725 | 1,470 |
| Increase in creditors | 1,094 | 2,272 |
| Net cash used in operating activities | <u>(69,924)</u> | <u>(243,846)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | - | 360,000 |
| Net cash from financing activities | <u>-</u> | <u>360,000</u> |
| Net (decrease)/increase in cash and cash equivalents | (69,924) | 116,154 |
| Cash and cash equivalents at the beginning of the year | 122,653 | 6,499 |
| Cash and cash equivalents at the end of the year | <u>52,729</u> | <u>122,653</u> |

**Notes to the financial statements
for the year ended 30 April 2016**

1. Accounting policies

1.1. General information

Draganfly Investments Limited ("the Company") is a public company domiciled and incorporated in Jersey. The address of the Company's registered office and principal place of business is 26 Esplanade, St Helier, Jersey, JE4 8PS. The Company's principal activities and the nature of the Company's operations are disclosed in the Directors' Report.

The company is listed on the AIM Market of the London Stock Exchange.

1.2. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the measurement of fixed asset investments at fair value, and in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

1.3. Going concern basis of accounting

The company's business activities, together with the factors likely to affect its future development and financial position are set out in the Chairman's Statement, the review of the business on page 4 and in the risk management disclosures on pages 4 and 5.

The company has sufficient liquid funds after taking account of the funds post year end to manage its financial risks and to ensure it can meet its obligations as they fall due.

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.

1.4. First time adoption of FRS 102

These financial statements are the first financial statements the Company has prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The financial statements of the Company for the year ended 30 April 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

The reported financial performance and financial position for the comparative period and the financial position at date of transition are not affected by the transition to FRS 102.

1.5. Foreign currencies

The company's accounts are presented in sterling which is its functional currency. Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of income and retained earnings.

1.6. Taxation

The company is eligible to pay Jersey tax at the standard rate of 0% and consequently, no provision for taxation, either current or deferred, has been made in these financial statements.

1.7. Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are recognised in the Statement of financial position when the company has become party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Trade investments

Trade investments are equity investments over which the Company has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

Trade investments in non-convertible and non-puttable preference shares or non-puttable ordinary shares are measured at fair value through profit or loss. The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price.

Financial liabilities

Short term creditors comprise accrued costs at the year end, which do satisfy the definition of a financial liability as they create an obligation for the company to pay cash in the future, and are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.8. Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9. Income

Interest income is recognised on a time apportionment basis. Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

1.11. Segmental reporting

The company's activities consist solely of investment trading and holding, which in the view of the directors is one activity.

1.12. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the directors there were no critical accounting estimates and assumptions.

2. Income

The income of the company for the year comprises:

| | Year ended 30/04/16 £ | Year ended 30/04/15 £ |
|------------------------|-----------------------------|-----------------------------|
| Bank interest received | 136 | 53 |

3. Operating loss

| | Year ended 30/04/16 £ | Year ended 30/04/15 £ |
|--|-----------------------------|-----------------------------|
| Operating loss is stated after charging: | | |
| Auditor remuneration | 14,484 | 14,248 |
| Cost of placing and reconstruction | - | 146,754 |
| | <u>14,484</u> | <u>161,002</u> |

Remuneration paid to the auditor is solely in respect of audit services.

4. Employees

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

5. Directors' remuneration

| | Year ended 30/04/16 £ | Year ended 30/04/15 £ |
|---|--------------------------------|--------------------------------|
| The company paid consultancy fees as follows: | | |
| D Edmonds | - | 48,292 |
| | <u>-</u> | <u>48,292</u> |

The services of the other three directors are made available by Pentera Trust Company Limited within the fees disclosed in note 13. The cost of the directors' services included within these fees is £800 (2015: £800).

Deferred remuneration owed to D Edmonds has been disclosed in note 13.

6. Loss per share

The basic loss per ordinary share is calculated by dividing the loss for the year by the weighted average number of equity shares outstanding during the year.

