



ShareSoc

UK Individual Shareholders Society

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Intercede Group Plc Voting Recommendations

Please vote against the directors' re-election

Shareholders in Intercede Group Plc should have received the Annual Report of the company and a Notice of the Annual General Meeting (AGM) to be held on the 26th September in Lutterworth.

ShareSoc recommends that you vote AGAINST the re-election of the three non-executive directors (resolutions 2, 3 and 4) for the reasons given below.

Please ensure you return the proxy voting form, and in addition, attend the AGM if possible.

As you may be aware, ShareSoc has previously criticised the Long Term Incentive Plan (LTIP) introduced in August 2011 where two of the main beneficiaries of the scheme were the Executive Chairman, Richard Parris, and his wife. It was certainly an inappropriate scheme which was poorly designed, too generous and in essence unjustifiable. Despite our representations on this subject, nothing was done about it.

The three non-executive directors who are standing for re-election should have ensured that the LTIP scheme was not introduced in the form used. In addition it now seems that some awards under the scheme were "retrospective in nature" (see page 16 of the Annual Report under "Share Options"). Questions will be asked at the AGM about this but that certainly sets a new precedent for an unjustifiable bonus arrangement if the performance criteria used (which set low hurdles) were already partly achieved.

So our reasons for suggesting you vote against the three directors up for re-election are:

1. It was they who introduced the LTIP (they are all on the Remuneration Committee), and have done nothing to correct this error.
2. Their independence is very questionable. Jacques Tredoux represents a major shareholder in the company and he is also a director of the company's corporate finance advisor who were paid consultancy fees last year (see Page 30 of the Annual Report). Royston Hoggarth and Jurek Sikorski have both been on the board for ten years or more, which would not be viewed in a positive light under the Combined Code of Corporate Governance in listed companies.
3. There is no Remuneration Resolution on the AGM agenda which we requested be added so that shareholders can express a view on remuneration policies at this company.
4. The company still has an Executive Chairman when it needs a fully independent non-executive Chairman to ensure that this kind of problem does not arise again. The existing non-executive directors should be using their power and influence to ensure that one is recruited.

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Other Resolutions

We recommend you vote in favour of the other resolutions on the agenda, except for Resolution 8 (authorising share buy-backs) which should be voted against. We think it inappropriate that a company in the position of Intercede should consider using any surplus cash to buy-back shares instead of reinvesting it in development of the business. In any case, there are better ways of returning cash to shareholders.

Summary

Please support our campaign on this company by voting against the directors. It is directly contrary to your interests as shareholders to have large numbers of shares being issued to insiders on low performance criteria because it dilutes your interest in the company. Only if shareholders put a stop to this kind of prejudicial pay award in AIM companies will your interests be protected.

SO VOTE AGAINST RESOLUTIONS 2, 3, 4 and 8 BY RETURNING THE PROXY VOTING CARD TO THE REGISTRARS AS SOON AS POSSIBLE.

Voting Shares in a Nominee Account or Changing Your Vote

If you hold your shares in a Nominee Account, please contact ShareSoc on the telephone number above if you need advice on how to vote.

If you have already returned your proxy voting form but wish to change your vote (which you can do as a subsequent one will replace a previous submission), please contact ShareSoc on the number above for a new blank voting form.

I intend to attend the AGM in person to make representations on the issues covered above and suggest you do the same also if possible.

Roger Lawson
Chairman

More background information about the campaign on Intercede Group is present on this web page where further news will be posted as it becomes available: www.sharesoc.org/campaigns2.html . You can register your support for this campaign on that web page if you have not already done so. If you no longer have an interest in Intercede shares, please let us know.