



5 March 2015
 Embargoed for 20:00

Darlington 1883 Limited
 ("DFC" or the "Football Club")

Half Year Results ("Interim Results") to December 2014

The Board of Directors of Darlington 1883 Limited, is pleased to share its Interim Results with shareholders for the 6 month period to 31 December 2014.

Financial Highlights

- Revenue of £177,900 up by 22% (£145,900 for the 6 months ended 31 December 2013)
- Operating expenses of £200,400 up by 24% (£161,200 for the 6 months ended 31 December 2013)
- Operating profit (before tax and depreciation, after non-recurring items) of £6,800 (loss of £5,400 for the 6 months ended 31 December 2013)
- Cash of £94,200 as at 31 December 2014 (£2,800 at 31 December 2013)
- Structured debt and other debt repayable on demand reduced to £44,100 (£113,600 at 31 December 2013)
- No arrears with any suppliers (est. £35,000 at 31 December 2013)

Operational Highlights

- Average home league attendance of 1,039 during the period (1,140 for the 6 months ended 31 December 2013)
- Maximum home league attendance of 1,637 (1,514 for the 6 months ended 31 December 2013)
- 550 full season tickets sold (665 in 2014-15) plus 23 half season tickets
- 2 comprehensive Fans' Surveys implemented

Key Performance Measures

	6 months to 31 December 2014 £'000	6 months to 31 December 2013 £'000	12 months to 30 June 2014 £'000
League position	2nd	5th	Runners Up
Total league games played to period end	21	23	42
Number of points at period end	47	46	90
Win ratio	67%	61%	67%
Goals scored per game	2.2	2.3	2.4
Goals conceded per game	0.6	0.9	0.9
Points average per game	2.2	2.0	2.1
Total revenue	£177,900	£145,900	£289,600
Profit/(loss) before tax and depreciation, after non-recurring items	£ 6,800	(£ 5,400)	£ 104,700
Football revenue/total revenue	65%	62%	55%
Number of home league games played	12	11	21
Number of season tickets sold	550	665	665
Total home league attendances	12,473	12,544	23,040
Average home league attendance	1,039	1,140	1,097
Maximum home league attendance	1,637	1,514	1,514
Minimum home league attendance	768	868	697
Attendance spread (highest gate less lowest gate)	869	646	817
Attendance spread as % of highest gate	53%	43%	54%
Average home league attendance as % of capacity	51%	57%	66%

Post Balance Sheet Date Highlights

- Darlington Building Society confirmed as significant corporate partner for 2015-16
- 2 year, plus option for a third year, kit supply arrangement agreed with Avec Sport
- 2015-16 home shirt designs voted for by the fans
- Ongoing progress with Blackwell Meadows development
 - Full planning application validated by Council and details made public
 - Heading Home awareness campaign and fund raising initiative launched
 - Grant applications submitted
- Security of tenure for 2015-16 season submitted to FA



Chief Executive Officer's Statement

These Interim Results cover the trading period for the 6 months ending 31 December 2014 and reinforce the key points presented at the AGM on 11 December 2014 and also at the most recent Fans' Forum on 17 December 2014.

The Board of Directors' main priorities have been to stabilise the business and develop a longer term, sustainable strategy for the Club – and also maintain high standards of transparency and increased DFC brand credibility underpinned by effective corporate governance.

In addition, we must embed robust long-term strategies; to develop, support and enhance the success on the pitch and also to ensure that DFC becomes financially strong and secure through a commercially viable return to Darlington at Blackwell Meadows. These aims are inextricably linked.

Despite being run behind the scenes completely by volunteers, the Directors are committed to implementing a professional approach across every aspect of the Club. As a fan owned club these responsibilities extend beyond the remit of the Directors and extend to **all** our stakeholders who must continue to work together to help rebuild DFC and ensure it has a successful, stable and sustainable future – not just within the local community but also within the eyes of the wider football world.

During the summer of last year, the Board of Directors carried out a comprehensive Business and Future Strategy Review, based on a philosophy of continuous improvement and planning for the growth potential of the Club.

As a result of this Review, the original strategy that was communicated to stakeholders and fans more than two years ago was amended.

