

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of the proposals referred to in this document, or as to the action you should take, it is recommended that you seek your own financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Intercede Group plc, please forward this document together with the accompanying documents as soon as possible to the purchaser or person through whom the sale or transfer was arranged so they can forward to the purchaser or person who holds the shares.

INTERCEDE GROUP plc

(incorporated and registered in England and Wales under company number 4101977)

Proposals for a reduction of share capital by way of a cancellation of 393,138,384 deferred shares of 1p each and the cancellation of the share premium account of the Company

Notice of General Meeting

Notice of a General Meeting of the Company to be held at Lutterworth Hall, St Mary's Road, Lutterworth, LE17 4PS on Friday 24 September 2010 at 11:15am (or, if later, immediately following the Annual General Meeting convened for the same day) is set out at the end of this document. Enclosed is a Form of Proxy for use at the General Meeting and to be valid, the Form of Proxy must be completed in accordance with the instructions printed on it and returned to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible, but in any event so as to arrive no later than 48 hours before the time and date of the General Meeting.

The Directors of the Company, whose names appear on page 3 of this document, are solely responsible for the accuracy of the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this document are available from the Company's registered office from the date of this document until the date of the Meeting during usual business hours. A copy of this document will also be available for download from the Company's website www.intercede.com.

Expected Timetable of Events

Annual General Meeting	11:00am on 24 September 2010
General Meeting	11:15am on 24 September 2010 (or, if later, immediately following the Annual General Meeting)
Latest time and date for receipt of Form of Proxy to be valid at the Annual General Meeting	6:00pm on 22 September 2010
Latest time and date for receipt of Form of Proxy to be valid at the General Meeting	6:15pm on 22 September 2010

Definitions

“Act”	<i>the Companies Act 2006;</i>
“AGM”	<i>the Annual General Meeting of the Company to be held at 11:00am on 24 September 2010;</i>
“Board” or “Directors”	<i>the Directors of the Company listed on page 3 of this document;</i>
“Company”	<i>Intercede Group plc;</i>
“Deferred Shares”	<i>the 393,138,384 issued deferred shares of 1p each in the capital of the Company;</i>
“Form of Proxy”	<i>the form of proxy for use by shareholders at the General Meeting;</i>
“General Meeting”	<i>the General Meeting of the Company to be held at 11:15am on 24 September 2010 (or, if later, immediately following the AGM) to approve the Resolutions, or any adjournment of it;</i>
“Notice of General Meeting”	<i>the notice convening the General Meeting which is set out on page 6 of this document;</i>
“Ordinary Shares”	<i>the 48,178,005 issued ordinary shares of 1p each in the capital of the Company.</i>

Letter from the Chairman

INTERCEDE GROUP plc

(incorporated and registered in England and Wales under company number 4101977)

Registered Office

Lutterworth Hall, St Mary's Road, Lutterworth, Leicestershire, LE17 4PS

Directors:

Richard Arthur Parris	<i>(Chairman and Chief Executive)</i>
Andrew Michael Walker	<i>(Finance Director and Company Secretary)</i>
Royston Hoggarth	<i>(Non-Executive Director)</i>
Jurek Stefan Sikorski	<i>(Non-Executive Director)</i>
Jacques Tredoux	<i>(Non-Executive Director)</i>

10 June 2010

Dear Shareholder

Proposed reduction of share capital by way of a cancellation of the Deferred Shares and cancellation of share premium account

As announced earlier today, I am writing to you to set out the details of your Board's proposal to reduce the Company's share capital by cancelling and extinguishing the Deferred Shares issued in the capital of the Company and the cancellation of the share premium account of the Company (together the "Capital Reduction").

The effect of the Capital Reduction will be to eliminate the deficit showing on the Company's profit and loss account and, subject to the Court being satisfied that the interests of the Company's creditors have been sufficiently protected, the creation of positive distributable reserves which will enable the Company to distribute profits by way of dividend, should the Board consider it appropriate to do so in the future.

The purpose of this document is to explain the background to and reasons for the Capital Reduction and to seek shareholder approval to the proposals at a General Meeting of the Company to be held on 24 September 2010 at 11:15am (or, if later, immediately following the Annual General Meeting convened for the same day).

Background

At 31 March 2010, the Company has, as a result of past losses, an accumulated deficit on its profit and loss account of £4,689,881 (2009: £4,745,153). Until such time as the deficit has been eliminated, the Company is precluded from the payment of any dividends to shareholders. The Directors propose to eliminate the deficit on profit and loss account by the Capital Reduction.

