

Trace Group Hold AD

RESUME of the prospectus for an initial public offering of shares

TYPE OF SECURITIES OFFERED: dematerialized, ordinary, registered freely transferable shares

TYPE OF SECURITIES OFFERED: 200,000 (Two hundred thousand)

	per 1 share	Total
Issue price:	BGN 110.50	BGN 22,100,000
Par value:	BGN 1	BGN 200,000
Remuneration of the investment intermediary participating in the public offering	BGN 0.442	BGN 88,400
Total public offering costs	BGN 0.48415	BGN 96,830
Net proceeds from the public offering	BGN 110.01585	BGN 22,003,170

The Financial Supervision Commission /FSC/ has confirmed the Registration Document with decision No..... of The confirmation of the Registration Document by the FSC is not a recommendation to invest in the offered shares. The FSC is not responsible for the accuracy and completeness of the data contained in the Registration Document.

This Prospectus contains all the information about Trace Group Hold AD necessary for making a decision to invest in the shares issued by the Company, including the main risks related to the Company and its activities.

This Resume provides brief information on the key characteristics of Trace Group Hold AD, as well as a short description of the risks associated with the company's operations and investing in its shares.

It is in the interest of potential investors to familiarize themselves not only with the prospectus summary, but also with the Registration Document and *Securities Offering Document*, before making a decision to invest in the securities of Trace Group Hold AD.

The members of the Board of Directors of Trace Group Hold AD, as well as the investment intermediary that signed the prospectus, are jointly and severally liable for damages caused by false, misleading or incomplete data in the Prospectus. The persons, responsible for drawing up the annual financial statement of the Company, are jointly and severally liable with the persons under the previous sentence for damages caused by false, misleading or incomplete data in the financial statements of Trace Group Hold, and the

registered auditor of the Company - for damages caused by the financial statements of the Company audited by him.

July 30, 2007

1. Data about the members of the management and control bodies, the procurators, the consultants and the auditors of the issuer. Responsibility for preparing the document for the offered securities

1.1. Name and functions of the members of the management and control body and the procurators, if any.

Trace Group Hold AD, hereinafter referred to as the Company or the Company-Issuer, is a joint-stock company with a one-tier management system.

The Company is managed by a Board of Directors, which consists of 5 (five) members:

1. Tsvetan Ivanov Tsonev - Executive Director of Trace Group Hold AD
2. Nikolay Ganchev Mihaylov - Executive Director of Trace Group Hold AD
3. Yovko Genchev Zhilkov – Member of the Board of Directors of Trace Group Hold AD
4. Ivan Dimitrov Hristov - Member of the Board of Directors of Trace Group Hold AD
5. Ivan Stefanov Trifonov - Member of the Board of Directors of Trace Group Hold AD

As of the date of preparation of this registration document, the Board of Directors of the Company has not authorized a procurator or other commercial proxy.

1.2. Name, respective designation, registered office and address of management of the main banks, investment intermediaries and legal consultants with whom the issuer has long-term relationships.

Main banks with which the company has long-term relationships:

Corporate Commercial Bank AD

Sofia 1000
4, Graf Ignatiev str.

First Investment Bank AD

Sofia,
12 Dragan Tsankov str.

UniCredit Bulbank AD

Sofia,
7, Sveta Nedelya square

Investment intermediary for the issue:

Somoni Financial Brokerage OOD Investment Intermediary

Stara Zagora 6000
112 , Tsar Simeon Veliki blvd.

The Company does not have a long-term relationship with legal consultants and has not used their services for this issue.

1.3. Name, respective designation, registered office and registered office address of the auditors of the issuer for the previous 3 years.

The report of Trace Group Hold AD, Stara Zagora town for 2006 was audited by Izabela Dzhalezova, registered auditor with registration number 0422 at the specialized auditing company BIEK Audit OOD, registration number 017 with registered office and address of management: City of Sofia, 157- 159 Konstantin Velichkov Blvd.

The report of Trace Group Hold AD, Stara Zagora town for 2005 was audited by registered auditors E. Chervenкова (reg. no. 0187) and B. Georgieva (reg. No. 0111) Stara Zagora town, 117, Tsar Simeon Veliki blvd., entr. D, floor 1, apt. 1 and city of Sofia, 35 Kozyak str., floor 6.

The General Meeting of Shareholders has elected a new auditor for 2006 based on a better commercial proposal.

1.4. The names of the persons responsible for preparing the Securities offering document

Persons responsible for preparing the Document for the offered shares:

1. Tsvetan Ivanov Tsonev - Executive Director of Trace Group Hold AD

2. Nikolay Ganchev Mihaylov - Executive Director of Trace Group Hold AD

By signing the last page of the document for the offered shares, the above-mentioned person declares that:

- when preparing the Document for the offered shares, he has taken the necessary care to ensure its compliance with the requirements of the law;
- to the best of his knowledge, the information in the Document for the offered securities is not false, misleading or incomplete and correctly presents the circumstances material to investors regarding the Company.
- After taking all reasonable care, they have made sure that the information contained in the Document for the offered securities, to the best of their knowledge, is in accordance with the facts and does not contain any omission likely to affect its meaning.

Pursuant to Art. 81, para. 5 of the POSA, the persons listed below, by their signature at the end of this Document for the offered shares, declare that they are jointly and severally liable for damages caused by false, misleading or incomplete data in this Document on the offered shares, and that to the best of their knowledge the information contained in the Document on the offered shares is true and complete.

1. Yovko Genchev Zhilkov – Member of the Board of Directors of Trace Group Hold AD

2. Ivan Dimitrov Hristov - Member of the Board of Directors of Trace Group Hold AD

3. Ivan Stefanov Trifonov - Member of the Board of Directors of Trace Group Hold AD

4. Daniela Mineva Karaslavova - Person, responsible for the drawing up of the financial statements of Trace Group Hold AD

5. Borislav Atanasov Bogoev - Manager of investment intermediary SOMONI FINANCIAL BROKERAGE OOD

6. Nikolay Stoyanov Kolev - Manager of investment intermediary SOMONI FINANCIAL BROKERAGE OOD

Izabela Vasileva Dzhalezova - registered auditor No. 0418, who certified the annual statement of Trace Group Hold AD for 2006, declares that she is responsible for the damages caused by the financial report audited by her, and to the best of her knowledge, the information contained in the Document for the offered shares is correct and complete.

- 2. Systematized financial information. Capitalization and indebtedness. Reasons for conducting the public offering and use of the proceeds. Risk factors.**

Systematized financial information.

unconsolidated basis

Parameter	2005	31.03.2006	30.6.2006	2006	31.03.2007	30.6.2007
					<i>In thousand BGN</i>	
Operating revenue	2,266	163	427	2,473	2,472	7,907
Operating profit/loss	849	57	195	1,594	1,224	2,982
Net profit/loss from operations	721	57	195	1,357	1,224	2,982
Net profit/loss for the period per share	BGN 144.2	BGN 3.80	BGN 13.00	BGN 90.47	BGN 81.6	BGN 1.49
Amount of assets	3,703	3,711	5,308 ¹	5,308	9,651	18,645
Net assets	771	928	2,178 ¹	2,178	3,402	5,090
Share capital	50	150	150	150	150	2,000
Number of shares	5,000 nos.	15,000 nos.	15,000 nos.	15,000 nos.	15,000 nos.	2,000,000 nos.
Dividend per share	BGN 10.00	BGN 00.00	BGN 0.00	BGN 61.33	BGN 0.00	BGN 0.00
Diluted earnings per share	BGN 144.2	BGN 3.80	BGN 13.00	BGN 90.47	BGN 81.6	BGN 1.49

The data for 2005 and 2006 are from the audited financial statements of Trace Group Hold AD.

The data for the first and second quarters of 2006 and 2007 are from the unaudited interim statements of Trace Group Hold AD.

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<i>consolidated basis</i>						
Parameter	2005	31.03.2006	30.06.2006	2006	31.03.2007	30.06.2007
						<i>In thousand BGN</i>
Revenue from main activity	113,076	6,624	49,809	117,902	9,233	23,657
Profit/loss from main activity	9,266	426	2,844	6,142	573	5,919
Net profit/loss from operations	8,150	426	2044	5,242	573	5,919
Net profit/loss for the period per share	BGN 1,630	BGN 28.40	BGN 136.27	BGN 349.47	BGN 38.2	BGN 2.96
Amount of assets	63,140	59,654	73,111 ²	85,159	71,329	78,433
Net assets (excluding non-group capital)	13,911	14,688	19,481	18,823	19,361	25,494
Share capital	50	150	150	150	150	2,000
Number of shares	5,000 nos.	15,000 nos.	15,000 nos.	15,000 nos.	15,000	2,000,000 nos.
Dividend per share	BGN 10.00	BGN 00.00	BGN 00.00	BGN 61.33	BGN 00.00	BGN 00.00
Diluted earnings per share	BGN 1.630	BGN 28.40		BGN 349.47	BGN 38.2	

The data for 2005 and 2006 are from the audited financial statements of Trace Group Hold AD.

The data for the first and second quarters of 2006 and 2007 are from the unaudited interim reports of Trace Group Hold AD.

1. The comparative balance sheet data in the column for 30.6.2006, as of 31.12.2006 are in accordance with item 3.2. of Annex 1 of Regulation 809

2. The comparative balance sheet data in the column for 30.6.2006 are as of 31.12.2006 in accordance with item 3.2. of Annex 1 of Regulation 809

Capitalization of Trace Group Hold AD as of 30.06.2007

EQUITY CAPITAL	unconsolidated	consolidated
<i>I. Equity</i>		<i>thousand BGN</i>
1. Subscribed capital	2,000	2,000
2. Unpaid capital		
3. Repurchased own shares		
Total Equity	2,000	2,000
<i>II. Reserves</i>		
1. Premium on issues		579
2. Revaluation Reserve of Assets and Liabilities		
3. Total reserves	100	434
4. Other reserves	8	4,953
Total Reserves	108	5,966
<i>III. Financial result</i>		
1. Accumulated profit (Loss)		10,762
2. Current profit (loss)	2,982	5,658
Total Financial result	2,982	16,420
NON-GROUP EQUITY		1,108
TOTAL EQUITY	5,090	25,494

Indebtedness of Trace Group Hold AD as of 30.06.2007 (non-consolidated basis)

LIABILITIES	<i>thousand BGN</i>
LONG-TERM LIABILITIES	2,844
Liabilities under leasing contracts	2,844
SHORT-TERM LIABILITIES	
<i>I. Short-term payables</i>	
1. Liabilities to related parties	3,757
2. Payables to suppliers and customers	4,307
3. Staff payables	286
4. Payables to social security institutions	6
5. Tax liabilities	569

6. Liabilities under leasing contracts	1,768
7. Other short-term payables	18
Total Short-term payables	10,711

TOTAL LIABILITIES	13,555
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Indebtedness of Trace Group Hold AD as of 30.06.2007 (consolidated basis)

LIABILITIES	<i>thousand</i>
	<i>BGN</i>
LONG-TERM LIABILITIES	3308

Deferred tax liabilities	306
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SHORT-TERM LIABILITIES

1. Short-term payables

1. Trade and other liabilities	39652
2. Bank loans	6769
3. Tax liabilities	934
4. Staff payables	1,706
5. Social security payables	264
Total Short-term payables	49,325

TOTAL LIABILITIES	52,633
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The main reason for the public offering is for Trace Group Hold AD to acquire the status of a public company, aiming to increase its popularity among investors and the general public. The public status of the Company, in particular the registration of its shares for trading on the Bulgarian Stock Exchange, will create conditions for a more liquid market and the formation of a market exchange price for its shares.

Another key reason for the public offering is to provide the company with external financing for its growth.

The expected maximum net proceeds from the public offering is BGN 22,003,170. The shares offered due to the capital increase are 200,000, with a determined price of BGN 110.50 per share.

The funds raised through the public offering will be used as follows:

****BGN 14 million for purchase of machinery and equipment, intended to increase the production capacity, respectively the revenues of Trace Group Hold AD.***

****BGN 3.5 million for development of the holding's material base***

****BGN 2.5 million for acquisition of shares and stakes in other companies***

****BGN 2 million for investments in other activities***

Description of the main purposes for which the proceeds from the public offering are intended to be used may be found in item 2.2., letter “b” of the Securities Offering Document.

The risks associated with the business activities of “Trace Group Hold” AD are described in detail on pages 12–17 of the Registration Document. In brief, these are the following risks:

Unsystematic risks

Risk of reducing the budget of the NRI Fund

Market risk

Risk of inability to generate financial resources

Administrative risk

Price risk

Currency risk

Personnel risk

Systematic risks

Political risk

Currency risk

Inflation risk

The risk factors specific to the securities issued by Trace Group Hold PLC are described in detail on pages 13–15 of the Securities Offering Document. In brief, these are as follows:

Price risk

There is no market for the Shares

Liquidity risk

It is not certain that shareholders will receive a dividend

Additional financing through shares may have a "Dilutive Effect" for the Company's shareholders

Currency risk

3. Information about TRACE GROUP HOLD AD

Trace Group Hold AD was established at a Constituent Assembly held on 02.02.2005 in the town of Stara Zagora and was registered with Decision 538/21.02.2005 under file no. 255 in the inventory for 2005 of the Stara Zagora District Court, volume 5, lot. 4.

The company is established without a term.

The name of the company has not been changed since its establishment until now.

BULSTAT: 123682269

“Trace Group Hold” AD comprises companies operating in the road construction sector since the beginning of the 20th century, when the development of road networks and infrastructure became a state policy of Bulgaria.

Registered office:	Stara Zagora
Address of management:	190 Sv. Evtimiy blvd.
Tel.	042/613 713
Fax	042 / 613,737
e-mail:	tracegroup@tracebg.com
Internet address:	www.tracebg.com

Important events in the development of TRACE GROUP HOLD AD and its subsidiaries:

By Decision 1110 of 19.03.2003 under company file No. 670/2003 of Stara Zagora District Court, lot No. 4 reg. 1, volume 1, page 8, Trace Group Hold AD was established by transforming the sole-owner limited liability company Group Consult into a joint-stock company, consolidating 14 branch-related companies within its structure.

In 2005, CH Trace Group AD became a subsidiary of TRACE GROUP HOLD AD, when 65% of its capital, equivalent to 3250 shares, were acquired.

Decision 1045 of 17.04.2006 under company file No. 670/2003 of Stara Zagora District Court, lot No. 4 reg. 1, volume 1, page 8, CH Trace Group AD is renamed to Stroitelna Kompaniya Trace AD.

By Decision No. 1313 of 10.04.2007 of Stara Zagora District Court, an increase in the capital of Trace Group Hold AD from 150,000 BGN to 1,000,000 BGN distributed in 100,000 registered shares with a nominal value of 10 BGN each, was registered.

By Decision No. 1772 of 22.05.2007 of Stara Zagora District Court, an increase in the capital from BGN 1,000,000 to BGN 2,000,000, distributed into 2,000,000 dematerialized, registered shares with a nominal value of BGN 1 each, was registered.