A reminder of that strategy is summarised below:

- 1. Returning to Darlington, representing**
 - a. The development of Blackwell Meadows facilities for the benefit of the Club, and**
 - b. Embedding the commercial growth potential from a new home**
- 2. Developing Football Performance with a Focus on Youth Development**
- 3. Re-connecting effectively with our local fan base**
- 4. Developing 'best in class' commercial and operational behaviour**
- 5. Strengthening relationships within our local community**

The fundamental priority of the Board of Directors is to focus on “Rebuilding the Club, not the Team” in a controlled and viable manner as an exciting period for Darlington Football Club's history approaches.

The recent past has been a challenging time for everyone connected with DFC. The Board is committed to engaging regularly and openly with fans to build confidence and trust in how the Club is being managed – not just for the benefit for the fans, but also in the interest of local businesses and the wider community. I am confident that, working together, we can continue the journey to restore this historic club back through the Leagues and back into Darlington.

Indeed, a review of the results of the 6-month period to 31 December 2014 shows a number of reasons for optimism. A 22% increase in revenue over the equivalent period last year is commendable, however we cannot afford to remain complacent.

For example, football, gate receipts and hospitality revenue has increased by 30% to £115,600. Yet this increase masks the fact that total home league attendances for the 12 matches played, amounting to 12,473 spectators, is 71 less than for the 11 home league matches played in the equivalent period last year.

This has been more than compensated for by our share of gate revenues (and related prize money) through progress made in both the FA Cup and FA Trophy and also our pre-season friendly with Sunderland AFC in July 2014. The importance of maintaining high crowds for our promotion push, and whilst we are also planning our return to Darlington, cannot be overstated and we would encourage individuals and supporter groups alike to maximise their efforts to keep attendances high.

As a result of the exits from the Cup competitions and also the lower average home gates, I envisage revenue for the second half of the year to reduce from those achieved to date – and this will naturally put additional pressure on costs for the remainder of the financial year.

Despite the ongoing challenges in selling corporate packages whilst based at Heritage Park, it is noteworthy that we have been able to increase advertising, sponsorship & commercial revenue by 16% to £24,800 (2013: £21,300). This is not least due to the significant contribution earned through selling match day sponsorship packages at an affordable price, and enhancing the match day experience for attendees, for the majority of all our home league matches. This bodes well for maximising revenues when we are able to utilise the larger and more manageable facilities at Blackwell Meadows next season for our corporate partners.



Chief Executive Officer's Statement (continued)

Revenue from retail and merchandise sales has increased by 4% to £24,500 for the 6 months to December 2014 (£23,500 for the 6 months to December 2013). Whilst this may appear modest growth, the underlying trend of increased variety and quality of our leisurewear products and accessories continues to be extremely well received.

Lottery and donations of £13,000 (2013: £12,200) are derived primarily from the match day 50:50 draw as well as the Club's official lottery. During the second half of the last financial year, the Club received donations in excess of £30,000 by way of the gift/reward initiative. A similar level of donations directly into the Club, over and above recurring donations, is not envisaged. A total of £9,100 has been received from the B2D fund since the period end however, mirroring the point made above on expected football, gate receipts & hospitality revenue, this reduced level of expected income will also put pressure on costs for the remainder of the financial year.

Whilst revenues have increased by 22%, operating costs have increased by 24%. With the Board of Directors continuing to put pressure on all suppliers for beneficial trading terms, a continuation of incurring only business critical expenditure and the high level of fixed costs within the operating activities, the playing and coaching costs remain the most significant being incurred during the playing season. It is however noteworthy that, whilst the away FA Trophy and FA Cup matches at Radcliffe Borough, Scarborough, St Neot's and Blyth Spartans contributed towards the 22% increase in revenue, it also contributed towards the increase in operating costs, not least through additional travel costs.

The challenge for the Board is to determine if, and when, any reduction to the playing budget needs to be imposed as a result of the expected revenue decrease. With the Club pushing for an automatic promotion place, there is always the risk of a negative impact on attendances if such a decision is imposed and certainly the Club's overall aspirations would be brought heavily under the spotlight. The playing budget is set well in advance of the start of each season and matched against expected revenues – primarily home league gate attendances, advertising & sponsorship commitments and donations from lottery and fund raising activity.