The diluted loss per ordinary share is calculated by dividing the loss for the year 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 the basic loss per ordinary share is based upon the following data:

| | 30/04/16 | 30/04/15 |
|--|-------------------|-------------------|
| | £ | £ |
| Loss for the purposes of basic earnings per share and diluted earnings per share | <u>(79,667)</u> | <u>(250,914)</u> |
| <i>Number of shares</i> | 30/04/16 | 30/04/15 |
| Basic weighted average number of shares | <u>35,062,687</u> | <u>22,061,632</u> |
| Weighted average number of shares for the purposes of diluted earnings per share | <u>35,062,687</u> | <u>22,061,632</u> |

7. Fixed asset investments

The carrying value of investments is stated as follows:

| | Quoted £ |
|---|----------------------|
| Fair value of investments at 1 May 2015 | 13,492 |
| Decrease in fair value | (2,924) |
| Fair value of investments at 30 April 2016 | <u>10,568</u> |

None of the investments were 20% or more of the nominal value of any class of shares held.

The historical cost of the investments at the reporting date was £126,799 (2015: £126,799).

8. Debtors

| | 30/04/16 | 30/04/15 |
|-------------|--------------|--------------|
| | £ | £ |
| Prepayments | <u>1,663</u> | <u>7,388</u> |

9. Creditors: amounts falling due within one year

| | 30/04/16 | 30/04/15 |
|----------|-----------------|-----------------|
| | £ | £ |
| Accruals | <u>19,042</u> | <u>17,948</u> |

10. Financial instruments

Financial assets and liabilities comprise:

| | 30/04/16 | 30/04/15 |
|--|-----------------|-----------------|
| | £ | £ |
| Fixed asset investments at fair value through profit or loss | <u>10,568</u> | <u>13,492</u> |
| Accruals at amortised cost | <u>19,042</u> | <u>17,948</u> |

11. Share capital

| | 30/04/16 | 30/04/15 |
|--|--------------------|--------------------|
| | number | number |
| Authorised equity | | |
| Ordinary shares of no par value | <u>107,500,000</u> | <u>107,500,000</u> |
| Allotted, called up and fully paid equity | | |
| Ordinary shares of no par value | <u>35,062,687</u> | <u>35,062,687</u> |

12. Equity Reserves

Reserves of the company represent the following:

Retained Loss

Cumulative profit and loss net of distribution to owners

Stated capital

Consideration received for shares issued above their nominal value

13. Contingent liabilities

During the year, Pentera Trust Company Limited, a company of which T E G Bayman, J P Hamilton and L B A De Ste Croix are directors and which T E G Bayman and J P Hamilton are also majority shareholders, deferred the payment of fees of £33,684 for administration and

bookkeeping services. The payment of these fees is contingent upon a corporate transaction being undertaken, or Pentera Trust Company Limited ceasing to act as administrators and providing directors for the Company.

During the year, Dennis Edmonds deferred the payment of fees of £25,000. The payment of these fees is contingent upon a corporate transaction being undertaken.

14. Related party disclosures

During the year the company paid fees of £9,627 (2015 - £45,875) to Pentera Trust Company Limited for administration and bookkeeping services under an administration agreement dated 30 June 2008. Pentera Trust Company Limited is a company of which T E G Bayman, L B A De Ste Croix, and J P Hamilton are directors. T E G Bayman and J P Hamilton are also majority shareholders.

15. Remuneration of key management personnel

The total remuneration of the directors, who are considered to be key management personnel of the company, has been disclosed in note 5.

16. Ultimate controlling party

The directors consider there to be no single ultimate controlling party.

17. Post balance sheet events

On 14 July 2016, the Company raised gross proceeds of £129,350 through a share subscription of 16,168,750 new Ordinary shares of £0.01 each, issued at a discount.

On 30 September 2016, the Company raised gross proceeds of £145,000 through a share subscription of 18,250,000 new Ordinary shares of £0.01 each, issued at a discount.

On 6 October 2016 the Company made a loan to AltEnergis of £60,000 at a rate of interest of 8%, repayable on the anniversary of the loan with the possibility to convert the debt into shares of AltEnergis.