The enterprises of the other companies in the group of Trace Group Hold AD have not been pledged nor transferred.

PSI AD (a subsidiary of Trace Group Hold AD - 96.55%) was pledged as collateral to FIRST INVESTMENT BANK AD for a bank guarantee No. BBG -A- BG/12.03.2003 issued by it for the implementation of the Trakia Motorway project - Lot 1 Orizovo - Stara Zagora. The term of the pledge remains in effect until the full performance of all obligations of PSI AD, Stara Zagora under the bank guarantee agreement.

To date, the Company has not acquired or disposed of assets of significant value other than in the ordinary course of its business.

No changes have been made to the scope of activities of the Company.

At the time of preparation of the Prospectus, there are no claims filed for initiation of bankruptcy proceedings against Trace Group Hold AD or its subsidiary.

No tender offers have been made by third parties to the Issuer, nor by the Issuer to other companies, from its incorporation to the present date.

The scope of activity of TRACE GROUP HOLD AD

According to the statutes of TRACE GROUP HOLD AD, its scope of activity is: acquisition, management, evaluation and sale of shareholding in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, management and sale of patents, assignment of licenses for the use of patents to companies in which the holding company participates, financing of companies in which the holding company participates, design, construction, reconstruction of roads, road facilities and road infrastructure, design, construction, reconstruction, furnishing, repair and investment control of commercial and residential construction sites, purchase of goods for the purpose of resale in their original, processed, or treated form; commercial representation and intermediation; trade in industrial goods and petroleum products; construction entrepreneurship; commission, forwarding (excluding post) and transport transactions; warehouse transactions; license deals; commodity control; advertising, information, programming, and other services; internal and international transport of passengers and goods; performance of other commercial transactions and services not prohibited by law; (activities subject to licensing or permit regime will be performed after obtaining the relevant license or permit).

The operations of Trace Group Hold AD can be viewed in two main areas:

1) **economic**, including

- active participation in major infrastructure construction tenders organized on the territory of Bulgaria;
- search for new markets, including new spheres and areas of activity close to that of the company;

2) **organizational and managerial**, including

- investments in shares and equity of legal entities with a scope of activity related to that of the company;
- organizing and ensuring conditions for carrying out the activities of the holding structure;

- supporting subsidiaries in carrying out their investment and operational activities, necessary to secure resources for their ongoing projects."

TRACE GROUP HOLD AD consolidates specialized Bulgarian companies for construction and maintenance of engineering infrastructure in the design, construction and repair of highways, roads, airports, construction of metro stations, construction, reconstruction, repair and ongoing maintenance of urban infrastructure, horizontal and vertical marking, winter maintenance of highways, roads and settlements. The subsidiaries and associates of the company are specialized also in the construction of gas distribution and water supply systems, participation in the national landslide reinforcement program and in emergency and recovery activities in the event of natural disasters.

The scope of activities of the companies of TRACE GROUP HOLD AD also includes high-rise construction of civil and commercial sites.

The holding also works on projects of the Ministry of Defense of the Republic Bulgaria.

Main activities of the companies of TRACE GROUP HOLD AD

1. ENGINEERING INFRASTRUCTURE

Road infrastructure

construction and repair of roads and highways construction
reconstruction, ongoing maintenance of urban infrastructure, design and geodesy

Bridges and bridge structures

survey and assessment, construction, reconstruction and repair of bridge structures. All stages of construction are carried out - foundation, superstructure and substructure of bridges, structural reinforcement, underground terraces

Public service and recreation complexes

Water supply and gas supply systems

design, construction and installation of gas pipeline systems
construction and maintenance of water supply networks

Environmental protection facilities

Emergency and restoration works

2. MILITARY FACILITIES

Airport construction and repair

3. HIGH-RISE CONSTRUCTION

4. OTHER ACTIVITIES

Current and winter maintenance of highways, roads and settlements

Repair and maintenance of specialized road construction machines and vehicles

Production of concrete and concrete products; concrete works

Production of aggregates and construction materials

Production of asphalt mixtures

The principal investments of Trace Group Hold AD have been directed toward the consolidation of companies operating in the road construction sector, as well as the management and control of their production, financial, managerial and human resources potential.

Company name	01.06.2007		31.12.2006	31.12.2005
	Share percentage	Value In thousand BGN	Share percentage	
INVESTMENTS IN SUBSIDIARIES				
Trace - Burgas EOOD Burgas	100.00	10	100.00	100.00
PSI AD Stara Zagora	96.55	733	96.55	96.55
USM AD Stara Zagora	95.67	745	95.67	95.67
PSF Mostinzhenering AD Yambol	95.35	1051	95.35	95.35

Stroitelna Kompaniya Trace AD Stara Zagora	65.00	39	65.00	65.00
Berko Trace OOD Sliven	51.00	6	51.00	51.00
Augusta Trace OOD Stara Zagora	51.00	3	51.00	51.00
Trace – Sofia EOOD				100.00
Rodopa Trace EOOD Smolyan	100.00	199		
Patno poddurzhane Kazanlak EOOD Kazanlak	100.00	262		
PSI Plovdiv OOD Plovdiv	80.00	8		
Infrastroy OOD Pleven	66.66	3		



INVESTMENTS IN ASSOCIATED COMPANIES				
Technostroyinzheniering-99 AD Yambol	33.00	32	33	33
Patstroyinzheniering AD Kardzhali	26.72	39	27	27
Injproject Ltd. Stara Zagora	0.00	3	48.00	
INVESTMENTS IN OTHER ENTERPRISES				
Budinstroy AD Vidin			17.00	17.00

The main market of Trace Group Hold AD is the market of road construction services, construction, repair, rehabilitation and maintenance of republican and municipal roads, as well as the consolidation of companies engaged in the road construction industry and the management and control of their production, financial, managerial and human resources potential.

The company is a leading road construction entity, setting standards for professionalism, quality, speed, and the implementation of new technologies, employing elite specialists from various fields.

European quality, effective solutions and competitive prices are the advantages of the holding company. The company is united around common values, but the key ones are Imagination, Innovation, Reliability.

Trace Group Hold AD owns the right to the trademark TRACE issued with a certificate from the Patent Office of the Republic of Bulgaria under number 46360/18.11.2005.

The guiding philosophy of the Company is:

- ensuring high quality in all aspects of work;
- compliance with the basic principles of engineering, which are: security, technology, efficiency, aesthetics and functionality;
- special attitude towards the environment and society;
- offering benefits for clients, contracting authorities and society

Trace Group Hold AD is a member of:

- The Bulgarian Branch Chamber Roads
- The Association of Industrial Capital in Bulgaria
- The Bulgarian Construction Chamber
- The Bulgarian Chamber of Commerce and Industry
- The Chamber of Builders in Bulgaria

Trace Group Hold AD and Stroitelna Kompaniya Trace AD meet the high criteria set by NATO and are included in the list of candidates for participation in NATO international procedures at the Ministry of Economy and Energy. This entitles the company to participate in procedures under the Regulation on the conditions and procedure for admitting Bulgarian individuals or legal entities to participate in international procedures of the North Atlantic Treaty Organization /NATO/, through the NATO Maintenance and Supply Agency /NAMSAs/. Trace Group Hold and Construction company Trace AD have participated in international tenders organized by NATO member countries: Germany, Czech Republic, Belgium and NAMSAs, as a host country for non-NATO countries: Republic of Serbia /Kosovo/, Afghanistan, etc.

Stroitelna Kompaniya Trace AD is one of the few companies in the Republic of Bulgaria holding a Certificate for access to national classified information up to the Secret level and a unique identification number issued by the State Commission for Information Security /SCIS/. Stroitelna Kompaniya Trace AD is an "organizational unit" and has established a "registry" and creates, receives, processes and stores classified information up to the "Secret" level /when this is required by the nature of the project being executed/. With the above mentioned and with its specialists holding individual Certificates for access to national classified information, Stroitelna Kompaniya Trace AD meets all requirements under the Law on the Protection of Classified Information and the Regulations for its implementation and can participate and participates in public procurement procedures under the Ordinance on the Award of Special Public Procurement, where access to classified information with a specific security clearance is required.

Trace Group Hold AD and Stroitelna Kompaniya Trace AD meet NATO requirements and have been assigned an NCAGE code as manufacturer/supplier code in the NATO codification system.

Trace Group Hold AD and Stroitelna Kompaniya Trace AD have a unique D-U-N-S code that identifies the companies as suppliers of goods and services to the US government. This code is widely used by both commercial companies and US federal organizations when selecting partners for the implementation of private and government (and military) projects on the territory of each country (where such projects will be implemented).

Currently, there are over 100 road construction companies in Bulgaria, geographically distributed throughout the country. The majority of them are small companies. Compared to most of its competitors, TRACE GROUP HOLD AD has greater financial, production, personnel and updated technical resources. It is typical of the Company is that it works with over 100 companies that are outside the holding structure. Most of their production is used in the activities of Trace Group Hold.

Trace Group Hold PLC maintains proper and professional cooperation with suppliers and clients, universities and scientific organizations, as well as Bulgarian and foreign companies.

The experience gained so far, the construction works implemented and in progress, as well as the continuous growth, development and expansion of the activities of TRACE GROUP HOLD AD and its subsidiaries, the investment in the purchase of new modern machinery, facilities and equipment, contribute to enhancing the company's competitiveness and increase opportunities to win many future infrastructure projects.

The good location of the subsidiaries across the country provides a practical opportunity to meet the needs for construction, reconstruction and repair of the road network throughout most of Bulgaria. It also facilitates the rapid redeployment of equipment and personnel to minimize costs on construction sites, as well as the ability to create an efficient work organization.

The own quarries and asphalt plants located throughout the country, along with the sufficient inhouse machinery, allow the company to provide its customers with the best in terms of quality and services at competitive prices. The accredited laboratories of Trace Group Hold AD ensure full quality control of the activities performed and provide the necessary tests when introducing new types of pavements and materials.

Economic group of TRACE GROUP HOLD AD

SUBSIDIARIES / REGION	Scope of activity
STARA ZAGORA	
PSI AD	- Management, construction and design of large infrastructure projects - production of aggregates - production of asphalt mixtures
Stroitelna Kompaniya Trace AD	- construction of regional sites; - special public procurement - high-rise construction
USM AD	- services with specialized road construction equipment; - repair of road construction equipment; - winter maintenance of the road network
Augusta Trace OOD	- security activities
YAMBOL	
PSF Mostinjering AD	- construction and repair of bridge structures - construction, repair and maintenance of infrastructure facilities of regional importance - production of aggregates - production of asphalt mixtures
Technostroy Engineering-99 AD ³	- construction, repair and maintenance of infrastructure facilities of regional importance - production of aggregates - production of asphalt mixtures
BURGAS	
Trace - Burgas EOOD	- construction, repair and maintenance of infrastructure facilities of regional importance - street network maintenance - traffic light maintenance - production of asphalt mixtures
SLIVEN	

³ Associated company

Berko Trace OOD

- construction of regional sites

KARDZHALI

Patstroyinzheniering AD ⁴

- construction, repair and maintenance of infrastructure facilities of regional importance
- production of facing slabs;
- production of aggregates
- production of asphalt mixtures

SMOLYAN

Rodopa Trace EOOD

- construction, repair and maintenance of infrastructure facilities of regional importance
- emergency repairs
- production of asphalt mixtures

KAZANLAK

Patno poddurzhane Kazanlak EOOD

- construction, repair and maintenance of infrastructure facilities of regional importance
- emergency repairs

PLOVDIV

PSI Plovdiv OOD

- construction, repair and maintenance of infrastructure facilities of regional importance

PLEVEN

Infrastroy OOD

- construction, repair and maintenance of infrastructure facilities of regional importance

Revenues of Trace Group Hold AD (non-consolidated basis)

	<i>In thousand BGN</i>			
Revenue from sales of:	2006	30.06.2006	2005	30.06.2007
Services	2,059	354	479	3,023
Production		67		1,460
Goods	1			3,288
Services under construction contracts	369		1,781	
Other	44	6	6	136
including sale of materials	32			
TOTAL	2,473	427	2,266	7,907
Financial income				
Participations	21	22		
Interests			2	
From operations with financial instruments	40			9
Positive exchange rate differences	3			3
TOTAL	64	22	2	12

Revenues of Trace Group Hold AD (consolidated basis) In thousand BGN.

Revenue from sales of:	2006	30.06.2006	2005	30.06.2007
Services	26,484	42,682	43,484	13,710
Production		1,264		6,038
Goods	810	405	1,718	70
Services under construction contracts	84,048		62,091	
Other	6,541	5,458	5,742	3,839
TOTAL sales revenue	117,883	49,809	113,035	23,657
Revenue from financing	19	8	41	
TOTAL OPERATING REVENUE	117,902	49,817	113,076	23,657
Financial income				
Participations	21			83
Interests	31	34	73	7
From operations with financial instruments	70	180	360	9
Positive exchange rate differences	4	1	2	50
Other		3	5	
TOTAL financial revenues	126	218	440	149

TECHNOLOGICAL EQUIPMENT OF TRACE GROUP HOLD AD

The production, repair and technical facilities and warehouses of TRACE GROUP HOLD AD are located in key transport and communication centers, which allows the implementation of the assigned projects in the shortest possible time and with high quality.

Expanding its market share, the company is equipping its production facilities and machinery with top-of-the-line specialized equipment.

Main facilities of TRACE GROUP HOLD AD:

- Ten asphalt plants, 2 of which are modular-mobile ones
- Polymer-modified bitumen production plant
- Bitumen emulsion production plant
- Stone flour production plants
- Six quarries for aggregates
- Ten crushing plants for production of stone fractions, 4 of them mobile
- Two concrete paving machines
- Specialized earthmoving equipment
- Asphalt paving equipment

The company works with more than 150 specialized production and construction machinery from the following companies: SIM, WIRTGEN, VOGELE, HAMM, BOMAG, METSO MINERALS, BERNARDI, MARINI, DYNAPAC, SVEDALA, PHOENIX, CATERPILLAR, HYUNDAI, O&K, KOMATSU, INTERCON, HOFFMAN, WACKER, ATLAS COPCO.

The Holding's environmental policy focuses on operating within a healthy production environment and in a manner that preserves the surrounding nature. To this end, the Company strives to invest in high-performance, reliable equipment fully compliant with current environmental and water protection regulations

Part of the funds raised through the initial public offering of shares from the capital increase of Trace Group Hold AD will be used for the replacement of physically and technically obsolete equipment with new one.

4 Operating results, financial condition and prospect

In 2005, the revenues of Trace Group Hold AD amounted to BGN 2,266 thousand. – revenue from sale of services 2,260 thousand BGN and revenue from other sales 6 thousand BGN.