Capital Reduction – Deferred Shares

The issued share capital of the Company currently comprises 48,178,005 ordinary shares of 1p each which are admitted to trading on the AIM Market of the London Stock Exchange, and 393,138,384 deferred shares of 1p each.

The Deferred Shares give the holders thereof:

- a) no right to attend or vote at general meetings of the Company;
- b) no right to participate in dividends or other distributions until the holders of the Ordinary Shares have received in aggregate amongst them the sum of £1,000,000,000 in respect of such dividend or distribution; and
- c) a right to participate in a return of capital only to the extent of the amount paid up on the Deferred Shares and only after the holders of the Ordinary Shares have been paid the amount of £1,000,000 per Ordinary Share held by them.

These rights are such as to make the Deferred Shares effectively worthless in the hands of the deferred shareholders. However, in the Company's books, the capital paid up on the Deferred Shares represents a sum of £3,931,383.84.

The Company is proposing to cancel the Deferred Shares as these have no economic value and were created during a placing which was carried out in July 2003. The Board does not consider there to be any commercial purpose in maintaining the Deferred Shares. Upon the cancellation of the Deferred Shares, the Directors anticipate that a sum equal to their nominal value will become available to the Company for the purposes identified above. The proposed cancellation of the Deferred Shares does not involve any variation of their class rights.

Capital Reduction – Share Premium Account

As at 31 March 2009, the Company had funds standing to the credit of its share premium account of £2,874,759 which, since the end of that financial year has increased to £4,717,657 due to the further issue of shares at a premium. It is also proposed that this reserve be cancelled.

Both the reduction of capital and cancellation of share premium account require the approval of the shareholders by special resolution and the subsequent approval of the Court.

The Company has been advised that the Court may require the Company to give an undertaking for the protection of the Company's existing creditors. If required, the Company will provide such undertaking to the Court for the protection of creditors as it is advised by Counsel is appropriate to be given.

If the Capital Reduction is approved by shareholders, the deficit on the Company's Profit and Loss Account at 31 March 2010 will be eliminated and a reserve created which will, once any creditor undertaking has been discharged, become a distributable reserve.

Court Application

The Capital Reduction will only take effect if approved by shareholders by way of special resolution at the General Meeting, is confirmed by the Court and upon the appropriate documents being filed with the Registrar of Companies.

If shareholders approve the resolutions set out in the Notice of General Meeting, the Board intends that an application will be made to the Court promptly following the General Meeting to sanction the Capital Reduction.

Action to be taken

The Notice of the General Meeting is attached at the back of this document. The Form of Proxy for use by shareholders at the General Meeting is enclosed. Whether or not you will be present at the General Meeting, please complete the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible, but in any event not later than 6:15pm on 22 September 2010. Completion and return of a Form of Proxy will not prevent you from attending the meeting and voting should you wish to do so.

Recommendation

The Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own beneficial shareholdings totalling 19,529,150 Ordinary Shares, representing 40.5% of the Company's issued share capital as at the date of this document.

Yours sincerely

Richard Parris
Chairman and Chief Executive

Notice Of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of Intercede Group plc (the “**Company**”) will be held at Lutterworth Hall, St Mary’s Road, Lutterworth, Leicestershire, LE17 4PS on Friday 24 September 2010 at 11:15am (or, if later, immediately following the Annual General Meeting convened for the same day) to pass, if thought fit, the following resolutions which will be proposed as special resolutions:

Special Resolutions

1. THAT the deferred shares of 1 pence each in the capital of the Company whether issued or unissued be and are hereby cancelled and extinguished.
2. THAT the share premium account of the Company be and is hereby cancelled.

By order of the Board
Andrew Walker
Company Secretary
10 June 2010

Registered Office
Lutterworth Hall
St Mary’s Road
Lutterworth
Leicestershire
LE17 4PS

Notes:

1. A member is entitled to appoint a proxy to exercise all or any of his rights to attend and to speak and vote instead of him at the meeting. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company.
2. The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority must be received by the Company’s registrars not later than 48 hours before the time appointed for the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting instead of the proxy, if you wish.
3. Only persons entered on the register of members of the Company at 6:15pm on 22 September 2010 are entitled to attend the meeting either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the meeting.
4. Only holders of ordinary shares are entitled to attend and vote at the meeting.
5. As at 10 June 2010 the Company’s issued ordinary share capital consists of 48,178,005 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 10 June 2010 are 48,178,005.