This situation was envisaged at the start of the season and discussions were held with representatives from the Club's major shareholders to either (i) absorb any potential trading losses for the full year from within available cash resources or (ii) to impose a reduction in the playing budget, with the possible negative impact ensuing, as described above. At a time when we are aiming to galvanise the fan base further through hopefully combining a successful season on the pitch with a return to Darlington, the overwhelming decision was one to support the former option. So when we were given the disappointing news of Amar Purewal's extensive injury at the start of 2015, the decision to look to bring in a player with the calibre of Nathan Cartman to maintain that promotion push, aligned both our playing and financial planning objectives.

In managing the current playing budget, there are other contributing factors to be aware of. Firstly, across the whole of last season the actual gross playing costs were 20% less than budget – not east due to various player releases at the end of the season. Whilst correctly accounted for in last year's, the cash benefit has been received during the current period (i.e. after the financial year end) and it is therefore appropriate to look at the aggregated position over the entire period, rather than at any 6 month period in isolation.

Secondly, and of more significance, is the timing of the receipt of an additional £29,300 from former players' appearances that had not been envisaged. With detailed plans, prices and packages for the Heading Home fund raising initiative already established by the Board, our structured debt repayments being manageable within existing facilities and the team realistically pushing for an automatic promotion place, this unexpected windfall was therefore earmarked as a contribution towards that promotion push (i.e. as a contribution towards the increase in operating costs).

The Club ended the period with £94,200 of cash compared to £2,800 at 31 December 2013 and £146,600 at 30 June 2014. The cash outflow in the six months to 31 December 2014 of £52,500 included £29,500 from trading operations and creditor payments, £14,200 debt repayments and £8,700 capital spend on Blackwell Meadows planning and professional fees. A comparison with the £24,200 net cash outflow for the equivalent period to 31 December 2013 masks the fact that, due to the extremely tight cash position prior to the equity fund initiative and the receipt of funds re Dan Burn, the Directors were making arrangements with suppliers to spread payments over agreed terms – pending the arrival of these funds.

As mentioned at the AGM and also at the Fans' Forum, the average net weekly cash burn over the entire calendar year currently equates to an average of between £6,000 and £6,500 per week. With just 9 home league games remaining for the season (as at 31 December 2014), it is important that shareholders and fans do not look at these cash reserves and feel complacent. Not only are these cash reserves used to settle the trade suppliers, HMRC and debt obligations as at the end of December 2014, we also have a corporation tax bill to pay in March 2015!

Our Heading Home fund raising initiative has been timed to coincide with significant progress being announced on the Blackwell Meadows site development and also to ensure that we maximise our grant eligibility.

Another word of extreme thanks must go to each and every volunteer who contributes their time to the Club. Whilst there are many individuals to thank (from the match day stewards, award winning programme team, Quaker Retail and the fund raising groups), the actual number of volunteers is extremely small when compared with the average attendance and the wider interest in the Club.



Chief Executive Officer's Statement (continued)

A small number of individuals doing so much to satisfy the aspirations and expectations of a large, football league sized fan base – the call to arms is therefore repeated in that everyone has a role to play in the Club's progress, not least through ongoing fund raising activities.

For those of you who possess the relevant skills, we continue to require volunteers to commit their time outside of match days in the following roles:

- Commercial & Business Development Manager and Team
- Community Liaison Officer
- Youth Development Officer
- Performance Analysts
- Family Liaison Officer
- Facilities Manager

We require do-ers – not just thinkers or those just wanting to get close to the football activities. We need individuals who are prepared to roll up their sleeves and deliver essential work streams that fit in to the overall strategy and activities of the Club as a whole. Put simply, we need an ever-expanding pool of suitably skilled individuals to bring in the cash and enhance the match day experience!

Over the last few months, the Club has surprised, in an extremely positive way, a number of business and sporting partners that we have been in discussions with. We continue to be keen to demonstrate just how far the Club has moved on behind the scenes from its notorious recent reputation and legacies and we are therefore totally happy for potential partners to carry out their own due diligence on us as individuals, our corporate and financial strategies and to discuss how the Club's objectives align with their own.

The clarity of the Club's strategy, the transparency from the Club's Annual Review and Accounts and the overall high level of professionalism that we aim to work at across the entire Club are all examples of how we believe that 'raising the bar' in such areas will move us a long way from the potential village-fete or short term, committee-driven, mentality that seems to frustrate, stagnate and entrap so many clubs. It is a risk that we may also face one day if apathy or fatigue sets in across the fan base. However, if we continue our progress with high standards of engagement, reporting and integrity we will arguably be setting benchmarks that others in the world of football (and other sports) can learn from and measure themselves against. Compared with the situation the Club has faced for too many years of its recent history, how good does that sound?