On a consolidated basis, in 2005, the group's total revenues amounted to BGN 113,076 thousand. Revenue from the main activity is BGN 113,035 thousand. Their structure by type is as follows:

1. Revenue from sales of products - 43,484 thousand BGN.
2. Revenue from sale of services - BGN 62,091 thousand.
3. Revenue from sale of goods - 1,718 thousand BGN
4. Revenue from other sales - BGN 5,742 thousand.

The revenues from core activity of TRACE GROUP HOLD AD for 2006 amounted to BGN 2,473 thousand, with 2,059 thousand BGN of them coming from services, BGN 369 thousand from construction and installation works (C&I), one thousand BGN from sale of goods and BGN 44 thousand from revenues from other sales. For 2005, the revenues from core activity are respectively: from site management 479 thousand BGN, from construction and installation works – 1781 thousand BGN and from real estate rentals - 6 thousand BGN.

On a consolidated basis, after compiling the annual financial statements for 2006, it is evident that the group has achieved very good results. The gross consolidated financial result is positive and amounts to BGN 6,142 thousand. The accrued taxes are 900 thousand BGN. The net financial result is BGN 5,242 thousand.

In the reporting year 2006, the Group's total revenues amounted to BGN 117,902 thousand. The revenue from core activity is BGN 117,883 thousand. Of these, net revenues from construction and installation works amounted to BGN 84,048 thousand. Their structure by type is as follows:

1. Revenue from sales of products - 26,484 thousand BGN.
2. Revenue from sale of services - BGN 84,048 thousand.
3. Revenue from sale of goods - 810 thousand BGN
4. Revenue from other sales - BGN 6,541 thousand.

For the first three months of 2007, the revenues of Trace Group Hold AD amounted to BGN 2,472 thousand, of which BGN 740 thousand were revenues from construction and installation works, BGN 334 thousand were revenues from sales of goods, BGN 1,317 thousand were revenues from sales of services and BGN 81 thousand were other revenues. For the same period of 2006, the Company generated revenue amounting to BGN 163 thousand, of which BGN 160 thousand represented revenue from sales of services and BGN 3 thousand were other revenues.

On a consolidated basis, the revenues of Trace Group Hold AD are as follows:

Revenue	31.03.2007	31.03.2006
		<i>In thousand BGN</i>

Registration document

1. Revenue from sales of products	5,577	1,456
2. Revenue from sales of services	1,667	3,716
3. Revenue from sales of goods	24	673
4. Revenue from other sales	1,965	777
Total	9,233	6,622

As of the end of the second quarter of 2007, the revenues of Trace Group Hold AD amounted to 7,920 thousand BGN, of which 3,023 thousand BGN were revenues from services, 3,288 thousand BGN - revenues from the sale of goods, 1,460 thousand BGN - revenues from services under construction contracts, other - 136 thousand BGN, including 77 thousand BGN from the sale of materials.

For the same period of 2006, the Company generated revenues of BGN 427 thousand, of which BGN 354 thousand – revenues from sales of services, BGN 67 thousand – revenues from services under construction contracts and BGN 6 thousand were other revenues.

On a consolidated basis, the revenues of Trace Group Hold AD are as follows:

Revenue	30.06.2007	30.06.2006r.
		<i>In thousand BGN</i>
1. Revenue from sales of products	6,038	1,264
2. Revenue from sales of services	13,710	42,682
3. Revenue from sales of goods	70	405
4. Revenue from other sales	3,839	5,458
Total	23,657	49,809

Road construction projects are long-term and exchange rate fluctuations are of great importance when bidding in foreign currency, as the bidding conditions limit the possibilities for price renegotiation.

The budget for road construction and rehabilitation of the NRI Fund, which is the main counterparty of the structure, has an impact on the activities of the company and its subsidiaries, due to their identical line of business.

A significant factor affecting the operations of Trace Group Hold AD and other road construction companies is the delayed payment of liabilities by the National Road Infrastructure Fund or its contractors.

In 2006, a major factor affecting the liquidity of Trace Group Hold AD and other road construction companies was the delay in payments from the National Road Infrastructure Fund to its contractors.

Item	31.12.05	31.12.06	31.03.07	30.06.07
	<i>In thousand BGN</i>			
Cash	3,818	8,369	694	2,788
Current receivables	27,486	38,269	32,037	34,902
Current liabilities	43,752	52,122	47,014	49,325

As of 30.07.2007 TRACE GROUP HOLD AD and the companies from its economic group have received the following loans.

Borrower	Type of loan	Loan contr. amount in thousand BGN	Current debt in thousands of BGN	Loan term	Interest rate
Trace Group Hold PLC	conditional for BG*	8,500	100	BG* for participation are issued with a validity period until 30.09.2008, and BG* for performance and received advance with a validity period of up to 36 months from issuance.	0.36% per quarter, but not less than 40 BGN.
Stroitelna Kompaniya Trace AD	conditional for BG*	13,100	12,000	issued until 31.12.2007.	bank guarantee 0.14% per month on the guarantees that have been issued
PSI AD	conditional for BG*	10,470	10,470	Up to 28 days from the date of handover of the Trakiya Motorway project**	0.20% per quarter
PSI AD	overdraft	750	0	28.02.2008	base interest rate for the bank +4.00% (last 6.03% + 4 = 10.03%)
Stroitelna Trace AD	Kompaniya overdraft	1,500	1,500	5 equal installments from 30.06.08 to 31.10.08	1 week SOFIBOR+ 3.50%
Stroitelna Trace AD	Kompaniya overdraft	300	0	150 thousand BGN 10.09.08 150 thousand BGN 15.10.08	Base interest rate+6,50%
Stroitelna Trace AD	Kompaniya overdraft	2,000	1,933	1000 thousand BGN 15.10.07 1000 thousand BGN 20.11.07	Base interest rate+7,25%
Stroitelna Trace AD	Kompaniya overdraft	3,600	1,500	1500 thousand BGN 03.01.08r.	Base interest rate+6,75%

PSF Mostinzhenering AD	overdraft	800	800	31.01.2008	base interest rate for the bank +3.50% (last 6.03+3.50=9.53%)
Rodopa Trace EOOD	overdraft	200	65	31.10.2007	Base interest rate+8,00%

* Bank Guarantee
**Trakia Motorway

FINANCIAL INDICATORS

Based on the information provided in the individual components of the financial statement as of 30.06.2007, the company presents the following indicators, obtained as a result of the financial and accounting analysis.

Indicators	30.6.2007 Value
Profitability	
Sales revenue profitability ratio	0.2502
Return on equity ratio	0.2322
Return on assets ratio	0.1118
Asset capitalization ratio	0.0755
Liquidity:	
Total liquidity ratio	1.1407
Quick liquidity ratio	0.7641
Instant liquidity ratio	0.0565
Absolute liquidity ratio	0.0565
Financial autonomy:	
Financial autonomy coefficient	0.4816
Debt ratio	2.0765

During the period under review, the company did not use derivative financial instruments, such as financial options, futures and forward transactions, interest rate swaps and currency swaps. The income from operations with financial instruments in 2006 in the amount of BGN 40 thousand is from the sale of shares of Trace Sofia EOOD.

TYPE	30.06.2007	2006	2005
			<i>In thousand BGN</i>
Receivables from related parties incl.	7,726	1,856	591
Sales receivables	6,119	1,808	578
PSI AD		890	23
Stroitelna Kompaniya Trace AD		23	
Berko-Trace OOD		32	
USM AD		98	37
PSF Mostinzhenering AD		261	209
Trace – Sofia EOOD		288	82
Trace – Burgas EOOD		24	32
Rodopa Trace EOOD		69	14
Patno poddurzhane Kazanlak EOOD		3	6
Technostory-engineering 99 AD		119	175
Injproject OOD		1	
Receivables from co-participants	22	22	
Receivables from advances provided	885	26	
Receivables from trade loans granted	700		13
Short-term receivables incl.	1432	300	119
Sales receivables	782	75	114
Receivables from trade loans granted		100	
Receivables from advances provided		119	
Prepaid expenses		4	1
Other short-term receivables	650	2	4
Total	9158	2156	710
Liabilities to related parties including:	3757	831	841
Delivery liabilities	667		
PSI AD		51	
PSI AD - advance payment		52	52
Stroitelna Kompaniya Trace AD		1	
USM AD		640	645
Trace - Burgas EOOD		19	123
Managers' guarantee liabilities	29	21	21
Payables for participating interests	908	47	
Liabilities for advances received	2153		
Liabilities under leasing contracts	1,768	1	
Short-term liabilities incl.	4,325	1,588	1,820
Delivery liabilities	4,325	1,552	1,820
Liabilities for advances received		36	
Staff payables	286	262	104
Social security payables	6	6	4
Tax liabilities	569	442	163
Total	10,711	3,130	2,932

All receivables are short-term ones with a term of up to 1 year.

On a consolidated basis, Trace Group Hold AD has the following current receivables and payables:

Current trade and other receivables	30.06.2007	2006	2005
In thousand BGN			
Receivables from related parties incl.	1992		
Sales receivables	1992		
Short-term receivables incl.	32910	46544	28007
Sales receivables	25271	42152	23953
Receivables from trade loans granted		1212	864
Receivables from advances provided	5,293	1,403	1,856
	210	187	174
VAT refund	603	545	95
Overpaid corporate tax	122	18	4
Other taxes	30		
Social security receivables	1	25	25
Prepaid expenses	198	66	211
Other short-term receivables	1182	936	825
Impairment of uncollectible receivables		(1,508)	(521)
Sales receivables		(1,508)	(521)
Total	34,902	45,036	27,486

Liabilities to Related parties incl.	5,713		
Delivery liabilities	5,713		
Liabilities to financial institutions	6,769	6,923	5,362
Liabilities under leasing contracts	1,978	113	345
Short-term liabilities incl.	31,292	47,679	32,796
Delivery liabilities	26,829	46,977	24,477
Liabilities for trade loans received	252	52	52
Liabilities for advances received	4,211	650	8,267
Staff payables	1,706	2,185	1,488
including compensatory leave		345	264
Social security payables	264	571	514
Tax liabilities for:	934	1,865	1,611
VAT	934	738	677
Corporate tax		660	439
Personal income tax		410	371
Other taxes		57	38
Provisions		167	91
Other short-term liabilities incl.	669	1914	1545
Prepaid revenue	70	70	127
Other short-term payables	599	1,844	1,418
Total	49,325	61,417	43,752

All receivables and payables are short-term with a term of up to 1 year.

TRACE GROUP HOLD AD has an accredited **Independent Construction Laboratory**, equipped with state-of-the-art instruments and apparatus manufactured by companies from Germany and Italy.

Scope of activity:

- Measuring the compaction of asphalt layers
- Quality assessment of soils
- Testing of materials for crushed stone pavements
- Testing of bitumens and asphalt mixtures, polymer-modified bitumens.

The laboratory owns the first Brookfield viscometer in Bulgaria, used to measure the viscosity of bitumen.

- Preparation of asphalt mixture designs
- Quality Evaluation of Finished Asphalt Layers
- Preparation of concrete mix design and quality assessment
- Preparation of designs and quality assessment of cement-stabilizing base
- The laboratory works according to Bulgarian, American, European and British standards.

Information on the amount of funds spent by the Company on research and development activities.

The value of the laboratory equipment amounts to 80 thousand leva.

Main trends in in the Road Construction Industry

In recent years, several lasting trends have emerged, facing construction companies:

- The requirements and thresholds imposed on Bulgarian companies by the rules of the preaccession programs and the structural funds of the European Union are too high – the international tenders that are announced in Bulgaria and are for Bulgarian sites are won mostly by foreign companies.
- There are insufficient opportunities for generating financial resources, and there are difficulties in providing bank guarantees for participation in tenders.
- The shortage of professional and qualified workers is increasing - there is a decrease in the number of newly graduated civil engineers who strive for successful professional realization in Bulgaria.

According to a World Bank study, only a third of Bulgaria's national road network is in good condition and the share of roads that need serious modernization to reach EU quality and safety standards is significant. The lack of funding is cited as the main reason for the poor condition of road infrastructure. The roads in Bulgaria have a total length of over 37 thousand kilometers, of which about 19 thousand kilometers make up the so-called republican road network, which is managed by the NRI Fund.

Following Bulgaria's accession to the EU on January 1, 2007, the financing of infrastructure projects has been carried out primarily through the Union's Structural Funds and the Cohesion Fund.

About Euro 8 billion are set in the National Strategy for Integrated Infrastructure Development of Bulgaria and its Action Plan for financing of infrastructure projects . One of the main strategic documents on the basis of which Bulgaria's financing from the European Union's structural funds will be negotiated is the National Development Plan for the period 2007-2013. It includes five operational programs:

- Competitiveness of the Bulgarian economy

- Regional development
- Human resources development
- Environment
- Transport



The prospects in the transport sector are focused on the development of the priority Trans- European Transport Corridors IV, X, VII and VIII.

During the new programming period of the European Union 2007-2013, Bulgaria will absorb funds from the Cohesion Fund and the European Regional Development Fund for the development and modernization of transport infrastructure of national, European and cross-border importance.

According to the requirements of the European Union, the programming of financial resources in the transport sector for the period 2007 - 2013 is carried out through the preparation of a Sectoral Operational Program "Transport".

According to data from the NRI Fund in 2007 The following projects are about to be launched under the Transport" and Regional Development Operational Programs:

Transport Operational Program:

- Construction of Struma Motorway: The project will be funded by the Cohesion Fund, with the cost of the four Lots on the Struma Motorway estimated at Euro 600,000,000.
- Construction of Maritsa Motorway from km 5+000 to km 72+940. The project will be funded by the Cohesion Fund. The project value is Euro 210,000,000.
- Project "Construction of a road connection between Hemus Motorway and Sofia Ring Road". The project will be funded by the Cohesion Fund. Its indicative value is Euro 32,000,000.
- Road I-5 Kardzhali – Podkova with L=16.9 km and bypass of the city of Kardzhali with L=15 km. The project will be financed by the Cohesion Fund. Its indicative value is Euro 32,000,000.

The Regional Development Operational Program provides an opportunity for improvement of the condition of the second-class and third-class road network, as the projects envisage the rehabilitation of 747 km of roads, the reconstruction of 227 km, as well as the construction of 19 km of new roads. Projects under the Regional Development Operational Programme are prepared in accordance with the six planning regions established for the management of the operational programme. The start of the following projects is planned for 2007:

For **the Northwestern Planning Region** (Montana, Vratsa), 6 Lots with a total road network length of 44 km and value of the rehabilitation, reconstruction and construction exceeding BGN 42,000,000 are planned to be started.

For **the Central Northern Planning Region**, designs for 18 lots with a road network length of 198 km and value of the rehabilitation, reconstruction and construction exceeding BGN 152,000,000 are being prepared.

For **the Northeastern Planning Region**, designs for 23 lots with a road network length of 279 km and value of the rehabilitation, reconstruction and construction exceeding BGN 154,000,000 lva are being prepared.

For **the Southeastern Planning Region** (Burgas, Yambol, Sliven), designs for 11 lots with a road network length of 133 km and value of the rehabilitation, reconstruction and construction exceeding BGN 108,000,000 are being prepared.

