

Registration number 89889

Draganfly Investments Limited
Directors' report and financial statements
for the year ended 30 April 2007

Draganfly Investments Limited

Chairman's Statement

During the 12 months under review net assets per share have fallen from 2.77 pence per share on 30 April 2006 to 2.64 pence per share on 30 April 2007, a decline of 4.7% compared with the wider AIM market's decline of 6.3%.

However, by sharp contrast, your Board was recently delighted to announce that, as at 31 August 2007, the unaudited net asset value was £3,529,638.50, or 3.09 pence per share, reflecting the recent revaluation of unlisted stock within the portfolio. This positive development highlights the Board's wish to emphasise that whilst the concentrated nature of the company's portfolio produces occasional volatility, the portfolio is constructed to deliver the company's strategy of generating long term capital growth. This strategy requires a patient approach, particularly in the less efficient smaller companies sector, where value can go unrecognised for long periods of time. Your Board believes that the portfolio's true value is beginning to unfold.

At the end of the reporting period your company held ten investments, following the disposal of Billing Services Group in August 2006, and BDI Mining in April 2007. We sold BDI Mining as part of the successful takeover by Gem Diamonds, yielding a 33% return on investment.

During the period we have also taken profits in Acta and GB Group, and added Accsys Technologies to the portfolio.

Since the period end we have further added to the holding in Accsys Technologies, securing an average entry price of Euros 2.50 per share, and we have taken advantage of recent share price strength to take profits on a small portion of the holding at or above Euros 4.00 per share.

We have also added two listed companies to the portfolio, Medicsight Plc and Felix Group Plc, taking the total number of current holdings to twelve.

Medicsight Plc is an industry leader in the development of Computer-Aided Detection (CAD) and image analysis software to assist in early detection of disease, notably colon and lung cancer. The company was admitted to AIM following a placing in June 2007.

Felix Group Plc develops sales promotion channels for the retail and leisure industry.

Our pre-IPO investments remain Microsaic Systems Limited, Continental Petroleum Limited, and Sino Gas and Energy Limited.

Most recently we enjoyed success with two pre-IPO investments, Continental Petroleum Limited and Sino Gas and Energy Limited. Both companies recently conducted significant fund-raising with predominantly new investors, at substantial premia to the funding rounds in which Draganfly invested. In accordance with the company's accounting policy, these investments were written up in August 2007 to reflect the last price paid. Microsaic Systems is still aiming for a 2008 AIM listing. These developments highlight the quality of your company's pre-IPO deal flow, and the excellent strike-rate of these pre-IPO investments. We are currently evaluating fresh opportunities in this space.

Despite recent turbulence in global stock markets we look forward to the future with optimism.

Mark Horrocks

Chairman

Draganfly Investments Limited

Company information

Directors	P C Harris J D Melia J F Bale D Edmonds M Horrocks	Chairman
Secretary	Walkers Secretaries Limited (formerly named Crills Secretaries Limited)	
Company number	89889	
Registered office	Walker House PO Box 72 28 - 34 Hill Street St Helier Jersey JE4 8PN, Channel Islands	
Auditor	Baker Tilly UK Audit LLP Chartered Accountants 12 Gleneagles Court Brighton Road Crawley West Sussex RH10 6AD	
Business address	Walker House PO Box 72 28 - 34 Hill Street St Helier Jersey JE4 8PN, Channel Islands	

Draganfly Investments Limited

Company information

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Bankers

Standard Bank Jersey Limited
Standard Bank House
PO Box 583, 47-49 La Motte Street
St. Helier
Jersey JE4 8XR

The Royal Bank of Scotland International Limited
PO Box 64
71 Bath Street
St Helier
Jersey JE4 8PJ

Draganfly Investments Limited

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Draganfly Investments Limited

Directors' report for the year ended 30 April 2007

The directors present their report and the financial statements for the year ended 30 April 2007.

Principal activity

The principal activity of the company was as an investment trading and holding company.