Significant challenges continue to greet us and also remain ahead for DFC, however we believe we are embedding an effective operating structure and business model to deliver long term sustainable success both on and off the field. DFC fans have been tremendous in their support for the Club in recent times. Despite the fact that the demands and expectations from fans, players and management in any club tend to be relatively short term (if not immediate!) your Board of Directors remain focussed on delivering longer term stability for the Club.

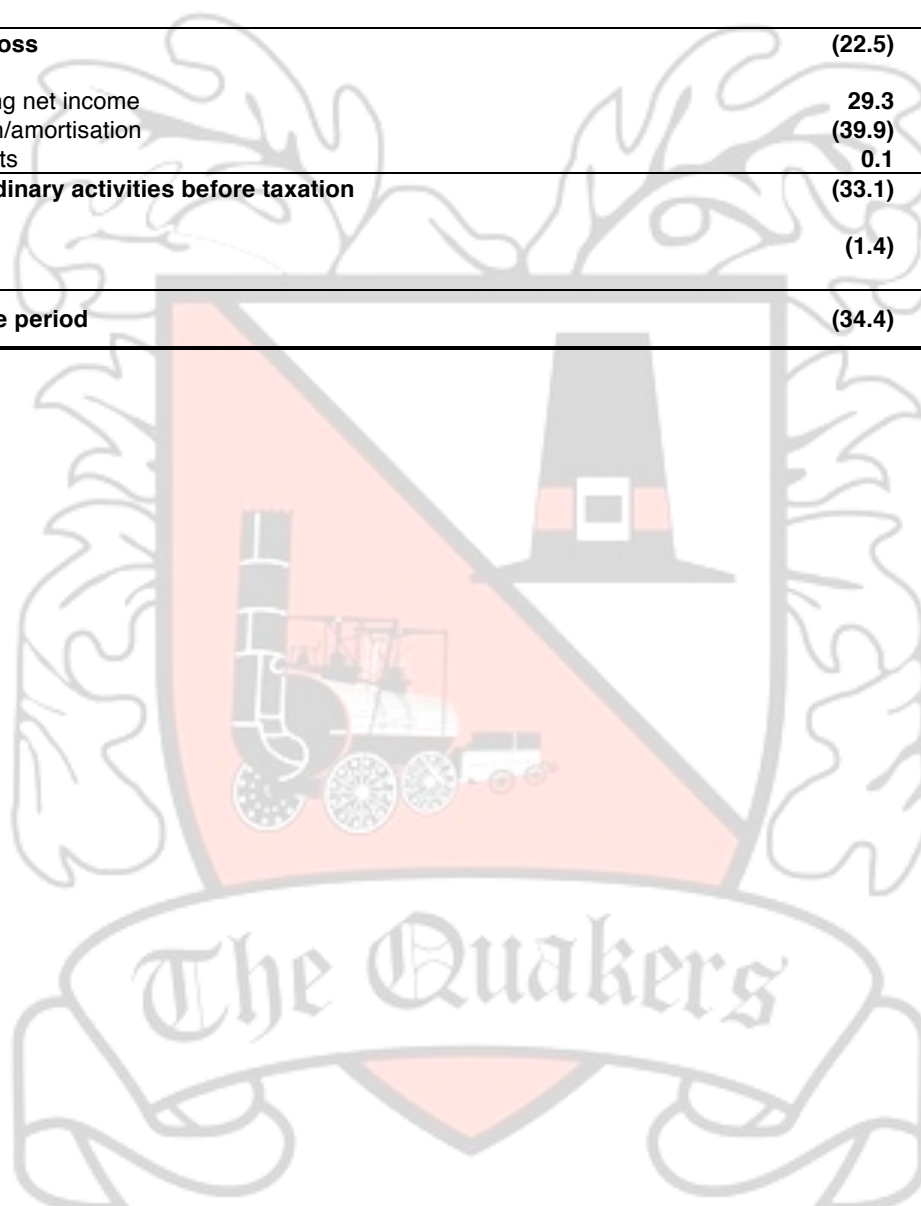
MARTIN JESPER
Chief Executive Officer
5 March 2015