For **the Central Southern Planning Region**, designs for 23 lots with a road network length of 239 km and value of the rehabilitation, reconstruction and construction cost of over BGN 151,000,000 are being prepared.

For **the Southwestern Planning Region** (Sofia, Pernik, Blagoevgrad and Kyustendil) desings for 9 lots with a road network length of 99 km and value of rehabilitation, reconstruction and construction cost of over BGN 66,000,000 are being prepared.

The infrastructure construction sector began facing its first challenges as early as the beginning of the current year. Immediately after joining the European Union, Bulgaria proved unable to receive funding for new projects from the community due to lack of preparedness of the administration. In addition to the problem with the absorption of funds from the Union's structural funds, the approval of new projects under the pre-accession programs was blocked, along with the delay in the accreditation of the agencies through which the remaining money under the pre-accession programs ISPA and PHARE must pass. The 2007 EC budget provided for Bulgaria to receive around BGN 650 million from the pre-accession funds under the PHARE, SAPARD and ISPA programs, resources that the country used as a candidate member and which in principle could continue to be used until 2010.

The last financial agreements under the PHARE program were signed in March 2007. The PHARE financial agreements are under the 2006 Cross-Border Cooperation Program between Bulgaria - Greece, Macedonia, Romania, Turkey and Serbia. EU support for cross-border cooperation with Greece is Euro 20 million, with Macedonia - Euro 3 million, with Romania - Euro 8 million, with Turkey - Euro 7 million and with Serbia - Euro 4 million. The larger-scale projects in the agreements are "Rehabilitation of road II-86 Chepelare - Sokolovtsi and construction of a bypass road near Rudozem", "Rehabilitation of road I-7 Yambol-Elhovo" and "Increasing traffic safety on the road E79 - Dupnitsa - Kulata".

The above-listed trends and problems in the construction industry have an impact on the operations and financial condition of Trace Group Hold AD.

Plans of substantial importance Trace Group Hold AD

Procurement type	Procurement name	Contracting authority	Submission date	Participant	Value	Results	Notes	Time for implementation
Open procedure	Domestic and fecal sewage system of Bogomilovo village - Stara Zagora municipality	Stara Zagora municipality	08.1.2007	PSI AD	BGN 1,629,721.49	first place	signed contract	14 months
SAPARD	Repair of municipal road IV-11836 from km 16+400 /border of Dolna Mitropolia municipality/ to km 23+140 /Staroseltsi village/, Iskar municipality, Pleven province	Iskar municipality	02.2.2007	PSI AD	BGN 1 170 552.55	first place	signed contract	6 months
SAPARD	Street Sewerage construction in Lyubimets town,	Lyubimets municipality	06.2.2007	PSF Mostinzhenering AD Yambol town	BGN 2,467,385.23	first place	signed contract	31.12.2007
open procedure	Engineering (design and construction) of a road section from road II-56 town of Shipka - village of Gorno Sahrane - road I-6 - Turiya village - Plovdiv border from km 0+000 to km 35+800	Stara Zagora DRA	08.2.2007	PSI AD	BGN 14,773,691.70	first place	a contract is about to be signed	540 days
open procedure	Rehabilitation of a road section of road III-608 Sredno Gradishte village - Spasovo village from km 48+700 to km 55+700	Stara Zagora DRA	09.2.2007	PSI AD	BGN 1,916,950.79	first place	signed contract	7 months
SAPARD	Repair of roads from the municipal road network IV-35326 Chavdartsi - Krushuna - III-3011 sections from km 7+000 to km 7+815 and from km 8+815 to km 12+130 and IV-35328 Krushuna - Karpachevo - Gorsko Slivovo sections from km 0+000 to km 5+500 and from km 7+000 to km 11+300	Letnitsa municipality	12.2.2007	PSI AD	BGN 2,787,653.65	first place	signed contract	8 months
ISPA	Construction of main sewer collector I in Stara Zagora town, Maritsa River basin, Bulgaria	MRDPW	12.2.2007	Stanilov - Trace Consortium	BGN 11,019,324.52	first place	signed contract	12 months
SAPARD	RECONSTRUCTION OF THE STREET NETWORK IN YABLANITSA MUNICIPALITY	Yablanitsa municipality	14.2.2007	PSF Mostinzhenering AD Yambol town	BGN 3,426,772.79		terminated procedure	
SAPARD	Rehabilitation of municipal road IV-50304 Opan - Trakia from km 1+160 to km 4+600 and road IV-50303 Opan - Kravino from km 0+000 to km 4+532	Opan municipality	22.2.2007	PSI AD	BGN 3,307,060.96		terminated procedure	
Program for reconstruction and	NATIONAL TENDER 025: CONSTRUCTION, REPAIR AND INSTALLATION WORKS IN PSYCHIATRIC CLINICS, ALEKSANDROVSKA HOSPITAL, CITY OF	Ministry of Health	27.2.2007	Stroitelna Kompaniya AD	BGN 3,561,916.55	first place	signed contract	8 months

PPA	Construction of Roden Krai street between Alen Mak street and Topolitsa street from point 172 to point 619a according to the plan of Meden Rudnik complex, Burgas town.	BURGAS MUNICIPALITY	04.4.2007	Trace EOOD Burgas town	BGN 106,553,26	first place	signed contract	12 months
PPA	Production of asphalt mixture	Water Supply and Sewerage EOOD.	11.4.2007	PSF Mostinzhenering AD Yambol town	BGN 20,000,00	first place	signed contract	31.12.2007
PPA	Repair of municipal roads from the IV road network of Sungurlare municipality	Sungurlare municipality	08.5.2007	PSF Mostinzhenering AD Yambol town	BGN 197,878,92	first place	signed contract	2 months
PPA	Repair of road IV-66609 Saedinenie-Naydenovo, km 0+000 – km 4+000	Bratya Daskalovi municipality	14.5.2007	PSI-Gido Association with leading partner PSI	BGN 63,290,28	first place	signed contract	11 days
PPA	Repair of road IV-56509 Veren-Medovo, km 0+000 – km 6+000	Bratya Daskalovi municipality	14.5.2007	PSI-Gido Association	BGN 64,749,48	first place	signed contract	11 days
PPA	Application of horizontal road markings along the main and secondary street network on the territory of Plovdiv Municipality	OP "Organization and Control of Transport" Plovdiv Municipality	23.5.2007	PSI AD	BGN 20,000,00	no result		
Program for reconstruction and construction/repair of buildings	NCB 027 Emergency Ward - Reconstruction of a kitchen block and part of the emergency ward of the Dr. Dimitar Chakmakov Hospital, Radnevo, Stara Zagora pilot province	Ministry of Health	28.5.2007	Stroitelna Kompaniya AD Trace	BGN 644,127,35	first place	a contract is about to be signed	5 months
PPA	Municipal road to the industrial zone of Radinovo village, Maritsa municipality	Maritsa municipality PLOVDIV	28.5.2007	PSI-Shose Association with leading partner PSI	2,136,861.85	no result		
Program for reconstruction and construction/repair of buildings	Renovation and reconstruction of the building of Specialized hospital for active treatment in obstetrics and gynecology maternity home EAD, Sofia, for the relocation of clinics from Specialized hospital for active treatment in endocrinology, nephrology and gerontology Ivan Penchev EAD	Ministry of Health	29.5.2007	Stroitelna Kompaniya AD Trace	BGN 3,572,763,80	no result		

Program for reconstruction and construction/repair of buildings	Construction, repair and installation works in the neurology clinic of the University Hospital Health and Aleksandrovska, Sofia	Ministry of Health	07.6.2007	Stroitelna Kompaniya AD	Trace	BGN 3,891,661,56	no result		
PPA	Engineering of Morava Street, Smilyan village, Smolyan municipality	Smolyan municipality	11.6.2007	Rodopa EOOD town	Trace Smolyan	BGN 297,734,00	first place	signed contract	6 months
PPA	Engineering repair using experimental NANOTERRA technology on Road III-7602, border with Haskovo-G.Manastir-Krumovo-Inzovo-Rosa, section from km 13+600 to km 14+300 /in the village of G.Manastir/	NRI Fund, Yambol DRA	15.6.2007	PSF Mostinzhenering AD Yambol town as a subcontractor of GiP Inzhenering Group OOD		BGN 363,682,44	first place	signed contract	
PPA	Repair of street road network and local municipal roads in Letnitsa municipality, Lovech province	Letnitsa municipality	18.6.2007	PSI AD		BGN 195,916,12	first place	signed contract	2 months
PPA	Operation and management of a site for the disposal of construction waste and soil masses	Yambol municipality	18.6.2007	PSF Mostinzhenering AD Yambol town		BGN 60,000,00	first place	signed contract	31.12.2007
PPA	1. Repair of road II-66 - IV-66066 Vinarovo - Mogilovo from km 3+800 to km 9+200; 2. Repair of road II-66 - IV-66064 - Yavorovo junction - Yavorovo village from km 0+000 to km 2+600	Chirpan municipality	20.6.2007	TRACE GROUP HOLD AD		BGN 202,800,00	first place	signed contract	33 days
Special procurement	PROJECT 3AF31018-M CONSTRUCTION OF A WAREHOUSE FACILITY AND ASPHALTING OF A SITE NEAR IT AT BEZMER AIRBASE	Ministry of Defense	25.6.2007	TRACE GROUP HOLD AD		BGN 179,596,14	first place	signed contract	6 months
PPA	Construction of Anastasia Tosheva street from Dimcho Staev street to Kaloyanovsko Shose and of Slavianski boulevard from Dimcho Staev Street to Kapitan Petko Voivoda street, Stara Zagora	Stara Zagora municipality	02.7.2007	PSI AD		BGN 4,421,841,16	first place	a contract is about to be signed	6 months
PPA	Construction of the sewage network in the Kolyo Ganchev - II stage / eastern part / quarter, Stara Zagora and construction of connections with the newly built WWTP	Stara Zagora municipality	02.7.2007	PSI AD		BGN 5,988,879,37	first place	a contract is about to be signed	12 months
PPA	Construction of crushed gravel pavement for strengthening unpaved streets in the villages of Bratya Daskalovi municipality	Bratya Daskalovi municipality	02.7.2007	PSI-Gido Association with leading partner PSI		BGN 50,000,00	third place		
PPA	Patching with asphalt mixture of streets in the villages of Bratya Daskalovi Municipality	Bratya Daskalovi	02.7.2007	PSI-Gido Association with		BGN 80,000,00	fourth place		

Information regarding the forecasts

Minimal revenue growth with profit maintaining values around 6-7% of it is expected in 2007. This is due to the fact that a large part of the income is generated from the execution of the Trakia Motorway project. Since the contract was concluded in 2002 and does not contain clauses for price adjustment with an inflation index, the profitability is lower.

Several factors will be decisive for higher profit next year:

- On the one hand, the completion of the unprofitable Trakia project in 2007.
- Medium-term revenue is expected to grow at a rate between 22% and 30%. The highest revenue growth is expected in the following year, 2008, after which the Company anticipates a relatively stable growth rate of 22% over the medium term.

The latter is justified by the fact that the actual receipt of money from EU funds will begin in 2008, which will inevitably lead to the unfreezing of many infrastructure projects. According to data from the Ministry of Regional Development and Public Works, as well as the Ministry of Transport, investments in infrastructure in the amount of Euro 5 billion are expected over the next 5 years. In this aspect, the expectations of the management of Trace Group Hold AD for the amount of revenues by 2011 are within the range of BGN 300 million.

<i>A. Operating revenue</i>	2005	2006	2007	2008	2009	2010	2011
<i>In thousand BGN</i>	Historical data			Forecast data			
Net sales revenues:	113,035	117,883	124,956	162,443	203,053	247,725	302,225
Profit after tax	8,150	5,242	8,122	20,305	25,382	30,966	37,778

Detailed information regarding the plans of Trace Group Hold AD can be found in Section 4.4 of the Registration Document.

5. Information about the members of the management and control bodies, the procurators, the senior management and the employees on whose work Trace Group Hold AD depends

Trace Group Hold AD, referred to as the Company or the Issuing Company for short, is a jointstock company with a single-tier management system.

The Company is managed by a Board of Directors, which consists of 5 (five) members:

1. Tsvetan Ivanov Tsonev - Executive Director of Trace Group Hold AD
2. Nikolay Ganchev Mihaylov - Executive Director of Trace Group Hold AD
3. Yovko Genchev Zhilkov – Member of the Board of Directors of Trace Group Hold AD
4. Ivan Dimitrov Hristov - Member of the Board of Directors of Trace Group Hold AD
5. Ivan Stefanov Trifonov - Member of the Board of Directors of Trace Group Hold AD

Detailed biographies of the members of the Board of Directors of Trace Group Hold AD are presented in Section 5.1 of the Registration Document.

No compensation is provided for termination of contracts of members of the Board of Directors of the company and the companies of the holding.

There are no potential conflicts of interest between the duties of the members of the management and control bodies of Trace Group Hold AD and their private interests.

There are no arrangements or agreements between the main shareholders, customers, suppliers and others, pursuant to which any person from among the members of the Board of Directors is elected as such.

The members of the Board of Directors are not related to each other.

The members of the board of directors are not related to individuals from the issuer's senior management.

There are no restrictions accepted by the above-mentioned persons, holding shares in the capital of Trace Group Hold AD, on the disposal of holdings in issuer's securities within a specified period.

Employees on whose work TRACE GROUP HOLD AD depends

MANOL PEYCHEV DENEV

Director of Economic Affairs of Trace Group Hold AD

MIROSLAV KALCHEV MANOLOV

Chief Legal Counsel, Trace Group Hold AD

Eng. LACHEZAR STEFANOV ILCHEVSKI

Executive Director PSI AD Stara Zagora town

ANGEL DIMITROV GEORGIEV

Executive Director PSI AD, Executive Director of USM AD, Stara Zagora town - released

Eng. DIMITAR MARKOV DIMITROV

Executive Director of PSF Mostinzhenering AD

PETAR HRISTOV ILIEV

Manager of Trace – Burgas EOOD

Eng. ATANAS NIKOLOV KYUPREDZHIEV

PATSTROYENGINEERING AD, Kardzhali town - Executive Director

DIMITAR TODOROV TODOROV

Manager of PSI - PLOVDIV OOD

Eng. DOYKO KONSTANTINOV KOSTADINOV

Patno poddurzhane Kazanlak EOOD

Information regarding Trace Group Hold AD's compliance or non-compliance with the Corporate Governance Code.

TRACE GROUP HOLD AD does not comply with a corporate governance regime due to the lack of a National Corporate Governance Code in Bulgaria. Despite the current absence of a formally adopted national corporate governance code, pursuant to the provisions of Art. 100n, para. 4, item 3 of the Public Offering of Securities Act (POSA), public companies are required to comply with the content of their annual financial report by implementing a program for the application of internationally recognized standards for good corporate governance and Trace Group Hold AD should and will comply with this legal requirement after acquiring the status of a public company. Following the creation of a National Code of Corporate Governance, TRACE GROUP HOLD AD intends to comply with the regime set forth therein.

