

31 January 2017

Draganfly Investments Limited
(“Draganfly” or the “Company”)

Interim Results for period from May 1st 2016 to October 31st 2016

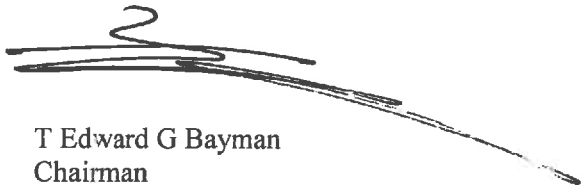
Chairman’s Statement

During the period, the Company raised £274,350 through two placings at a subscription price of 0.80 pence per ordinary share.

In the announcement of the first placing on 24 June 2016, the Company stated that it was actively investigating potential acquisitions and that the Company would use the funds raised in order to fund professional costs associated with making such an acquisition, together with operating costs. The accounts reflect such professional costs incurred by the Company during the period ended 31 October 2016. Draganfly looks forward to providing shareholders with more information regarding potential acquisitions at the appropriate juncture.

No assurances can be given that any potential acquisitions which Draganfly is currently contemplating will be successfully completed.

Thank you for your continued support.



T Edward G Bayman
Chairman

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

Draganfly Investments Limited
Unaudited Statement of income and retained earnings
for the period ended 31 October 2016

		Continuing Operations	
	Note	6 months to 31/10/16 £	6 months to 31/10/15 £
Turnover	2	7,296	(5,979)
Administrative expenses		(118,151)	(30,043)
Operating (loss)		<u>(110,855)</u>	<u>(36,022)</u>
Other interest receivable and similar income		383	95
(Loss) on ordinary activities		<u><u>(110,472)</u></u>	<u><u>(35,927)</u></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)		<u>0.23p</u>	<u>0.16p</u>

Draganfly Investments Limited
Unaudited statement of financial position
as at 31 October 2016

	Notes	31/10/16		31/10/15	
		£	£	£	£
Fixed assets					
Investments	3		17,864		7,513
Current assets					
Debtors		7,484		2,904	
Loan receivable	4	60,000		-	
Cash at bank and in hand		174,692		92,887	
		<u>242,176</u>		<u>95,791</u>	
Creditors: amounts falling due within one year					
Creditors	5	<u>(50,244)</u>		<u>(13,646)</u>	
Net current assets			191,932		82,145
Net assets			<u>209,796</u>		<u>89,658</u>
Capital and reserves					
Called up share capital	6		-		-
Stated capital	7		3,870,923		3,596,573
Retained loss			<u>(3,661,127)</u>		<u>(3,506,915)</u>
Equity shareholders' funds	7		<u>209,796</u>		<u>89,658</u>

The financial statements on pages 2 to 8 were approved and authorised for issue by the Board on and signed on its behalf by T Edward G Bayman

Director

Draganfly Investments Limited
Unaudited Statement of Cash flows
for the period ended 31 October 2016

	Period ended 31/10/16 £	Period ended 31/10/15 £
Cash flow from Operating activities		
Loss for the financial year		
Loss for the financial year	(110,472)	(35,927)
Adjustments for:		
(Gain)/ loss on investments	(7,296)	5,979
(Increase) /decrease in debtors	(5,821)	4,484
Increase / (decrease) in general creditors	31,202	(4,302)
Net cash flow from operating activities	<u>(92,387)</u>	<u>(29,766)</u>
Cash flow from financing activities		
Proceeds from issue of share capital	274,350	-
New short-term loan advanced	(60,000)	-
Net cash from financing activities	<u>214,350</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	121,963	(29,766)
Cash and cash equivalents at the beginning of the period	52,729	122,653
Closing cash balance	<u>174,692</u>	<u>92,887</u>

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2016

1 Accounting policies

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Going concern basis of accounting

As at the period end date the company has sufficient liquid funds 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.

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 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 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.

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2016

1 Accounting policies (continued)

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 £
Fair value of investments at 1 May 2016	10,568
Increase in fair value	7,296
Fair value of total investments at 31 October 2016	<u>17,864</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 (31 October 2015: £126,799).

Draganfly Investments Limited
Notes to the interim statements
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4 Loan receivable

	31/10/2016 £	31/10/2015 £
AltEnergis Plc	60,000	-
	<u>60,000</u>	<u>-</u>

The loan is an unsecured Sterling loan facility of a total principal amount not exceeding £60,000 bearing interest at the rate of 8% per annum and is repayable on the first anniversary of the date of the agreement, being 6th October 2017. The lender shall be entitled at any stage whilst the loan remains outstanding to convert all of the loan into ordinary shares in the capital of the borrower, such shares to equate to 2% of the entire issued share capital of the Borrower at the time by serving a conversion notice to the borrower.

5 Creditors: amounts falling due within one year

	31/10/2016 £	31/10/2015 £
Other creditors	50,244	13,646
	<u>50,244</u>	<u>13,646</u>

6 Share capital

	31/10/16 Number	31/10/15 number
Authorised equity		
Ordinary shares of no par value	<u>142,500,000</u>	<u>107,500,000</u>
Allotted, called up and fully paid equity		
Ordinary shares of no par value	<u>69,356,450</u>	<u>35,062,700</u>

On 14th July 2016 a general meeting was held where it was resolved to authorise 35,000,000 additional ordinary shares.

On 15th July 2015 the company issued and allotted 16,168,750 new ordinary shares of no par value at a subscription price of 0.80 pence per ordinary share raising £129,350.

On 30th September 2016 the company issued and allotted 18,125,000 new ordinary shares of no par value at a subscription price of 0.80 pence per ordinary share raising £145,000.

During the period a total of 34,293,750 new ordinary shares of no par value at a subscription price of 0.80 pence per ordinary share were issued and allotted raising a total of £274,350.

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2016

7 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

8 Earnings per share

Basic earnings per share is calculated on the basis of the (loss) for the period of £110,472 and 47,606,722 shares being the weighted average number of shares in issue during the trading period and is stated in pence.

9 Contingent liabilities

With effect from 1 April 2015, it was agreed with Pentera Trust Company Limited that the annual administration fees would be reduced to £10,000. It was agreed that the reduction in fees would be valid until there is a trigger event, such as a transaction having been undertaken, or Pentera Trust Company Limited ceasing to act as administrators and providing directors for Draganfly Investments Limited. Following such trigger event Pentera Trust Company Limited will reserve the right to charge fees for the period from 1 January 2015, on a time spent basis capped at £20,000, subject to additional independent director approval.

With effect from 1 April 2015, it was agreed with Dennis Edmonds to amend and defer his future remuneration. The deferral would be up until there is a trigger event, such as a transaction having been undertaken and until such triggering event the Company would not accrue costs in relation to his services. At the time of a triggering event a fee will be payable to Dennis Edmonds representing a reduced £25,000 per annum remuneration, calculated from 1 April 2015 onwards. Had this fee been triggered at 31 October 2016 a fee of £39,583 would have been payable.

The above fees have not been recognised as a liability in the financial statements, as it is uncertain whether a trigger event will occur which would result in the company having an obligation to settle these fees. Instead the fees have been disclosed in the notes to the financial statements as contingent liabilities.

As stated in the Chairman's Statement the Company is investigating potential acquisitions. As with any acquisition negotiations, there can be no assurance that any transactions will reach a conclusion. Should a transaction that's currently in contemplation fail to reach a positive conclusion, abort costs totalling £68,250 would be payable.

10 Dividends

No dividends have been paid or proposed.