

Clarke Inc. Reports 2014 Second Quarter Results and Quarterly Dividend Declaration

Halifax, Nova Scotia – August 7, 2014 – Clarke Inc. (“Clarke” or the “Company”) (TSX: CKI) today announced its results for the three and six months ended June 30, 2014.

For the three and six months ended June 30, 2014, Clarke generated net income attributable to equity holders of \$19.9 million or \$1.00 per share and \$92.9 million or \$4.87 per share, respectively. This compared to net income attributable to equity holders of \$7.1 million or \$0.43 per share and \$10.3 million or \$0.62 per share for the same periods in the prior year. **This represents the highest net income generated in a six month period in the Company’s history.**

The following were certain key events during the second quarter:

- The Company’s Investment segment had significant increases in the market value of its marketable securities resulting in total gains of \$16.5 million for the three months ended June 30, 2014.
- Clarke concluded its proxy contest with Sherritt International Corporation (“Sherritt”). Clarke commenced a proxy contest against Sherritt in early 2014 with the goal of replacing three directors with nominees of Clarke and promoting positive change at Sherritt. Although we were not successful in obtaining board seats, our investment in Sherritt was a financial success. We sold a portion of our shares of Sherritt in the second quarter resulting in a realized gain on marketable securities of \$8.1 million. The remainder of our position in Sherritt was sold subsequent to the end of the second quarter. In total, Clarke generated a profit of \$17.5 million and an IRR of 68% on its investment in Sherritt.
- The Company redeemed all of its remaining 2018 convertible debentures. The Company no longer has any debentures outstanding.
- The Company sold a real estate holding in Kitchener, Ontario for net proceeds of \$2.1 million, resulting in a gain on sale of \$1.5 million.

Clarke’s book value at the end of the second quarter was \$12.19 per share. The Company grew book value per share by \$3.87 in the first half of the year while also returning \$0.30 per share to shareholders in the form of dividends. In addition, the Company spent \$8.0 million during the first half of the year repurchasing shares, all at a discount to book value.

Clarke’s Board of Directors also announced the 2014 third quarter dividend of \$0.10 per Common Share payable on October 10, 2014 to shareholders of record at the end of business on September 30, 2014.

Michael Rapps, Clarke’s President and CEO, stated: “Clarke’s results in the first half of 2014 have been great. We look forward to building on this momentum in coming quarters.” Mr. Rapps added “As a result of selling various investments in recent months we currently have approximately \$77 million of cash on hand. This cash has significant option value for us as we can act quickly when an investment opportunity arises. We are currently focused on assisting our portfolio companies with growing their businesses and identifying new opportunities to invest in undervalued businesses.”

Further information about Clarke, including Clarke’s Interim Condensed Consolidated Financial Statements and Management’s Discussion & Analysis for the three and six months ended June 30, 2014, is available at www.sedar.com and www.clarkeinc.com.

RESULTS OF OPERATIONS

<i>(in millions, except per share amounts)</i>	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
	\$	\$	\$	\$
Realized and unrealized gains on marketable securities	16.5	4.2	25.5	8.0
Dividend income	2.3	1.3	3.8	2.6
Revenue and other income *	5.6	2.1	11.1	3.1
Income from continuing operations	19.9	3.6	33.2	4.5
Income from discontinued operations attributable to equity holders of the Company**	—	3.5	59.7	5.8
Net income attributable to equity holders of the Company	19.9	7.1	92.9	10.3
Comprehensive income attributable to equity holders of the Company	19.7	7.1	88.9	12.6
Basic earnings per share (“EPS”)				
Income from continuing operations	1.00	0.22	1.74	0.27
Income from discontinued operations	—	0.21	3.13	0.35
Net income	1.00	0.43	4.87	0.62
Diluted EPS				
Income from continuing operations	0.94	0.17	1.40	0.23
Income discontinued operations	—	0.14	2.46	0.24
Net income	0.94	0.31	3.86	0.47
Total assets	258.6	239.4	258.6	239.4
Cash dividends declared per share	0.10	0.08	0.30	0.14
Book value per share	12.19	5.77	12.19	5.77

*Revenue and other income includes pension recovery/expense, interest income, gains/losses on sale of fixed assets, foreign exchange gains/losses, gains/losses on Debenture redemptions and repurchases and revenue from the Transportation segment.

**Income from discontinued operations includes the results and the gain on sale of the Freight Transport Business and Jerico.

About Clarke

Halifax-based Clarke invests in a variety of private and publicly-traded businesses and participates actively where necessary to enhance the performance of such businesses and increase its return. Clarke's securities trade on the Toronto Stock Exchange (CKI); for more information about Clarke Inc., please visit our website at www.clarkeinc.com.

Note on Forward-Looking Statements and Risks

This press release may contain or refer to certain forward-looking statements relating, but not limited, to the Company's expectations, intentions, plans and beliefs with respect to the Company. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “budget”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “believes”, or equivalents or variations of such words and phrases, or state that certain actions, events or results, “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future or expected performance of the Company's investee companies, the future price and value of securities held by the Company, changes in these securities holdings, changes to the Company's hedging practices, currency fluctuations and requirements for additional capital. Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the Company's investment strategy, legal and regulatory risks, general market risk, potential lack of

diversification in the Company's investments, interest rates, foreign currency fluctuations, the sale of Company investments, the fact that dividends from investee companies are not guaranteed, reliance on key executives, use of information technology and information systems, commodity market risk, risks associated with investment in derivative instruments and other factors. With respect to the Company's Transportation segment, such risks and uncertainties include, among others, competition, seasonality and weather conditions, safety, claims and insurance, government regulation of the transportation industry, reliance on major customers, labour relations, and other factors.

Although the Company has attempted to identify important factors that could cause actions, events or results not to be as estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

For further information, please contact Michael Rapps, President and CEO, at (416) 855-1925 or Andrew Snelgrove, CFO, at (902) 442-3987.