The Quakers



Summary Income Statement
For the 6 month period to 31 December 2014

	Notes	6 month period to 31 December 2014 £'000	6 month period to 31 December 2013 £'000
Revenue	2	177.9	145.9
Operating expenses		(200.4)	(161.2)
Operating loss		(22.5)	(15.3)
Non-recurring net income		29.3	9.9
Depreciation/amortisation		(39.9)	(33.9)
Finance costs		0.1	-
Loss on ordinary activities before taxation		(33.1)	(39.4)
Taxation		(1.4)	-
Loss for the period		(34.4)	(39.4)





Summary Balance Sheet As at 31 December 2014	Notes	As at 31 December 2014 £'000	As at 31 December 2013 £'000	As at 30 June 2014 £'000
NON-CURRENT ASSETS				
Leasehold property, plant & equipment	3	21.5	-	18.8
Intangible assets	4	169.6	237.5	203.5
		191.1	237.5	222.3
CURRENT ASSETS				
Stocks		8.0	3.0	2.8
Trade and other receivables		14.9	6.8	15.5
Cash and bank balances		94.2	2.8	146.6
		117.1	12.7	165.0
TOTAL ASSETS		308.2	250.1	387.3
CURRENT LIABILITIES				
Trade and other payables		77.0	148.1	94.7
Obligations under finance leases		8.0	-	12.0
Deferred income	5	37.8	49.9	50.6
		122.8	198.0	157.3
NET CURRENT ASSETS		185.5	52.2	230.0
NON-CURRENT LIABILITIES				
Obligations under finance leases		-	-	2.0
Other creditors		19.7	43.1	27.9
Deferred taxation liability		2.9	-	2.9
		22.6	43.1	32.7
TOTAL LIABILITIES		145.4	241.1	190.0
NET ASSETS		162.9	9.0	197.3
EQUITY				
Share capital	6	264.2	198.8	264.2
Retained earnings		(101.3)	(189.8)	(66.9)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		162.9	9.0	197.3



Summarised Statement of Cash Flows
For the 6 month period ended 31 December 2014

	6 month period to 31 December 2014 £'000	6 month period to 31 December 2013 £'000
Loss on ordinary activities for the period	(33.1)	(39.3)
Depreciation/amortisation	(12.8)	(10.6)
Deferred income & loan write off	39.9	33.9
Increase in stocks	(5.2)	(2.1)
Decrease in trade and other receivables	0.6	6.6
Decrease/(increase) in trade and other payables and deferred income	(19.1)	1.4
Cash absorbed by operations	(29.6)	(10.1)
Cash flows from investing activities		
Invested in leasehold property, plant and equipment	(8.7)	-
Cash absorbed by investing activities	(8.7)	-
Cash flows from financing activities		
Repayment of finance leases	(6.0)	-
Repayment of other debt	(8.1)	(14.1)
Cash absorbed by financing activities	(14.1)	(14.1)
Net cash decrease in cash and cash equivalents	(52.5)	(24.2)
Cash and cash equivalents at the start of the period	146.6	27.1
Cash and cash equivalents at the end of the period	94.2	2.8
	(52.5)	(24.2)





Notes to the Interim Results
for the 6 month period to 31 December 2014

General Information

Darlington 1883 Limited was incorporated on 18 January 2012 and on 2 May 2012 purchased the trade and assets of Darlington Football Club (2009) Limited from its administrator.

The Company is incorporated in England & Wales. The address of the registered office is Blackwell Meadows, Grange Road, Darlington, County Durham DL1 5NR. The nature of the Company's operations is that of a semi-professional football club.

1. Significant Accounting Policies

1.1 Basis of Preparation

This summary set of financial statements has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The principal accounting policies adopted are set out below. The summary financial statements do not constitute statutory accounts as defined within the provisions of the Companies Act 2006.

1.2 Going concern

The Board of Directors maintains a policy of continual review of the Company's actual performance against forecasts and the associated risks. These forecasts extend for a period exceeding 36 months at any point in time. This review reflects the Club's current and projected trading performance, capital requirements and potential progression through non-league football.