Information about the employees of TRACE GROUP HOLD AD:**Investing in people is a core principle of the management policy of TRACE GROUP HOLD AD.**

Human resource management is a key factor in the holding company's corporate policy **TRACE GROUP HOLD AD** has highly qualified specialists who successfully execute even the most complex road construction projects, with high quality and in accordance with international practice.

The management experience and professional expertise of specialists enable the implementation of innovative practices and modern technologies in infrastructure project delivery.

No.	COMPANY - main categories of employees/workers/ by type of activity	as of 31.12.2004	as of 31.12.2005	as of 31.12.2006
1	Trace Group Hold PLC	----	13	23
	Employees engaged in production management	----	1	2
	Workers/employees/employed in production.	----	----	4
	Workers/employees/employed in the administration and service activities.	----	12	17
	Temporary workers in production for 2006	----	----	----
2	Trace Burgas EOOD Burgas			
	Employees engaged in production management	----	3	3
	Workers/employees/employed in production.	----	20	37
	Workers/employees/employed in the administration and service activities.	----	7	8
	Temporary workers in production for 2006	----		
3	PSI AD Stara Zagora	282	294	308
	Employees engaged in production management	24	24	22
	Workers/employees/employed in production.	225	242	253

	Workers/employees/employed in the administration and service activities.	33	28	33
	Temporary workers in production for 2006	----	----	----
4	USM AD Stara Zagora	166	186	166
	Employees engaged in production management	2	2	2
	Workers/employees/employed in production.	143	161	144
	Workers/employees/employed in the administration and service activities.	21	23	20
	Temporary workers in production for 2006	----	----	----
5	PSF Mostinzhenering AD Yambol	119	126	137
	Employees engaged in production management	2	2	2
	Workers/employees/employed in production.	88	93	101
	Workers/employees/employed in the administration and service activities.	27	31	32
	Temporary workers in production for 2006	----	----	2
6	Stroitelna Kompaniya Trace AD Stara Zagora			
	Employees engaged in production management	----	----	6
	Workers/employees/employed in production.	----	----	19
	Workers/employees/employed in the administration and service activities.	18	10	14
	Temporary workers in production for 2006	----	----	----
7	Rodopa Trace EOOD Smolyan	37	44	50
	Employees engaged in production management	1	1	1
	Workers/employees/employed in production.	33	40	46
	Workers/employees/employed in the administration and service activities.	3	3	3
	Temporary workers in production for 2006	--	--	--
8	Berko Trace OOD Sliven			
	Employees engaged in production management			
	Workers/employees/employed in production.			
	Workers/employees/employed in the administration and service activities.			
	Temporary workers in production for 2006			
9	Patno poddurzhane Kazanlak EOOD Kazanlak	----		
	Employees engaged in production management	1	1	1
	Workers/employees/employed in production.	20	25	14
	Workers/employees/employed in the administration and service activities.	3	3	3
	Temporary workers in production for 2006	-----	-----	3
10	PSI Plovdiv OOD Plovdiv			
	Employees engaged in production management			
	Workers/employees/employed in production.			
	Workers/employees/employed in the administration and service activities.			
	Temporary workers in production for 2006			
11	Infrastroy OOD Pleven	Founded in 2007		
	Employees employed in production management	----	----	----
	Workers/employees/employed in production	----	----	----
	Workers/employees/employed in the administration and service activities.	----	----	----
	Temporary workers in production	----	----	----
12	Technostroy Engineering-99 AD Yambol	97		
	Employees engaged in production management	7	9	11
	Workers/employees/employed in production	72	91	92
	Workers/employees/employed in the administration and service activities.	18	16	17
	Temporary workers in production for 2006	----	----	----
13	Patstroyinzhenering AD Kardzhali			
	Employees engaged in production management			
	Workers/employees/employed in production			
	Workers/employees/employed in the administration and			

	service activities.			
	Temporary workers in production for 2006			
14	Augusta Trace OOD Stara Zagora	5	12	12
	Employees engaged in production management	1	1	1
	Workers/employees/employed in production	4	10	10
	Workers/employees/employed in the administration and service activities.	----	1	1
	Temporary workers in production for 2006	----	----	----

Information regarding the relations between the managing bodies and the employees' trade union organizations:

The companies of the Holding have established trade union organizations, which in most cases date back to the stage before their privatization /e.g. PSF Mostinzhenering Yambol – CITUB, PSI AD - CITUB/. In general, trade union activity in the holding and its companies is not so pronounced.

6. Shareholders with significant participation. Related party transactions

Nikolay Ganchev Mihaylov – Executive Director of TRACE GROUP HOLD AD owns:

1. Directly: 1,772,000 shares, representing 88.6% of the Company's capital.

2. Indirectly:

a. As a 100% Owner of Galini-N EOOD, Nikolay Ganchev Mihaylov additionally owns 198,000 shares of Trace Group Hold AD, representing 9.9% of the Company's capital.

b. Through a related party – Galin Nikolaev Mihaylov – 10,000, representing 0.5% of the Company's capital.

c. Through a related party – Lilia Nikolaeva Mihaylova – 10,000, representing 0.5% of the Company's capital.

Nikolay Ganchev Mihaylov owns directly and indirectly owns a total of 1,990,000 shares of Trace Group Hold AD, representing 99.5% of the Company's capital.

Galini-N EOOD, Stara Zagora town

Registered office: Bulgaria, Sofia province

Address of management: Stolichna Municipality, Sofia city 1407, Lozenetts district, 71 JAMES BOURCHIER str.

Owned shares: 198,000 shares, representing 9.9% of the capital of TRACE GROUP HOLD AD

There is no change in the percentage of shares owned by the main shareholders. The change in the number of shares held is a result of the capital increases of the Company.

The main shareholders of Trace Group Hold AD do not have different voting rights.

Data about the person(s), exercising control over Trace Group Hold AD

Nikolay Ganchev Mihaylov - Executive Director of TRACE GROUP HOLD AD owns directly 1,772,000 shares, representing 88.6% of the Company's capital.

Related party transactions

Sales of services (thousands of BGN)	2006	2005
PSI AD	1311	65
PSF Mostinzhenering AD	145	174
Stroitelna Kompaniya Trace AD	134	
Rodopa Trace EOOD	75	34
Trace - Burgas EOOD	57	80
Technostory-engineering 99 AD	50	20
USM AD	49	31
Berko-Trace OOD	30	
Patno poddurzhane Kazanlak EOOD	5	5
Injproject OOD	1	
Total service revenue:	1,857	409

Inventory sales	2006	2005
PSI AD	26	
Stroitelna Kompaniya Trace AD	1	
Rodopa Trace EOOD	1	
Trace - Burgas EOOD	1	
USM AD	2	
Total revenue from inventory sales:	31	

Service purchases	2006	2005
PSI AD	94	
Trace - Burgas EOOD	1	
Total service purchases	95	

Inventory purchases	2006	2005
PSI AD	51	
Total inventory purchases:	51	

Balances as of 30.06.2007 with related parties.

Related party customer	Period ending 30.06.2007
PSI AD	5,260
Stroitelna Kompaniya Trace AD	118
Berko Trace OOD	32
USM AD	128
PSF Mostinzhenering AD	123
Trace - Sofia EOOD	220
Trace - Burgas EOOD	122
Rodopa Trace EOOD	108
Patno poddurzhane Kazanlak EOOD	2
Injproject OOD	6
PSI AD – advance payment	865
Himcolor AD - advance payment	20
PSI AD – loan	500
USM AD - loan	200
Receivables from participating interests	22
Total receivables from related parties	7,726

Related party supplier	Period ending 30.06.2007
PSI AD	33
PSI AD - advance payment	2,206
Stroitelna Kompaniya Trace AD	25
USM AD	607
USM AD - advance payment	127
Trace - Sofia EOOD	2
Berko Trace OOD	
Managers' guarantee liabilities	29
Payables for participating interests	908
Total payables to related parties	3,757

Sales of products	Period ending 30.06.2007
PSI AD	1,164
Total revenue from sales of products	1,164
Sales of services	

PSI AD	2,463
PSF Mostinzhenering AD	89
Stroitelna Kompaniya Trace AD	93
Rodopa Trace EOOD	39
Trace - Burgas EOOD	125
USM AD	31
Patno poddurzhane Kazanlak EOOD	4
Trace - Sofia EOOD	173
Injproject OOD	4
Total revenue from services	3,021
Sales of goods	
PSI AD	3,083
Stroitelna Kompaniya Trace AD	205
Total revenue from sales of goods	3,288

Service purchases	Period ending 30.06.2007
PSI AD	164
USM AD	223
Stroitelna Kompaniya Trace AD	55
Total service purchases	442
Inventory purchases	
PSI AD	3
Himcolor AD	17
Stroitelna Kompaniya Trace AD	1
Total inventory purchases	21

7. Financial information

7.1. The annual financial statements for the last 3 years, including the consolidated financial statements, if any, audited by a registered auditor, including at least:

The annual consolidated and unconsolidated reports of TRACE GROUP HOLD AD prepared in accordance with international accounting standards for 2005 and 2006 are an integral part of this Prospectus.

7.2. Management report/s under Art. 33, para. 1 of the Accountancy Act

The management reports to the unconsolidated financial statements of TRACE GROUP HOLD AD for 2005 and 2006 are attached to this Prospectus for public offering of shares from the capital of the Company.

7.3. Audit reports for each of the periods for which audited financial statements are required.

The audit reports to the consolidated/unconsolidated financial statements of TRACE GROUP HOLD AD for 2005 and 2006 are attached to this Prospectus for public offering of shares from the capital of the Company.

7.4. The interim financial statements for the current year

The interim financial statements as of 31.03.2007 and 30.06.2007 of TRACE GROUP HOLD AD - consolidated and unconsolidated are attached to this Prospectus for public offering of shares from the capital of the Company. The latter have not been audited.

7.5. Information about all sales abroad and their percentage to all sales

At the time of preparation of the Registration Document, TRACE GROUP HOLD AD had not made any sales abroad.

7.6. Information about pending legal, administrative or arbitration proceedings, as well as decisions or requests for termination and liquidation of TRACE GROUP HOLD AD

At the time of preparation of this Registration Document, there are no pending legal, administrative or arbitration proceedings, as well as decisions or requests for termination and liquidation of TRACE GROUP HOLD AD.

7.7. The company dividend policy and information on the dividend per share for the last 3 financial years.

TRACE GROUP HOLD AD distributes dividends by decision of the General Meeting, in compliance with the terms and conditions provided for in the law and the company's articles of association. Since its establishment, TRACE GROUP HOLD AD has distributed dividends as follows:

Year	Dividend amount	Dividend amount per share
2005	BGN 50,000	BGN 10.00
2006	BGN 920,000	BGN 61.33

7.8. Material changes in the financial and commercial position of TRACE GROUP HOLD AD (or of the companies in the group, if the issuer prepares consolidated financial statements), occurring after the date of publication of the annual or the last interim financial statement. If such have not occurred, this must be explicitly stated.

By Ruling No. 1313 of 10.01.2007 of Stara Zagora District Court, an increase in the capital of Trace Group Hold AD from 150,000 BGN to 1,000,000 BGN distributed in 100,000 registered shares with a nominal value of 10 BGN each, was registered.

By Decision No. 1772 of 22.05.2007 of Stara Zagora District Court, an increase in the capital from BGN 1,000,000 to BGN 2,000,000, distributed into 2,000,000 dematerialized, registered shares with a nominal value of BGN 1 each, was registered

In 2007, Trace Group Hold AD acquired shares in the following companies:

- Rodopa Trace EOOD Smolyan - 100% for a total value of 199 thousand BGN.
- Patno poddurzhane Kazanlak EOOD Kazanlak – 100% for a total value of BGN 262 thousand.
- PSI Plovdiv OOD Plovdiv – 80% for a total value of 8 thousand BGN.
- Infrastroy OOD Pleven – 66.66% for a total value of BGN 3 thousand.

In 2007, Trace Group Hold AD has sold the shares in the following companies:

- Injproject OOD Stara Zagora – the owned share of the company's capital
- Budinstroy AD – the owned share of the company's capital

8. Information about the securities - subject of the public offering

The shares of the capital of TRACE GROUP HOLD AD are offered publicly on the basis of a resolution of the General Meeting of Shareholders of the Company dated 04.06.2007 to increase the capital of TRACE GROUP HOLD AD from 2,000,000 to 2,200,000.

Subject of the initial public offering are 200,000 ordinary, dematerialized, registered, freely transferable shares, with voting rights and a nominal value of 1 BGN each from the capital of TRACE GROUP HOLD AD.

The shares that will be the subject of the offering provide equal rights and belong to the same class as the other issued shares, including the right to receive a dividend voted after the end of the offering.

The shares of the Company are dematerialized, ordinary, freely transferable, registered shares, with voting rights.

The shareholders' register of TRACE GROUP HOLD AD is maintained by Central Depository AD, and the securities issue has been assigned an ISIN number: BG1100049078.

Offering of shares in the country and abroad

The offering of shares will take place only in the Republic of Bulgaria.

This Prospectus or a corresponding information memorandum in English may be made available to foreign institutional investors, subject to legal restrictions in other countries, as set out below in this Prospectus.

The Company and the Manager or other persons related to them will not take any action regarding the issuance of authorization for public offering of the shares (including authorization for the distribution of this prospectus or other information and advertising materials or statements related to the shares) in countries other than the Republic of Bulgaria.

The nominal value of the offered shares is 1 (one) BGN.

Each registered share of Trace Group Hold AD entitles the owner to one vote in the General Meeting of Shareholders of the company, the right to a dividend and a liquidation share, proportional to the nominal value of the share.

The company may also issue preferred shares. Preferred shares may be non-voting or may be with a guaranteed minimum dividend. The privileges are determined by the General Meeting when making a decision to issue preferred shares.

Preferred shares, giving the right to more than one vote or to an additional liquidation share, cannot be issued.

Dividends are distributed by resolution of the General Meeting based on a proposal by the Board of Directors. The General Meeting of Shareholders of the company decides on the dividend calculation method and its amount. The limitation period for the claim to a dividend is the general limitation period (5 years).

The right to receive dividends is granted to persons registered in the Central Depository's registers as shareholders on the 14th day after the date of the General Meeting at which the annual financial statement was approved and a decision to distribute the profit was adopted.

The company is obliged to ensure the payment of dividends within three months of the General Meeting. The costs for paying dividends are born by the company.

Right to vote

Each ordinary share of TRACE GROUP HOLD AD entitles the owner to one vote at the General Meeting of Shareholders of the company.

The right to vote at the General Meeting of Shareholders is exercised by persons registered in the records of the Central Depository as shareholders 14 days before the date of the General Meeting. The Central Depository provides the Company with a list of shareholders as of that date.

Shareholder privileges

Upon an increase in the Company's capital, each shareholder has the right to acquire a portion of the new shares corresponding to his share in the capital prior to the increase.