Review of the business

The original investment brief is to run a small and focused portfolio of investments. The balance sheet total has fallen from £3,162,176 (2.77p per share) on 30 April 2006, to £3,011,629 (2.64p per share) on 30 April 2007. For year ended 30 April 2007 the company made a loss of £150,547 (2006 - profit of £39,603), which includes a realised net loss on sale of investments of £69,202 (2006 - gain of £112,673) and an unrealised gain on the company's investments of £173,422 (2006 - £230,567).

At 30 April 2007, the company held ten investments, down from twelve at 30 April 2006. Of these ten holdings, three were pre-IPO investments.

The company has a £400,000 credit facility to allow it to deliver continued improved returns to the shareholders. At 30 April 2007, £400,000 of this credit facility was still available for use (2006 - £129,267).

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 do not recommend payment of a final dividend.

Risk management

Risks are considered across the following broad categories:

- | | |
|----------------------|---|
| Strategic | Risks arising from the analysis, design and implementation of the Company's business model, and key decisions on investment levels and capital allocation. |
| Investment | Risks in respect of specific asset investment decisions, the subsequent performance of an investment or exposure concentrations across business sectors. |
| Treasury and funding | Risks arising from (i) uncertainty in market prices and rates, (ii) an inability to raise adequate funds to meet investment needs or meet obligations as they fall due, or (iii) inappropriate capital structure. |
| Operational | Risks arising from inadequate or failed processes, people and systems or from external factors affecting these. |

Risk management is managed and monitored by the board. Given their fundamental significance to the company, investment and treasury and funding risks are managed by specific processes which are described below.

Draganfly Investments Limited

Directors' report for the year ended 30 April 2007

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Investment risk

The company invests across a range of economic sectors. The portfolio is subject to periodic reviews to ensure there is no undue exposure to any one sector. The valuation of the company's unquoted portfolio and opportunities for realisation depend to some extent on stock market conditions and the buoyancy of the wider mergers and acquisitions market.

Treasury and funding risk

The company's funding objective is that the funding of investment assets are primarily met from shareholders' funds.

Credit Risk

The company's financial assets are unsecured investments, in which the board considers the maximum credit risk to be the carrying value of the asset. The portfolio is diversified and credit risk is managed on an asset specific basis.

Liquidity risk

During the financial period the company realised some of its investments and as a result repaid its brought forward overdrawn bank position of £270,733. At 30 April 2007 the company had cash at bank of £316,782. The company continues to have an overdraft facility of £400,000.

Price risk

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The company currently does not hedge the market risk inherent in the portfolio but manages asset performance risk on an asset specific basis.

Interest rate risk

The company invests in shares and other securities. The assets are funded with a mixture of mainly shareholders' funds and a bank overdraft. The board seeks to minimise interest rate exposure by minimising credit funding.

Payments of creditors

The company aims to pay all suppliers within the payment terms negotiated with each individual supplier. At 30 April 2006 and 2007, there were no trade creditors payable.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Class of share	30/04/07	01/05/06
P C Harris	Ordinary shares	-	-
J D Melia	Ordinary shares	-	-
J F Bale	Ordinary shares	-	-
D Edmonds	Ordinary shares	-	-
M Horrocks	Ordinary shares	5,666,667	4,666,667

Draganfly Investments Limited

**Directors' report
for the year ended 30 April 2007**

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Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

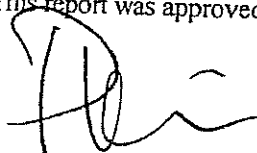
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report was approved by the Board on 4 September 2007 and signed on its behalf by



P C Harris
Director

Draganfly Investments Limited

**Independent Auditor's Report To The Members Of
Draganfly Investments Limited**

We have audited the financial statements which comprise the profit and loss account, balance sheet, cash flow statement and related notes.

