

Draganfly Investments Limited
Interim Results for the period from 1 May 2007 to 31 October 2008

Chairman's Statement

During the six months under review net assets have fallen from 2.45 p per share on 1st May 2008 to 1.81p per share on 31st October, a decline of 26.1% compared with the wider AIM market's fall of 53.8% during the corresponding period.

Since the period end your company's unaudited net assets per share have stabilised, with the last reported figures remaining flat at 1.81p per share, again in sharp contrast with the wider AIM market which declined a further 12.7% during the same period. Indeed, there is every indication of a rally in your company's asset value during January 2009.

Whilst your Board remain highly encouraged that the company's asset value continues to outperform the wider AIM index, this does not provide immunity from the grim realities of the world economy and global stock markets. The portfolio continues to battle with similar issues to those mentioned in the previous period, with accelerated levels of redemptions amongst the shareholder base of many of our investee companies, and the consequent impact on the share prices of high quality companies. Indeed, the issue of managing the share register has become an ever more pressing issue for many investee companies, particularly as fund management groups lose mandates and fund managers, and large blocks of company shareholdings are put up for sale at heavily discounted prices. This issue is both a problem and an opportunity which your Board is addressing.

Meanwhile, we remain confident that we hold shares in companies which have the ability to generate significant cash flow and profitability, and whose present and future cash flow streams are not recognised by current valuations. Moreover, the aggregate cash position for our quoted holdings represents 35% of the market capitalisation of those companies. When liquidity returns to the corporate sector, we would expect to see either a rerating or corporate activity within the portfolio.

During the period under review we have sold out of certain positions to maintain a broadly neutral cash position, disposing of Accsys Technologies, Mercator Gold, and Hip Cricket, and reducing Braemore Resources, GB Group, and marginally in Iofina at its peak. We have not added any positions during the period.

The unquoted portfolio remains very high potential and portfolio companies are making significant progress at the operating level, which continues to provide much encouragement for the future.

The total number of holdings is eleven, of which five are unquoted. These are shown as follows:

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

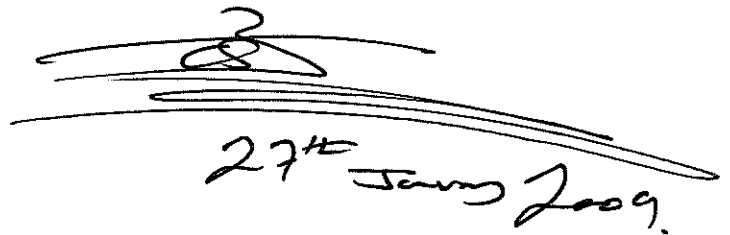
At present the portfolio comprises six quoted holdings which are listed below:

Braemore Resources
GB Group
Immedia Group
Iofina
Medicsight
Rheochem

Your Board remain of the view that the portfolio carries excellent potential and look forward to the future with cautious optimism.

Mark Horrocks

Chairman



27th Jan 2009.

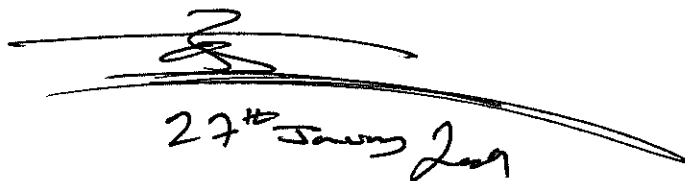
Timothy Edward Gray Bayman
Director

Draganfly Investments Limited
Unaudited Profit and loss account
for the period ended 31 October 2008

	Notes	Continuing Operations	
		Period End 31/10/08 £	Period End 31/10/07 £
Turnover	2	(593,180)	705,367
Administrative expenses		<u>(128,049)</u>	<u>(128,062)</u>
Operating loss		(721,229)	577,305
Other interest receivable and similar income		-	7,377
Interest payable and similar charges		<u>(8,943)</u>	<u>(4,764)</u>
Loss on ordinary activities		<u>(730,172)</u>	<u>579,918</u>
There are no recognised gains or losses other than those included in the profit and loss account.			
Earnings/ loss per share -basic			
Basic		<u>(0.064)</u>	<u>0.0051</u>

Draganfly Investments Limited
Unaudited Balance sheet
as at 31 October 2008

		31/10/08		31/10/07	
	Notes	£	£	£	£
Current assets					
Debtors	3	20,904		-	
Investments		<u>2,118,000</u>		<u>3,870,513</u>	
		2,138,904		3,870,513	
Creditors: amounts falling due within one year					
Creditors	4	(12,222)		(2750)	
Bank overdraft		<u>(57,414)</u>		<u>(276,216)</u>	
		(69,636)		(278,966)	
Net assets			<u>2,069,268</u>		<u>3,591,547</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			<u>(1,053,305)</u>		<u>468,974</u>
Equity shareholders' funds	5		<u>2,069,268</u>		<u>3,591,547</u>



27th January 2009

Timothy Edward Gray Bayman
Director

Draganfly Investments Limited
Unaudited Cash flow statement
for the period ended 31 October 2008

	Notes	Period ended 31/10/08 £	Period ended 31/10/07 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(721,229)	577,305
Realised (gain) / loss on sale of investments		265,695	(19,121)
Unrealised loss /(profit) on revaluation of investments		339,594	(686,246)
(Increase) in debtors		(15,881)	4,157
(Decrease) / increase in general creditors		7,201	(24,160)
Net cash outflow from operating activities		<u>(139,022)</u>	<u>(148,065)</u>
Cash flow statement			
Net cash outflow from operating activities		(139,022)	(148,065)
Returns on investments and servicing of finance		(8,943)	2,613
Capital expenditure and financial investment		274,599	(447,547)
(Decrease) / increase in cash in the year		<u>(126,634)</u>	<u>(592,999)</u>
Decrease in cash		<u>(126,634)</u>	<u>(592,999)</u>

Draganfly Investments Limited
Notes to the interim statements
for the period ended 31 October 2008

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 2008

3 Investments

The carrying value of investments is stated as follows:

	Quoted £	Unquoted £	Total £
Fair value at 1st May 2008	1,404,266	1,593,623	2,997,889
Change in fair values	(849,480)	(30,409)	(879,889)
Fair Value at 31st October 2008	<u>554,786</u>	<u>1,563,214</u>	<u>2,118,000</u>

4 Creditors: amounts falling due within one year

	31/10/2008 £	31/10/2007 £
Bank overdraft	57,414	276,216
Other creditors	12,222	2,750
	<u>69,636</u>	<u>278,966</u>

5 Reconciliation of Shareholders' funds

	Profit and Loss Account £	Called up Share Capital £	Share Premium Account £	Total £
As at 1st May 2008	(323,133)	1,142,270	1,980,303	2,799,440
Profit for the period	(730,172)	-	-	(730,172)
As at 31st October 2008	<u>(1,053,305)</u>	<u>1,142,270</u>	<u>1,980,303</u>	<u>2,069,268</u>

6 Earnings per share

Basic earnings per share is calculated on the basis of loss for the period of £730,172 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.