The right to participate in the increase is granted to persons who have acquired shares no later than 14 days after the date of the resolution of the General Meeting to increase the capital, and if the resolution to increase the capital is adopted by the Board of Directors - to persons who have acquired shares no later than 7 days after the date of publication of the announcement for public offering under the Public Offering of Securities Act.

Right to a liquidation share

Each ordinary share entitles to a liquidation share proportional to its nominal value. The rights granted by the securities, which are the subject of the public offering, are not and cannot be significantly limited by rights granted by another class of securities, or by the provisions of a contract or another document.

There are no indications of any mandatory takeover/merger proposals and/or rules for compulsory buy-out or sale with respect to the securities of Trace Group Hold AD.

There are no indications of any Third-party tender offer for a controlling stake of the share capital of Trace Group Hold AD, made during the last financial year and the current financial year.

The shares issued by the Company are freely transferable, without restrictions or conditions, subject to the regulatory provisions (see below). The transfer of shares is considered completed upon the registration of the transaction with the Central Depository.

The secondary trading (purchase and sale) of the Company's shares (after its registration on the BSE-Sofia AD) is carried out only on the BSE through a licensed investment intermediary. To buy or sell shares on the stock exchange, investors must submit "buy" or "sell" orders to the investment intermediary of which they are clients. After concluding the stock exchange transaction, the investment intermediary performs the necessary actions to register the deal with the Central Depository and perform its settlement (the execution of the concluded transaction), whereby the shares are transferred from the seller's account to the buyer's account.

An exception to the above rule that trading in company shares occurs only on the Bulgarian Stock Exchange (BSE) exists regarding share transactions between individuals. The latter have the right to conclude such transactions directly with each other. However, in order for the transfer of shares to take place in the Central Depository, the individuals, parties to the transaction, should submit data and documents to a licensed investment intermediary, acting as a registration agent.

The investment intermediary registers (announces) the transaction on the Bulgarian Stock Exchange and performs the necessary actions for registration of the transaction with the Central Depository and its

settlement. Likewise, the transfer of shares via an investment intermediary-registry agent applies to cases of donations and inheritance.

The conclusion of transactions with the shares of the Company (as well as with the shares of any public and investment company) is strictly and in detail regulated by the provisions of the Public Offering of Securities Act and the regulations regarding its implementation, the Rules of the Bulgarian Stock Exchange and the rules of the Central Depository. More information regarding the transfer of shares can be obtained from the contact persons listed at the end of this Document on the offered securities, as well as from any investment intermediary.

Specific regulatory acts in relation to the issue/subscription that are of material importance to investors.

Important issues for investors in connection with the secondary public offering of the Company's shares (subscription of shares and trading in rights on the stock exchange) are regulated in the following regulatory acts:

1. Public Offering of Securities Act (SG, No. 114 of 1999, as amended);
2. Ordinance No. 2 of 17.09.2003 of the FSC on prospectuses for public offering of securities and on the disclosure of information by public companies and other issuers of securities (SG, No. 90 of 2003);
3. Ordinance No. 1 of 15.09.2003 of the FSC on the requirements to the activities of investment intermediaries (SG, No. 90 of 2003);
4. Corporate Income Tax Act (SG, No. 115 of 1997, as amended);
5. Personal Income Tax Law (SG, No. 118 of 1997, as amended several times); Foreign Exchange Act (SG, No. 83 of 1999, as amended several times).

Basic regulatory acts applicable to equity securities and governing the disclosure of significant holdings, transactions with treasury shares, mandatory tender offers, conditions for deregistration of a given company from the register of the Commission for Public Companies and other issuers of securities under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act, etc.

The main regulatory acts applicable to the share issue:

- Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 30.12.1999 with all subsequent amendments and supplements);
- Commercial Act (promulgated in the State Gazette No. 48 of 18.06.1991, with all subsequent amendments and supplements);
- Financial Supervision Commission Act (promulgated in the State Gazette No. 8 of 28.01.2003, with all subsequent amendments and supplements);
- LAW against market abuse with financial instruments - Promulgated, State Gazette, No. 84 of 17.10.2006, in force from 01.01.2007.
- Markets of Financial Instruments Act
- Ordinance No. 2 of 17.09.2003 on prospectuses for public offerings of securities and on the disclosure of information by public companies and other issuers (promulgated in the State Gazette, No. 90 of 10.10.2003);
- Ordinance No. 13 of 22.12.2003 on tender offers for purchase and exchange of shares (promulgated in the State Gazette No. 4 of 16.01.2004, with all subsequent amendments and supplements);
- Ordinance No. 15 of 5.05.2004 on the keeping and preservation of registers by the Financial Supervision Commission and on the circumstances subject to entry (promulgated in the State Gazette, issue 54 of 23.06.2004, in force from 1.10.2004);

- Ordinance on the requirement for disclosure of shareholdings in public and investment companies (promulgated in the State Gazette No. 98 of 01.12.2000, with all subsequent amendments and supplements);
- Ordinance No. 11 of 3 December 2003 on licenses for operating as a stock exchange, organizer of an unofficial market for securities, investment intermediary, investment company, management company, and special purpose investment company (promulgated in the State Gazette, No. 109 of 16.12.2003).

The main regulatory act applicable to the Company's shares is the Public Offering of Securities Act and the secondary legislation on its implementation. For cases not settled by the POSA, the provisions of the Commerce Act shall apply.

The provisions of Section I of Chapter Eleven of the POSA and the Ordinance on the requirement for disclosure of shareholdings in public and investment companies (SG, No. 98 of 2000, as amended) govern the requirements for disclosure of a significant holding in the Company. The Company's transactions with its own shares are regulated in Art. 111, para. 2 and 5 of the Public Offering of Securities Act and in the Commerce Act. Mandatory tender offers in Bulgaria are regulated by the POSA, specifically Articles 149 and 150–157a, along with the Ordinance on the requirements for the content of the justification of the price of shares of a public company, including the application of valuation methods, in cases of transformation, joint venture agreement and tender offer (SG, No. 13 of 2003), as well as in Ordinance No. 13 of 22.12.2003 on tender offer for purchase and exchange of shares (SG, No. 4 of 2004). The conditions for deregistration of companies from the register of public companies and other issuers of securities under Art. 30, Para. 1, Item 3 of the FSC Act are regulated in Art. 119 of the POSA and in the Ordinance on the conditions and procedure for registration and deregistration of public companies, other issuers of securities and issues of securities in the register of the State Securities Commission (SG, No. 93 of 2001).

9. Public offering data, terms and conditions

The public offering is carried out in accordance with a resolution of the General Meeting of Trace Group Hold AD, held on 12.05.2007, to increase the Company's share capital through an initial public offering of shares in accordance with the Public Offering of Securities Act and pursuant to the terms and conditions of Article 194, paragraph 4 of the Bulgarian Commercial Act, in conjunction with Article 195 thereof. The Company's share capital is to be increased from BGN 2,000,000 (two million) to BGN 2,200,000 (two million two hundred thousand) through the issuance of a new issue of 200,000 (two hundred thousand) dematerialised shares, each with a nominal value of BGN 1 (one) and an issue price of BGN 110.50 (one hundred and ten leva and fifty stotinki).

The Board of Directors of Trace Group Hold PLC has set a minimum threshold, the subscription of which will constitute a successful capital increase of the Company. In order for the initial public offering of shares from the capital increase of Trace Group Hold AD to be successful, at least 60% or 120,000 shares must be subscribed.

Following the initial public offering (subscription) and pursuant to Art. 192a, para. 2 of the Commercial Act, the company's capital shall be increased in accordance with the number of actually subscribed and paid-up shares.

According to the resolution of the General Meeting of Shareholders, all currently existing 2,000,000 shares, together with those subscribed and paid for in the public offering, will be subject to a public offering on BSE-Sofia AD after the successful completion of the initial public offering.

Additional distribution of shares beyond those offered

The Company has been notified by the main shareholder, NIKOLAY GANCHEV MIHAYLOV, that he holds the right and intends, upon successful completion of the Offering and in the event of oversubscription of the offered shares by more than 3 times, to distribute, at his own discretion among a limited circle of investors, an additional up to 2% or 40,000 of the old shares held by him, issued prior to the increase. The sale will be executed at the sole discretion of the controlling shareholder, determining the specific number of shares per transaction and the selected transferees (including members of the Company's management and supervisory boards), at a price equal to the Offering Price.

The specified transactions for the sale of issued (old) shares may be agreed upon between the main shareholder and the investors selected by him no later than the third day before the start date for trading of the Company's shares on the Bulgarian Stock Exchange.

The execution of these transactions will be carried out on the Bulgarian Stock Exchange by an investment intermediary appointed by the main shareholder within two days from the start date of trading, in accordance with the procedure and under the conditions of Art. 54, para. 7 and 8 of the Bulgarian Stock Exchange Rules. The buyers of the shares, the number, the price, and the date of negotiation shall be specified in the declaration under Art. 54, para 7, item 3 of the BSE Rules.

a) The start and end date of the public offering, the place and person to whom investors who have shown interest in the securities offered may contact;

After issuing a confirmation of the Prospectus for the public offering, the Board of Directors of Trace Group Hold AD publishes an announcement about the public offering (the announcement), the start and end dates for subscribing to shares, the registration number and date of the confirmation issued by the FSC, the location, time, and method for reviewing the prospectus, along with other data defined by FSC regulations.

According to Article 92a of the POSA, the announcement is promulgated in the State Gazette and published in a central daily newspaper at least 7 days before the initial subscription period. The date of publication of the announcement is considered the start of the public offering. The date specified in the announcement, on which the issuer's securities can earliest be subscribed for, or respectively purchased, is considered the start of the subscription.

The public offering of shares will be conducted within a one-day period, during which any investor wishing to purchase the offered shares may submit a standard application form (together with accompanying documents) directly at the counter of the authorized investment intermediary Somoni Financial Brokerage OOD or by placing an order with another investment intermediary, which in turn will submit the order to the Manager of this issue.

The public offering will be held from 9:00 a.m. to 4:00 p.m. on the day determined by the procedure above. Anyone wishing to subscribe for shares from the capital increase of Trace Group Hold AD under the conditions set out above should submit a subscription application in person, through a duly authorized representative or through an investment intermediary, within the single day of the subscription.

Regardless of the total number of shares subscribed for through the submitted orders, the final deadline for the subscription is 4:00 PM on the single day, unless the Board of Directors of the Company decides to extend the subscription period in accordance with the procedure provided for below.

No subscription of shares is allowed before the start and after the end of the subscription period.

Orders for subscription. Subscription of shares is effected by submitting written orders for subscription of shares to the Manager, at the following addresses:

Central office Stara Zagora: 112, Tsar Simeon Veliki blvd., floor 2, office 2

Sofia Office : 2, Hristo Botev blvd., floor 1

Burgas Office: 1, Silistra str.

Dobrich Office: 11, Lyuben Karavelov str., floor 1, office 5

Silistra Office: 22A, Dobrudzha str., office 8

Kavarna Office: 7, Nikola Yonkov Vaptsarov str.

The period for subscription of shares may be extended once by decision of the Board of Directors of Trace Group Hold AD up to 60 days. Pursuant to Art. 84, para. 2 of the POSA, TRACE GROUP HOLD AD and SFB OOD shall immediately announce to the FSC, at the places of subscription, as well as in the mass media, the extension of the subscription period. As of the date of preparation of this Prospectus, the Board of Directors of the Company has no intention of extending the subscription period.

The subscription of more shares than those provided for in the decision of the General Meeting of Shareholders to increase the Company's capital is not allowed. Following the initial public offering (subscription) and pursuant to Art. 192a, para. 2 of the Commerce Act, the company's capital shall be increased in accordance with the number of actually subscribed and paid-up shares.

There is no limit on the maximum number of securities that can be purchased by one person.

b) conditions and procedure for subscription, respectively for purchase of securities, including conditions for filling out forms and submitting documents by investors; conditions, procedure and deadline for withdrawal of the application (order) for subscription or purchase of securities;

Subscription of shares within the meaning of §1, item 10 of the Additional Provisions of the POSA is an unconditional and irrevocable expression of will to acquire shares in the process of their issuance and to pay their full issue value.

The subscription of shares shall be effected as for the purpose the holders of rights submit application according to a template to the authorized investment intermediary, IP Somoni Financial Brokerage OOD, Stara Zagora town or to any licensed investment intermediary who transfers them to the Manager within the order submission period specified below in this Prospectus.

The order for subscription of shares must contain at least:

A) Individuals:

1. the names and unique client number of the person and his proxy, and if such numbers have not been assigned – the following data, respectively: full name, personal identification number, place of residence and address;
2. issuer, ISIN code of the shares, number of shares and total value of the order
3. date, time and place of submission of the order;
4. signature of the person submitting the application, or of his legal representative or attorney-in-fact.

B) Legal entities:

1. company and the unique client number of the entity and its proxy, and if such numbers have not been assigned - the following data, respectively: company, BULSTAT identification code, tax number, registered office and address of the client;
2. the data under items 2-4 of item "A" above.

C) Foreign natural/legal person - similar identification data under item "A" or item "B" above, as well as the data under items 2-4 of item "A" above;

The manager has the right to prepare and require the completion of order forms determined by him with the specified content.

By submitting the order, the investor certifies:

- that it accepts the terms of the Offering and the subscription as set out in this Prospectus;
- that it agrees to accept a smaller number of shares than applied for in accordance with the terms of the Offering and Subscription
- that it agrees to pay the Offering Price (issue price) for the number of Shares allocated to him, under the terms of the Offering and the subscription.

The following shall be attached to the written order:

- (a) for legal entities - an original or a notarized copy of a certificate of current court registration issued no earlier than 6 (six) months prior to the date of submission of the written order, as well as copies of BULSTAT documents certified by their legal representative;
- (b) for foreign legal entities - translated and legalized documents for court registration of foreign legal entities, containing the full name of the legal entity, date of issue and address of the legal entity and the names of the persons authorized to represent it.
- (c) when submitting an application through a proxy - an original of a notarized express power of attorney.
- (d) for Bulgarian individuals – a copy of their identity document certified by them;
- (e) for foreign individuals – one of the pages of the passport containing information on the full name, passport number, date of issue (if any in the passport); expiry date (if any); nationality, address (if any in the passport) and a copy of the pages of the passport containing other information and a photograph of the person, as well as a translation of these documents into Bulgarian;
- (f) the investor's bank account to which amounts will be returned in cases of terminated and/or unsuccessfully completed subscription.

Irrevocability of orders for subscription of shares.

According to the law, subscription is an unconditional and irrevocable expression of will to acquire securities in the process of issuance and to pay their issue price. The investor cannot withdraw their subscription order for shares, but has the right to withdraw from the subscribed shares in the cases, under the procedure, and subject to the conditions of the Public Offering of Securities Act.