This report is made solely to the company's members, as a body, in accordance with Article 110 of Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies (Jersey) Law 1991. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Draganfly Investments Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 30 April 2007 and of its loss for the year then ended and have been properly prepared in accordance with Companies (Jersey) Law 1991;
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK LLP

Baker Tilly UK Audit LLP

Registered Auditor

Chartered Accountants

12 Gleneagles Court

Brighton Road

Crawley

West Sussex

RH10 6AD

6.9.07

Draganfly Investments Limited

Profit and loss account
for the year ended 30 April 2007

		Continuing operations	
		Year ended 30/04/07	Period ended 30/04/06
		£	£
	Notes		
Turnover	2	110,970	355,140
Administrative expenses		(239,218)	(332,692)
Operating (loss)/profit	3	<u>(128,248)</u>	<u>22,448</u>
Other interest receivable and similar income		21	20,412
Interest payable and similar charges	4	(22,320)	(3,257)
(Loss)/profit on ordinary activities before taxation		<u>(150,547)</u>	<u>39,603</u>
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit on ordinary activities after taxation		<u>(150,547)</u>	<u>39,603</u>
There are no recognised gains or losses other than those included in the profit and loss account.			
(Loss)/earnings per share (pence)			
Basic	7	<u>(0.13)</u>	<u>0.03</u>
Diluted	7	<u>(0.13)</u>	<u>0.03</u>

The notes on pages 9 to 18 form an integral part of these financial statements.

Draganfly Investments Limited

Balance sheet
as at 30 April 2007

	Notes	30/04/07		30/04/06	
		£	£	£	£
Current assets					
Debtors	8	4,157		-	
Investments	9	2,717,600		3,445,409	
Cash at bank and in hand		316,782		-	
		<u>3,038,539</u>		<u>3,445,409</u>	
Creditors: amounts falling due within one year	10	(26,910)		(283,233)	
Net current assets			<u>3,011,629</u>		<u>3,162,176</u>
Total assets less current liabilities			3,011,629		3,162,176
Net assets			<u>3,011,629</u>		<u>3,162,176</u>
Capital and reserves					
Called up share capital	12		1,142,270		1,142,270
Share premium account	13		1,980,303		1,980,303
Profit and loss account	13		(110,944)		39,603
Equity shareholders' funds	14		<u>3,011,629</u>		<u>3,162,176</u>

The financial statements were approved and authorised for issue by the Board on 4 September 2007 and signed on its behalf by


P C Harris
Director

The notes on pages 9 to 18 form an integral part of these financial statements.

Draganfly Investments Limited

Cash flow statement
for the year ended 30 April 2007

	Notes	Year ended 30/04/07 £	Period ended 30/04/06 £
Reconciliation of operating (loss)/profit to net cash outflow from operating activities			
Operating (loss)/profit			22,448
Realised loss/(gain) on sale of investments		(128,248)	(112,673)
Unrealised profit on revaluation of investments		69,202	(230,567)
(Increase) in debtors		(173,422)	-
Increase in creditors		(4,157)	12,500
Net cash outflow from operating activities		<u>14,410</u>	<u>(308,292)</u>
		<u>(222,215)</u>	<u>(308,292)</u>
Cash flow statement			
Net cash outflow from operating activities		(222,215)	(308,292)
Returns on investments and servicing of finance	16	(22,299)	17,155
Capital expenditure and financial investment	16	832,029	(3,102,169)
Financing	16	587,515	(3,393,306)
Increase/(decrease) in cash in the year		<u>-</u>	<u>3,122,573</u>
		<u>587,515</u>	<u>(270,733)</u>
Reconciliation of net cash flow to movement in net funds (Note 17)			
Increase/(decrease) in cash in the year		587,515	(270,733)
Net debt at 1 May 2006		(270,733)	-
Net funds/(debt) at 30 April 2007		<u>316,782</u>	<u>(270,733)</u>

Draganfly Investments Limited

**Notes to the financial statements
for the year ended 30 April 2007**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain investments, and in accordance with applicable accounting standards.

1.2. Investments

After initial recognition, investments, which are classified as held for trading, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account.

1.3. 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 Controller 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.