The forecasts make key assumptions, based on information available to the Directors, around:

- Season ticket sales, the timing and amount of which are consistent with the Club's experience
- Match day income, which is projected to grow steadily as the Club returns to Darlington and progresses through the leagues
- Sponsorship and other commercial income reflecting increasing fan, local business and community confidence returning with the Darlington Football Club brand along with increased match day hospitality demand
- Playing costs reflecting the existing squad size and composition alongside potential increases required to remain competitive as the Club aims to progress through the leagues. The forecast cash flows do not assume any amounts generated from player sales
- Capital requirements

As a result of this continual review, the Directors are able to anticipate potential funding requirements arising in the short and medium term and take proactive measures to engage with the fans, shareholders and key stakeholders to ensure that the Club remains viable and continues to operate in a sustainable manner.

The Directors have prepared this half yearly financial report on the going concern basis as it is considered appropriate to presume that the Club will continue in business. In satisfaction of this responsibility the Directors have considered the Company's ability to meet its liabilities as they fall due however acknowledge that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

After considering the uncertainties referred to above, the Directors have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing this report.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales-related tax.

Merchandising revenue is recognised when goods are delivered and title has passed.

Gate receipts and other match day revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when earned. Sponsorship and similar commercial income is recognised over the duration of the respective contracts.



**Notes to the Interim Results
for the 6 month period to 31 December 2014 (continued)**

1.4 Fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold property, plant & equipment	10 years
Goodwill arising on acquisition of business and net assets from administrator	5 years

1.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profits differ from net profit as reported in the income statement because they exclude items of income or expense that are taxable or deductible in other years and they further exclude items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

1.6 Non-recurring items

Items which are deemed to be non-recurring by virtue of their nature or size are separately identified on the income statement to assist in understanding the financial performance of the Company.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Revenue

	6 month period to 31 December 2014	6 month period to 31 December 2013
	£'000	£'000
Football, gate receipts and hospitality	115.6	88.9
Advertising, sponsorship & commercial	24.8	21.3
Retail	24.5	23.5
Lottery and donations	13.0	12.2
	177.9	145.9





Notes to the Interim Results
for the 6 month period to 31 December 2014 (continued)

3. Non-current assets	Leasehold improvements, plant and equipment £'000
Cost	
As at 1 January 2014	-
Additions	21.8
As at 30 June 2014	21.8
Additions	8.7
As at 31 December 2014	30.5
Depreciation	
As at 1 January 2014	-
Charge for the period	3.0
As at 30 June 2014	3.0
Charge for the period	6.0
As at 31 December 2014	9.0
Net book value at 1 January 2014	-
Net book value at 30 June 2014	18.8
Net book value at 31 December 2014	21.5
4. Intangible assets	
	Cost of acquisition from administrator £'000
Cost	
As at 1 January 2014	339.2
Additions	-
As at 30 June 2014	339.2
Additions	-
As at 31 December 2014	339.2
Depreciation	
As at 1 January 2014	101.8
Charge for the period	33.9
As at 30 June 2014	135.7
Charge for the period	33.9
As at 31 December 2014	169.6
Net book value at 1 January 2014	237.4
Net book value at 30 June 2014	203.5
Net book value at 31 December 2014	169.6



**Notes to the Interim Results
for the 6 month period to 31 December 2014 (continued)**

5. Deferred Income

£'000

As at 31 December 2013	49.9
As at 30 June 2014	50.6
As at 31 December 2014	37.8

Deferred income comprises season tickets, sponsorship, hospitality and other elements of income which have been received in advance and will be recognised as revenue as the season progresses.

6. Share Capital

The Company's issued share capital is divided into 3 separate classes each holding different voting rights:-

- 1 'Golden' Share which carries 10% of voting rights
- 'A' Ordinary Shares which carry two votes per share held
- Ordinary Shares which carry one vote per share held

	As at 31 December 2014	As at 31 December 2013	As at 30 June 2014
Allotted, called up and fully paid shares of £1 each:			
Golden share	1	1	1
'A' Ordinary shares	70,000	70,000	70,000
Ordinary shares	194,215	128,835	194,215

There is no majority shareholder or controlling party.

The highest individual shareholding is that of Darlington Football Club CIC which owns 47.6% of the issued share capital. The remaining shares are owned by the supporters of Darlington Football Club with no other individual, or body, owning more than 15% of the issued share capital.

*** END ***

The Quakers