Submission of applications for subscription

- Legal entities submit applications through their legal representatives, who identify themselves with an identity document, a copy of which is attached to the application. In addition, copies of the BULSTAT registration and tax registration, certified by the legal representative, are also attached.
- Individuals submit applications in person, identifying themselves with an identity document, a copy of which is attached to the application.
- The application can also be submitted through a proxy, who is identified with a notarized explicit power of attorney and the documents listed above in accordance with the principal (legal entity or individual).

- The order can also be submitted through a licensed investment intermediary whose client is the investor wishing to subscribe for shares. In this case, the relevant investment intermediary shall submit to the Issue Manager the order signed by the client, together with the above-mentioned annexes thereto. In this case, a power of attorney is not necessary.

c) conditions, procedure and deadline for payment of the subscribed, respectively purchased, securities and for receiving the certification documents for the contributions made;

General rules for making payments.

Payment for the allocated Shares is made in Bulgarian leva.

Investors should be informed that, in accordance with the requirements of the Anti-Money Laundering Measures Act, the Manager, as well as banks and other financial institutions accepting and/or making payments, are obliged, or, in certain cases, have the right, to identify investors and to collect, record and disclose to the relevant government authorities information regarding the transfers made and the origin of the funds, in accordance with the requirements of the law and their internal applicable rules.

In case of subscription of Shares through an investment intermediary, the transfer of funds may also be carried out by the respective investment intermediary on behalf of the investor-its client. In the event of partial payment of the issue price, only the number of shares for which the issue price has been paid in full shall be considered subscribed. Applications for subscription of shares whose issue price has not been paid in the specified manner are considered invalid.

In the event of partial payment of the issue price, only the number of shares for which the issue price has been paid in full shall be considered subscribed. Applications for subscription of shares whose issue price has not been paid in the specified manner are considered invalid.

Payment deadline.

Investors included in the Allocation List and notified thereof by the Lead Manager are obliged to pay the determined Offering Price (issue price) for the total number of shares allocated to them no later than the fifth working day from the commencement of the subscription. The payment is considered made from the day on which the Company's special bank account with the Lead Manager is credited with the relevant amount.

Payment method.

Payment can be made in cash or by bank transfer, including electronic one. In all cases, the payment document (including electronic ones) – such as a payment order, deposit slip, or other similar document – must contain at least the investor's name/company name, and the total number of allotted shares being paid for.

Bank account for payment.

Payment for the allocated Shares is made to a special accumulation account opened in the name of the Company with the Lead Manager. The number of this bank account will be disclosed in the announcement of the Offering, which will be promulgated in the State Gazette and in a central daily newspaper, and may be obtained at any time thereafter from the Lead Manager. Pursuant to the law, the funds received in this account shall be blocked and cannot be used by the Company prior to the registration of the capital increase in the Commercial Register, and in the event of an unsuccessful subscription, they are subject to return to the investors under the terms and conditions set forth below in this Prospectus. Where accepted and/or required by international practice, payment may also be made to the account of the Lead Manager, which immediately and at the investor's expense transfers the received funds to the accumulation bank account of the Company. In this case, the investor pays the relevant bank fees associated with the transfer.

Procedure to be applied in case of oversubscription and allocation of shares in case of competition among investors

If subscription applications for more than the offered shares are submitted before the deadline (oversubscription), the subscription is not terminated. The acceptance of applications for subscription of shares continues until the announced deadline under item 5.2. letter "a" above.

In the event of oversubscription, all submitted share subscription applications are satisfied on a prorata basis, by

- a) summing the total number of shares under all submitted applications;
- b) calculating the share of the subscribed shares under each application in percentage of the total number of shares subscribed under all applications submitted under letter "a", and
- c) the percentage share obtained under letter "b" for each application shall be applied to the total number of shares offered from this issue.

In all cases, including oversubscription, within 3 (three) business days following the deadline for subscription of shares under item 5.2., letter "a", Investment Intermediary Somoni Financial Brokerage OOD shall send a confirmation to the investors regarding the number of shares they are entitled to receive.

Confirmations shall be in writing and sent to the address of the investor indicated in the share subscription application, as well as to the address of the investment intermediary, if the application is submitted through one. If the investor's email address is specified in the application, the confirmation shall be also sent to this address.

If, by the deadline of the subscription, less than the total amount of shares offered for subscription are subscribed and fully paid, but at least 120,000 shares, the public offering is considered successful, and the capital of the Company shall be increased by the number of subscribed shares whose value is fully paid. If shares are not subscribed and fully paid by the subscription deadline, the increase is considered unsuccessful. In this case, the Issuer or the Manager shall notify the Deputy Chairman, Head of the Investment Supervision Department at the Financial Supervision Commission, of the unsuccessful completion of the subscription.

According to the decision of the General Meeting of Shareholders of Trace Group Hold PLC, an increase in the company's capital by more than the proposed 200,000 shares is not permitted. In case of applications submitted for the subscription of more than the total number of shares offered, the allocation shall be carried out in the order described in the item Allocation of the Offered Shares.

d) conditions, procedure and date for public announcement of the results of the subscription, respectively of the sale of the securities;

The Manager and the Company will announce the number of Shares applied for and the total number of Shares allocated in a special joint announcement, which will be submitted by 11 a.m. on the same business day to BSE-Sofia AD and the Financial Supervision Commission and disclosed to the public in accordance with the procedure provided for by law and this Prospectus.

Within a 7-day period from the closing of the Offering of shares, the Company shall send a notification to the Financial Supervision Commission and the Bulgarian Stock Exchange regarding the results thereof, containing information on the closing date; the total number of subscribed shares; the amount received against the subscribed shares; the amount of commissions and other costs of the Offering, including paid fees. To the notification, the Company shall attach a certificate from the Central Depository for the registration of the issue and a bank certificate from the bank where the accumulation account is opened, certifying the contributions made for the subscribed shares (Art. 24, para. 1 of Ordinance No. 2 on Prospectuses). Within the same period, the specified circumstances will be announced through

publications in Pari newspaper and in Dnevnik newspapers and on the internet addresses of the Company and the Manager.

e) Conditions, procedure and deadline for receiving the subscribed, respectively purchased, securities (for transferring the securities to accounts in the Central Depository of the persons who subscribed or purchased them, and for receiving the certification documents for the securities);

After the investors pay the Offering Price of the allocated Shares to the Company's accumulation account, the latter will apply for entry in the Commercial Register of the increase in its capital by the corresponding number of new Shares. Following the registration of the capital increase in the Commercial Register, the Company will register the issue of new shares with the Central Depository, which opens a personal account for the respective investor. With the opening of accounts for the Shares, the latter are considered issued.

Within 10 business days of registration, the Central Depository issues depository receipts to investors for the Shares acquired by them. The receipts may be collected by the investors or by persons authorized by them with an explicit notarized power of attorney, indefinitely, at the Manager's address, and the distribution shall commence within three working days from the issuance of the depository receipts.

Investors should be notified that upon receipt of a depository receipt and in order to be able to trade the Shares following their admission to trading on the Bulgarian Stock Exchange (BSE), the Shares must be transferred to their client accounts with an investment intermediary (including a custodian), which is a member of the Central Depository.

f) Procedure and deadline for returning the deposited funds for the subscribed, respectively purchased, securities if the public offering is unsuccessful;

If the Public Offering is terminated early, by the end of the following business day, the Company shall disclose this circumstance in a public notice, which will be disseminated in the manner provided for announcing the results of the offering.

If the Public Offering ends unsuccessfully, and in particular - if no new shares are subscribed and paid for - the Company shall disclose this circumstance in the public notification of the Offering results, as stated above, and shall notify the bank where the Company's special accumulation account.

In the event that the capital increase is not entered into the Commercial Register, the Company shall disclose this circumstance in a public notice, which will be announced in the same manner as the results of the offering, within 3 days of the refusal to register becoming effective, and shall refund the received amounts within 7 days of the announcement. The amounts paid by the investors, together with the interest charged by the bank (if any), will be refunded to the bank accounts specified in the annexes to their orders or to others subsequently additionally specified by them, within 7 days of the public notice of termination, respectively of the Public Announcement of the results of the Offering.

g) specifying when and under what circumstances the public offering may be cancelled or suspended and whether the cancellation may occur after trading has commenced.

The Company reserves the right, after consulting with the Manager and entirely at its discretion, to unilaterally and early terminate the subscription without stating the reasons for this. In this case, the Company shall notify the FSC, the BSE, and the investors by the end of the next business day, applying accordingly the disclosure procedure set forth below for the public announcement of the results of the offering, as well as the procedure for returning the funds paid for the subscribed shares if the public offering is unsuccessful.

Securities allocation plan

Local and foreign individual, professional and institutional investors may participate in the Offering on equal terms. The Company and the Manager have not determined any ratios, tranches and/or quantities of Shares to be allocated among separate categories of investors.

No other financial institutions besides the Manager participate in the Offering and specifically in the placement, and no division or separation of quantities from the total number of Shares is foreseen to be offered and/or allocated by such institutions.

There are no grounds for privileged offering of shares to certain groups of investors (including current shareholders, members of the Board of Directors of the issuer, current or former employees of the issuer or its subsidiaries).

The Company has not been notified by any major shareholders and/or members of the Company's Board of Directors of any intentions to acquire the offered Shares; no person has declared an intention to acquire more than 5 percent of the offered Shares. Major shareholders and members of the Company's Board of Directors have the right to participate in the capital increase on equal terms with all other investors.

Organizing the initial public offering (placement) of securities

The shares offered from the capital increase of Trace Group Hold AD are not subject to international offering.

The bank, in which the special accumulation account will be opened, into which the issue price of the subscribed shares will be paid, is CB UBB AD with its registered office and address of management: Sofia city, Vazrazhdane municipality, 5 Sveta Sofia str.

The depository institution for the offered shares is Central Depository AD, with its registered office and address of management:

Sofia City, 10 Tri ushi str., floor 4

No underwriting or establishment of a guarantee is envisaged for the proposed share issue.

II Somoni Financial Brokerage OOD is the authorized investment intermediary managing the capital increase and acting as the placement agent with a "best efforts" commitment for the realization of the entire issue of 200,000 (two hundred thousand) shares. The issue manager is not obligated to act as an underwriter.

II Somoni Financial Brokerage OOD undertakes to use its 'best efforts' in the realization of the entire emission [issue]; to execute, organize, and conduct the public offering of the entire share issue to third-party investors against payment of the determined price; to sign, together with the Company, all parts of the Prospectus for the capital increase of the Company, and to declare circumstances as required by law.

TERMINATION OF THE CONTRACT

The Contract may be terminated upon performance of the investment intermediary's obligations and payment of the full amount of the due remuneration. The contract may be terminated by mutual written consent or early by the non-breaching party only in the event of a culpable breach by the other party.

Price

Investors should note that the Board of Directors of the Company, in accordance with the law and the delegation granted to it by the General Meeting of Shareholders, has determined an issue price of BGN 110.50 per share from the capital increase of Trace Group Hold AD.

The issue price was determined based on an assessment made by the issue manager, Somoni Financial Brokerage OOD, based on the estimates presented by the Company regarding the expected financial results of Trace Group Hold AD.

Multiple factors were taken into account when determining the price, including the company's development potential, market conditions, and the outlook for the country's road infrastructure development, as set out in the Sectoral Operational Programme Transport 2007 – 2013 of the Ministry of Transport.

In accordance with the Company's decision to issue the Shares, the capital increase will be effective and the Offering successful if 60% of the issue is subscribed and paid at the Offering price (issue price).

The Offering price, the number of shares applied for by investors and the total number of shares to be allocated in the offering will be announced and published, including electronically, as set out below in this Prospectus. This information will be available at the following addresses during normal business hours from the date of announcement of this information, as well as on the following websites:

TRACE GROUP HOLD AD

Sofia 1000

71, James Bourchier blvd.

tel. +359 2 965 79 40; fax +359 2 965 79 43

www.tracebg.com

STARA ZAGORA 6000

190, P. Evtimiy blvd.

tel. +359 42 613 713; Ffax +359 42 613 737

www.tracebg.com

IP SOMONI FINANCIAL BROKERAGE OOD

Sofia 1463

2, Hristo Botev blvd., floor 1, office 2,

Tel. 02/9516583, 02/9516579,

e-mail: office_sf@somonifb.com

www.somonifb.com

Contact person: Borislav Bogoev from 10:00 to 16:00;

Stara Zagora 6000

112, Tsar Simeon Veliki blvd., floor 2, office 2

Tel. 042/254157, 042/648699,

e-mail: somonifb@somonifb.com

www.somonifb.com

Contact person: Nikolay Kolev from 10:00 to 16:00

The actual date of publication of the information referred to above will be further announced in due course.

Investors shall bear, at their own expense, the costs for fees and commissions of the investment intermediary, paying agents, Bulgarian Stock Exchange - Sofia AD, and Central Depository AD, related to the subscription of shares of Trace Group Hold AD.

Admission to trading on the regulated market

Admission of shares to trading on the stock exchange following the offering

If the Offering is successfully completed, all shares issued by the Company to date – 2,000,000 – as well as those issued after the registration of the capital increase – at least 120,000 and at most 200,000 – ordinary book-entry shares with a nominal value of 1 (one) BGN each, will be registered for trading on the BSE.

Within the 7-day statutory period following the entry of the capital increase in the Commercial Register, the Company will submit an application to the Financial Supervision Commission for the entry of the share issue in the latter's register. Within 7 days of the registration pursuant to the preceding sentence, the Company and/or the Manager shall file an application with the BSE for admission of the Shares to exchange trading. The latter may commence on the date determined by the Board of Directors of the BSE following the registration of the Company's share issue. The Company and/or the Manager shall propose to the Board of Directors of the BSE that the Offering Price be accepted as the initial Offering price.

The registration of the shares for exchange trading enables the holders of common shares issued by the Company to offer their shares for sale on the Stock Exchange through an investment intermediary. Shareholders and investors may purchase Company shares available for sale on the Exchange via an investment broker.

Investors and shareholders interested in purchasing or selling shares of the Company may contact a licensed investment intermediary of their choice, which is a member of the BSE.

Public offering costs

For the performance of its obligations regarding the underwriting and servicing of the securities issue, Somoni Financial Brokerage OOD, Stara Zagora town, shall receive from Trace Group Hold AD remuneration in the amount of 0.4% of the amount of funds raised from the public offering.

The minimum and maximum amount that the investment intermediary can receive upon successful placement of the share issue from the capital increase of Trace Group Hold AD are BGN 53,040 or BGN 88,400, respectively.

The value of this remuneration represents 0.4% of the total issue value of the offered shares. The value of the investment intermediary's remuneration per share is BGN 0.442.

All of the expenses set out below shall be borne by the Company. The expenses disclosed are those expected to be incurred in connection with the mandatory initial increase of the Company's share capital.