Draganfly Investments Limited

**Notes to the financial statements
for the year ended 30 April 2007**

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1.4. Financial instruments

Investments

The company manages its investments with a view to profiting from the receipt of dividends and changes in fair value of equity investments. Therefore all quoted investments and unquoted equity investments are designated as at fair value through the profit or loss and subsequently carried in the balance sheet at fair value. All investments are initially recognised at the fair value of the consideration given plus acquisition costs associated with the investment and held at this value until it is appropriate to measure fair value on a different basis.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Quoted investments are stated at bid 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' as recommended by the British Venture Capital Association valuation guidelines, published August 2003:

- (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.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity and includes dividends received from investments and realised and unrealised profits and losses on investments.

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

..... continued

	Year ended 30/04/07 £	Period ended 30/04/06 £
3. Operating (loss)/profit		
Operating (loss)/profit is stated after charging:		
Auditor's remuneration	10,000	-
Previous auditor's remuneration	-	10,000
	<u>10,000</u>	<u>10,000</u>

Remuneration paid to auditors is solely in respect of audit services.

	Year ended 30/04/07 £	Period ended 30/04/06 £
4. Interest payable and similar charges		
Included in this category is the following:		
Interest payable on bank overdrafts	22,320	3,257
	<u>22,320</u>	<u>3,257</u>

5. Employees

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

	Year ended 30/04/07 £	Period ended 30/04/06 £
6.1. Directors' remuneration		
The company paid consultancy fees as follows		
M Horrocks	12,500	12,500
D Edmonds	25,000	25,000
	<u>37,500</u>	<u>37,500</u>

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

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6.2. Directors' share options

Director	Number of options			Exercise price	Date from which exercisable	Expiry date
	1 May 2006	Granted	Exercised			
M Horrocks	3,000,000	-	-	3p	29/04/2005	29/4/2008
D Edmonds	850,000	-	-	3p	29/04/2005	29/4/2008
	<u>3,850,000</u>	<u>-</u>	<u>-</u>			<u>3,850,000</u>

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

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7. Earnings per share

The basic earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year.

The diluted earnings per ordinary share is calculated by dividing profit for the year less non-equity dividends and other appropriations in respect of non-equity shares 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 basic earnings per ordinary share is based upon the following data:

<i>Earnings</i>	2007 £	2006 £
Earnings for the purposes of basic earnings per share and diluted earnings per share	<u>(144,058)</u>	<u>39,603</u>

<i>Number of shares</i>	2007 £	2006 £
Basic weighted average number of shares	114,227,000	114,227,000
Dilutive potential ordinary shares: (2006 - 6,850,000 share options held at an average share price of 3.06p)	-	134,314
Weighted average number of shares for the purposes of diluted earnings per share	<u>114,227,000</u>	<u>114,361,314</u>

At 30 April 2007 there were 6,850,000 share options in issue which could potentially dilute basic earnings per share but which were not included in the calculation of diluted earnings per share because they are antidilutive in the year as the exercise price exceeded the average share price.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the approval of these financial statements.

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

..... continued

8. Debtors

	30/04/07 £	30/04/06 £
Prepayments and accrued income	4,157	-

9. Current asset investments

The carrying value of investments is stated as follows:

	Quoted £	Unquoted £	Total £
Fair value of investments at 1 May 2006	2,979,872	465,537	3,445,409
Costs of investment purchases in the period	474,228	170,894	645,122
Sale proceeds of investments sold in the period	(1,477,151)	-	(1,477,151)
Realised losses on sale of investments included in turnover	(69,202)	-	(69,202)
	<u>1,907,747</u>	<u>636,431</u>	<u>2,544,178</u>
Unrealised change in fair value of investments held at 30 April 2007 included in turnover	173,422	-	173,422
Fair value of investments at 30 April 2007	<u>2,081,169</u>	<u>636,431</u>	<u>2,717,600</u>

10. Creditors: amounts falling due
within one year

	30/04/07 £	30/04/06 £
Bank overdraft	-	270,733
Accruals and deferred income	26,910	12,500
	<u>26,910</u>	<u>283,233</u>

The bank overdraft totalling £- (2006 - £270,733) is secured by a debenture on the bank's standard form, and a charge over a portfolio of the company's securities held by the bank which at 30 April 2007 had a value of £2,081,170 (2006 - £2,629,442).

