Clarke Inc. Reports 2016 Fourth Quarter and Year End Results

Halifax, Nova Scotia – February 23, 2017 – Clarke Inc. ("Clarke" or the "Company") (TSX: CKI) today announced its results for the three months and year ended December 31, 2016.

Results for the Year Ended December 31, 2016

Net income of the Company for the year ended December 31, 2016 was $25.4 million compared with a net loss of $11.1 million in 2015. During the year ended December 31, 2016, the Company had unrealized gains on its investments of $20.1 million compared to unrealized losses of $15.5 million in 2015. The Company had realized gains on its investments of $0.1 million for the year ended December 31, 2016 compared with realized gains of $0.8 million in 2015.

Results for the Fourth Quarter 2016

Fourth quarter revenue increased as a result of an increase in the fair value of the Company's portfolio of publicly-traded securities. Net realized and unrealized gains on investments for the fourth quarter of 2016 were $9.5 million compared to $6.1 million for the same period in 2015. Interest income for the fourth quarter of 2016 was $0.3 million compared to $0.5 million for the same period in 2015 mainly due to the reduction of cash, loans receivable and sales of publicly-traded debentures. Expenses during the fourth quarter of 2016 were $0.5 million higher than expenses during the same period in 2015. The Company had net income of $9.4 million in the fourth quarter of 2016 compared to $6.6 million in the same period in 2015. This again was largely driven by the increase in unrealized gains on investments during the period. Comprehensive income for the fourth quarter was $11.0 million compared to $9.3 million for the same period in 2015.

For the three months ended December 31, 2016, Clarke's basic earnings per share was $0.64, compared to $0.42 for the same period in 2015.

Full Year Review and Outlook

During 2016, the Company's book value per share decreased by $0.60 or 4.9%. The decrease is attributed to the payment of regular and special dividends of $2.20 per Common Share offset by positive investment performance and the effect of share repurchases. Our book value per share at the end of the year was $11.61 while our share price was $9.36.

Two thousand and sixteen represented the seventh year since North American stock markets bottomed following the financial crisis. After a seven-year bull market, it has become progressively harder to find attractive investment opportunities, particularly investments of a control or activist nature. The main area of opportunity has been the oil and gas industry. We commenced buying securities of oil and gas companies in 2015 following the rapid decline of oil prices in the fourth quarter of 2014 and the first quarter of 2015. Clearly, we were too early in our buying and that will reduce the profit we ought to have made by recognizing that the decline in securities prices would be temporary. Nonetheless, we believe that our basket of energy securities will be quite profitable. Of the five investments we made in the energy industry, one company (Northern Frontier Corp., our smallest investment) was placed in receivership, one company's security price remains slightly below our cost basis in Canadian dollar terms and our other three investments are profitable. Net of purchases and sales, Clarke's securities portfolio increased in value by $19.4 million in 2016, reflecting the positive performance of our energy securities and our core securities holdings.

Seeing limited investment opportunities outside the oil and gas industry and wishing to limit the Company's investment in the oil and gas industry, the Board of Directors determined to return a substantial amount of capital to shareholders. This was completed by way of regular share repurchases totalling $7.2 million and special dividends totalling $31.2 million.

Throughout 2016, we continued to assist our core portfolio holdings, Holloway Lodging Corp. ("Holloway") and Terravest, with their businesses. In the case of Holloway, our contribution included a focus on operational improvements to minimize the effects of the oil and gas downturn on a fixed-cost business and processes to sell select assets. In the case of Terravest, our contribution focused on the identification of organic growth opportunities and acquisitions of complementary businesses. We continue to believe that each of these companies is undervalued in the public markets and we expect to generate additional profits in coming years with these investments.

As we look forward to 2017, we expect that oil and gas markets will continue to stabilize and/or improve, which should result in improved prices for Clarke's energy securities as well as its core securities holdings. As Clarke's energy and other investments are monetized, Clarke will be in a position to either reinvest that capital in new opportunities should they present themselves or to return that capital to shareholders should we not see attractive investment opportunities or the prospect of such opportunities in an appropriate time frame. As always, we expect to continue repurchasing our Common Shares as opportunities arise, whether under our normal course issuer bid which we expect will resume in the second quarter of 2017 or otherwise.

Other Information

Further information about Clarke, including Clarke's Consolidated Financial Statements and Management's Discussion & Analysis for the year ended December 31, 2016, is available at www.sedar.com and www.clarkeinc.com.

Highlights of the consolidated financial statements for the three months and year ended December 31, 2016 compared to the three months and year ended December 31, 2015 are as follows:

(in millions, except per share amounts)	**Three months ended December 31, 2016 $**	Three months ended December 31, 2015 $	**Year ended December 31, 2016 $**	Year ended December 31, 2015 $
Realized and unrealized gains (losses) on investments	**9.5**	6.1	**20.2**	(14.7)
Dividend income	**0.9**	1.0	**3.5**	3.7
Interest income	**0.3**	0.5	**1.7**	2.7
Revenue and other income*	**1.4**	1.7	**7.3**	8.9
Net income (loss)	**9.4**	6.6	**25.4**	(11.1)
Comprehensive income (loss)	**11.0**	9.3	**22.9**	(8.8)
Basic and diluted earnings (loss) per share ("EPS")				
Net income (loss)	**0.64**	0.42	**1.66**	(0.66)
Total assets	**177.8**	198.9	**177.8**	198.9
Long-term financial liabilities	**1.1**	1.7	**1.1**	1.7
Cash dividends declared per share	**—**	0.10	**2.20**	0.40
Book value per share	**11.61**	12.21	**11.61**	12.21

**Revenue and other income includes pension recovery, gains on sale of fixed assets, foreign exchange gains/losses, and service revenue.*

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.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This press release makes reference to the Company's book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders' equity at the date of the statement of financial position by the number of Common Shares outstanding at that date. Clarke's method of determining this amount may differ from other companies' methods and, accordingly, this amount may not be comparable to measures used by other companies. This amount is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

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", "budgets", "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, the future price of oil and value of securities held in the Company's energy basket, 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, commodity market risk, risks associated with investment in derivative instruments and other factors. With respect to the Company's investment in a ferry operation, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, 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.

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