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

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11. Financial risk management objectives and policies

The company's risk management objective is that the funding of investment assets is primarily met from shareholders' funds.

Interest Rate Risk

The company invests in shares and other securities. The assets are funded with a mixture of mainly shareholders' funds and a bank overdraft. The board seeks to minimise interest rate exposure by minimising the credit funding.

Credit Risk

The company's financial assets are unsecured investments, in which the board considers the maximum credit risk to be the carrying value of the asset. The portfolio is diversified and credit risk is managed on an asset specific basis by the board.

Liquidity Risk

During the financial period the company realised some of its investments and as a result repaid its brought forward overdrawn bank position of £270,733. At 30 April 2007 the company had cash at bank of £316,782. The company continues to have an overdraft facility of £400,000.

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

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12. Share capital	30/04/07	30/04/06
	£	£
Authorised equity		
1,000,000,000 Ordinary shares of £0.01 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid equity		
114,227,000 Ordinary shares of £0.01 each	<u>1,142,270</u>	<u>1,142,270</u>
Equity Shares		
114,227,000 Ordinary shares of £0.01 each	<u>1,142,270</u>	<u>1,142,270</u>

At 30 April 2007 there existed the following share options for unissued ordinary shares.

1 May 2006	Number of options		30 April 2007	Exercise price	Date from which exercisable	Expiry Date
	Granted	Exercised				
6,850,000	-	-	6,850,000	3p	29/04/2005	29/04/2008
<u>6,850,000</u>	<u>-</u>	<u>-</u>	<u>6,850,000</u>			

13. Equity Reserves	Share premium account	Profit and loss account	Total
	£	£	£
At 1 May 2006			
(Loss)/retained profit for the year	1,980,303	39,603	2,019,906
		(150,547)	(150,547)
At 30 April 2007	<u>1,980,303</u>	<u>(110,944)</u>	<u>1,869,359</u>

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

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14. Reconciliation of movements in equity shareholders' funds	30/04/07	30/04/06
	£	£
(Loss)/profit for the year	(150,547)	39,603
Net proceeds of equity share issue	-	3,122,573
Net addition to shareholders' funds	<u>(150,547)</u>	<u>3,162,176</u>
Opening shareholders' funds	3,162,176	-
Closing shareholders' funds	<u><u>3,011,629</u></u>	<u><u>3,162,176</u></u>

15. Related party transactions

During the year the company paid fees of £16,300 (2006 - £42,568) to Walkers, a law firm in which P Harris and J Melia are partners, and its group companies, including Walkers Secretaries Limited (formerly named Crills Secretaries Limited). P Harris and J Melia served as directors of the group companies until 11 April 2007.

16. Gross cash flows

	30/04/07	30/04/06
	£	£
Returns on investments and servicing of finance		
Interest received	21	20,412
Interest paid	(22,320)	(3,257)
	<u>(22,299)</u>	<u>17,155</u>
Capital expenditure and financial investment		
Payment for current asset investment	(645,122)	(3,102,169)
Receipts from sales of investments	1,477,151	-
	<u>832,029</u>	<u>(3,102,169)</u>
Financing		
Issue of ordinary share capital	-	3,122,573
	<u><u>-</u></u>	<u><u>3,122,573</u></u>

Draganfly Investments Limited

Notes to the financial statements
for the year ended 30 April 2007

..... continued

17. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	-	316,782	316,782
Overdrafts	(270,733)	270,733	-
	<u>(270,733)</u>	<u>587,515</u>	<u>316,782</u>
Net funds	<u>(270,733)</u>	<u>587,515</u>	<u>316,782</u>