External service costs	
Remuneration of the authorized investment intermediary	88,400*
Publication of an announcement of a capital increase in a central daily newspaper (estimated value)	1,000
Publication of an announcement about the capital increase in the State Gazette	120
Fees and commission costs	
Fee for approval of a prospectus for an initial public offering in the initial capital increase by the Financial Supervision Commission	5,000
Annual maintenance fee for registration of share issues on the Unofficial Market of BSE-Sofia AD	500
Execution of an initial offering of securities through Bulgarian Stock Exchange-Sofia AD of issues registered with Central Depository AD	1,760
Issuance of a certificate by Central Depository AD for registration of the Company's shares on the unofficial market of BSE-Sofia AD	50
TOTAL	96,830 BGN
cost per share	0.48415 BGN

*upon successful placement of the entire issue of new shares

Dilution of share value:

Members of the management and supervisory bodies, senior management, or related parties have not benefited, and are not expected to benefit in the future, from price privileges in the acquisition of their shares.

At the incorporation of the Company, the founders acquired shares in the capital of Trace Group Hold AD at a par value of BGN 10 per share. With the increase in capital from BGN 50 thousand to BGN 150 thousand, all shares were subscribed at nominal value - BGN 10 each. With the increase in capital from BGN 150 thousand to BGN 1,000 thousand, all shares were subscribed at nominal value - BGN 10 each. The capital increase from BGN 1,000 thousand to BGN 2,000 thousand was carried out through the conversion of profit into capital, whereby each shareholder received a number of shares from the increase corresponding to their existing shareholding portion, at a par value of BGN 1 each. For comparison, in the current capital increase of Trace Group Hold AD, future shareholders will acquire shares at the issue price determined by the Board of Directors in the amount of BGN 110.50 per share from the increase in the Company's capital.

The shares to be issued in the capital increase of Trace Group Hold AD are offered at an issue price that exceeds the net asset value per share as of the date of the Company's latest financial statements. Accordingly, the present capital increase will not result in dilution of the Company's share capital.

10. Additional information

The capital of TRACE GROUP HOLD AD is divided into 2,000,000 shares with a nominal value of 1 BGN each. All shares of the company are fully paid. All shares of the company are outstanding.

The company was registered with Ruling No. 538 of 21.02.2005 of Stara Zagora District Court with a capital of 50,000 BGN distributed in 5,000 registered shares with a nominal value of BGN 10 each.

By Decision No. 909 of 05.04.2006 of Stara Zagora District Court, an increase in the capital of Trace Group Hold AD from 50,000 BGN to 150,000 BGN, divided into 15,000 shares each with a nominal value of 10 BGN, was registered.

The number of shares of the capital of TRACE GROUP HOLD AD, outstanding at the beginning of 2006, was 150,000 BGN divided into 15,000 shares each with a nominal value of 10 BGN.

By Ruling No. 1313 of 10.04.2007 of Stara Zagora District Court, an increase in the capital of Trace Group Hold AD from 150,000 BGN to 1,000,000 BGN distributed in 100,000 registered shares with a nominal value of 10 BGN each, was registered.

By Decision No. 1772 of 22.05.2007 of Stara Zagora District Court, an increase in the capital from BGN 1,000,000 to BGN 2,000,000, distributed into 2,000,000 dematerialized, registered shares with a nominal value of BGN 1 each, was registered.

Currently, the shares of TRACE GROUP HOLD AD are 2,000,000 shares with a nominal value of 1 BGN each.

By Ruling No. 2017 of 08.06.2007 of Stara Zagora District Court the application in the company case of a decision of the General Meeting of Shareholders of 04.06.2007 to increase the company's capital from BGN 2,000,000 to BGN 2,200,000 , through the issuance of 200,000 new registered, dematerialized shares with a nominal value of BGN 1 , was allowed.

With a contract dated June 4, 2007, between Trace Group Hold AD and Central Depository AD, the shares of Trace Group Hold AD are registered and immobilized in Central Depository AD.

One hundred per cent of the share capital of Trace Group Hold AD has been paid up in cash.

TRACE GROUP HOLD AD and none of its subsidiaries hold own shares.

Information about the articles of association of TRACE GROUP HOLD AD

The scope of activity of TRACE GROUP HOLD AD is specified in Art. 4 of the current Articles of Association of the company, according to which the Company's scope of activity is: acquisition, management, evaluation and sale of shareholding in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, management and sale of patents, assignment of licenses for the use of patents to companies in which the holding company participates, financing of companies in which the holding company participates, design, construction, reconstruction of roads, road facilities and road infrastructure, design, construction, reconstruction, furnishing, repair and investment control of commercial and residential construction sites, purchase of goods for the purpose of resale in in their original, processed, or treated form; commercial representation and intermediation; trade in industrial goods and petroleum products; construction entrepreneurship; commission, forwarding (excluding post) and transport transactions; warehouse transactions; license deals; commodity control; advertising, information, programming, and other services; internal and international transport of passengers and goods; performance of other commercial transactions and services not prohibited by law; (activities subject to licensing or permit regime will be performed after obtaining the relevant license or permit). The Articles of Association do not state the issuer's objectives.

Trace Group Hold AD has 2,000,000 ordinary, dematerialized, registered, freely transferable shares, with voting rights and a nominal value of 1 BGN each.

Each ordinary share of Trace Group Hold AD entitles the owner to a vote in the General Meeting of Shareholders of the company, the right to a dividend and a liquidation share, in proportion to its nominal value.

The currently effective Articles of Association do not contain explicit rules regarding the exercise of voting rights by shareholders. According to the draft Articles of Association (adopted by the General Meeting of Shareholders held on 04.06.2007), which will enter into force after TRACE GROUP HOLD AD acquires the status of a public company by , the right to vote in the General Meeting of Shareholders is exercised by persons registered as shareholders 14 days before the date of the General Meeting and who have fully paid the issue value of each share held by them.

The Company's shares are freely transferable, without restrictions or conditions, subject to the requirements of the applicable legislation on securities transactions.

According to the currently effective Articles of Association, the Company does not intend to issue preferred shares. According to the draft Articles of Association, adopted by the General Meeting of Shareholders on 04.06.2007, the Company may also issue privileged shares, with the exception of those that give the right to more than one vote and to an additional dividend. Pursuant to Article 111 of the POSA, the Company intends to expressly restrict the possibility of issuing preferred shares with the right to an additional liquidation quota

The decision to distribute the company's profit, the amount and method of paying dividends is made by the General Meeting. Advance distribution of dividends is prohibited. The right to receive dividends is granted to persons registered in the Central Depository's registers as shareholders on the 14th day after the date of the General Meeting at which the annual financial report was adopted and a decision was made to distribute the profit.

The company is obliged to immediately notify the FSC, the Central Depository and the regulated market on which the company's shares are traded, of the decision of the General Meeting regarding the type and amount of the dividend, as well as the terms and conditions for its payment.

Each ordinary share of Trace Group Hold AD entitles the owner to one vote at the General Meeting of Shareholders of the company. According to the draft Articles of Association (adopted by the General Meeting of Shareholders held on 04.06.2007), which will enter into force after TRACE GROUP HOLD AD acquires the status of a public company by , the right to vote in the General Meeting of Shareholders is exercised by persons registered as shareholders 14 days before the date of the General Meeting and who have fully paid the issue value of each share held by them.

The current Articles of Association do not provide for pre-emptive rights for shareholders upon capital increase According to the Articles of Association, which will enter into force after the company acquires public status, upon an increase in the Company's capital, each shareholder will have the right to acquire a portion of the new shares corresponding to his share in the capital before the increase.

The right to participate in the increase will be granted to persons who have acquired shares no later than 14 days after the date of the decision of the General Meeting to increase the capital, respectively from the decision to increase the capital adopted by the Board of Directors in accordance with Article 8, paragraph 3 of the Articles of Association.

In case of issued shares of different classes, the decision to increase the capital is taken in accordance with the procedure of Art. 192, para. 3 of the Commercial Code, with the preemptive right under para. 1 first applying to the shareholders of the class of shares by which the capital is increased, and the remaining shareholders exercise the preemptive right thereafter.

Each ordinary share entitles to a liquidation share in proportion to its nominal value.

The general meeting of shareholders consists of all shareholders with voting rights. They participate in the General Meeting in person or through a representative authorized by an explicit written power of attorney under Art. 116, para. 1 of the POSA (when the company acquires public status). The members of the Board of Directors participate in the General Meeting of Shareholders with an advisory vote, unless they are shareholders.

The General Meeting is convened by the Board of Directors. The General Meeting may also be convened at the request of shareholders holding at least 5 percent of the Company's capital.

The convocation is carried out through an invitation sent to each of the shareholders, and there must be at least 30 days from its sending to the date of the General Meeting. According to the provisions of the draft Articles of Association adopted on 04.06.2007, within the period referred to in the previous sentence, the invitation shall also be published in a central daily newspaper and shall be sent, together with the materials for the general meeting, at least 45 days before its holding to the Financial Supervision Commission, to the Central Depository and to the regulated market on which the Company's shares are traded.

The regular General Meeting of shareholders is held annually by the end of the first half of the year following the end of the reporting year, at the company's registered office.

The General Meeting is legal if shareholders representing more than half of the Company's capital are present or with another quorum specifically required by law on certain issues. In the absence of a quorum, Article 227 of the Commercial Code shall apply, and the meeting shall be legal, regardless of the capital represented at it.

There are no provisions in the articles of association of Trace Group Hold AD that would delay, change or prevent the change of persons exercising control over the issuer in the event of a merger, acquisition or restructuring involving the issuer.

The company is terminated:

1. by decision of the General Assembly;
2. upon its declaration of insolvency;
3. When the capital falls below the required minimum for 1 year.
4. By decision of the registration court upon the prosecutor's request, if the Company pursues goals prohibited by law.
5. In other cases provided for by law.

The Articles of Association of Trace Group Hold AD do not provide for conditions for changes in the company's capital that are more restrictive than the conditions provided for by law.

The newly adopted by the General Meeting of Shareholders of the company draft Articles of Association, which will take effect after the acquisition of the status of a public company by TRACE GROUP HOLD AD, provides for the following rules for changes in capital:

The Company's capital is increased through:

1. issuance of new shares;
2. conversion of bonds that were issued as convertibles into shares.

The capital of the Company capital may not be increased by increasing the nominal value of already issued shares or by converting bonds that are not issued as convertible into shares.

The increase in the capital of the Company is effected by a resolution of the General Meeting.

The capital may be increased up to twenty times by resolution of the Board of Directors, through the issuance of new shares, within 5 years of the company's formation, or by amendment of the articles of association for a maximum of five years after the registration of the amendment. In this capital increase, the Board of Directors is authorized to restrict the shareholders' right under Art. 194, para. 1 of the Commercial Act.

The capital of the Company may be reduced by a resolution of the General Meeting, adopted by a majority of 2/3 of the capital represented at the meeting, provided that the reduction does not lead to a decrease in the amount of capital below the minimum allowed by the Commercial Act.

The capital of the Company may not be reduced by compulsory cancellation of shares or by repurchase of shares pursuant to Article 111, paragraph 5 of the Public Offering of Securities Act.

The capital of the Company may be reduced:

1. by reducing the nominal value of the shares;
2. by cancellation of shares, in compliance with Art. 8b, para. 2 of the Articles of Association of the Company.

Information about the management bodies of TRACE GROUP HOLD AD

aa) Powers of the General Meeting of Shareholders:

- Amends and supplements the Articles of Association of the company;
- Increases and decreases the capital;
- Transforms and terminates the company;
- Determines the number, elects and dismisses the members of the Board of Directors and determines their remuneration;
- Appoints and dismisses certified public accountants;
- Approves the annual accounting report after certification by the appointed chartered accountant;
- Decides on the issuance of bonds;
- Appoints the liquidators upon dissolution of the company, except in the case of insolvency;
- Makes a decision to release the members of the Board of Directors from liability;
- Resolves other issues provided for in the regulatory documents.

bb) Board of Directors

Election

The Board of Directors is elected by the General Meeting of Shareholders for a term of up to 5 years. The number of members of the Board of Directors is from 3 to 7 people and is determined by the General Meeting of Shareholders.

The members of the Board of Directors may be dismissed at any time by the General Meeting.

A member of the Board of Directors may be a capable individual who meets the requirements of the law. A legal entity may also be a member of the Board of Directors.

The Board of Directors adopts rules for its work, elects a Chairman and a Deputy Chairman from among its members.

The company is managed by the Board of Directors. The Board of Directors delegates the authority to represent the Company to one or more of its members - Executive Directors, who may act jointly or separately.

After the company acquires public status and the newly adopted draft Articles of Association enter into force, at least one third of the members of the Board of Directors must be independent individuals.

Competence of the Board of Directors The Board of Directors:

- Adopts and proposes for approval to the General Meeting the annual report and balance sheet;
- Adopts plans and programs for the company's activities;
- Proposes to the General Meeting an increase or decrease in the authorized capital;
- Elects and dismisses executive members from its composition;
- Elects a Chairman and a Deputy Chairman from among its members;
- Adopts an organizational and management structure and adopts the other administrative and regulatory documents of the company;
- Makes a decision to establish cash funds and determines the procedure for their collection and expenditure;
- Makes decisions on the acquisition and alienation of real estate and real rights over real estate;

- Makes decisions on establishing branches;
- Makes decisions on the closure or transfer of enterprises or significant parts thereof;
- Makes decisions on a significant change in the company's activities or significant organizational changes;
- Makes decisions on long-term cooperation of essential importance to the company or termination of such cooperation;
- Makes decisions on participation in another company or on termination of such participation;
- Discusses and resolves all issues, except those that fall within the competence of the General Meeting of Shareholders.

Executive Directors

The Executive Directors may be one or more and are elected from among the members of the Board of Directors, which authorizes them jointly or individually to represent the Company.

The names of the persons authorized to represent the Company are entered in the Commercial Register at the District Court and are published.

Executive Directors perform purchases and sales of fixed assets, take on security obligations with company property, and assume promissory note obligations on behalf of the company only after a decision by the Board of Directors.

Information on the tax legislation applicable to the shares issued by Trace Group Hold AD can be found in Section 6 of the Securities Note.

Investors may obtain the Registration Document, as well as the Securities Offering Document and the Prospectus Summary at the following addresses:

TRACE GROUP HOLD AD SOFIA 1000

71, James Bourchier Blvd.

Tel. +359 2 965 79 40; fax +359 2 965 79 43

e-mail: tracegroup@tracebg.com

Contact person: Vanya Angelova Shiderova from 10:00 to 16:00;

STARA ZAGORA 6000

190, P. Evtimiy blvd.

Tel. +359 42 613 713; Ffax +359 42 613 737

e-mail: trace_stz@tracebg.com

Contact person: Ivana Todorova Mutafova from 10:00 to 16:00;

IP SOMONI FINANCIAL BROKERAGE OOD SOFIA 1463

2, Hristo Botev blvd., floor 1, office 2,

Tel. 02/9516583, 02/9516579,

e-mail: office_sf@somonifb.com

Contact person: Borislav Bogoev from 10:00 to 16:00;

STARA ZAGORA 6000

112, Tsar Simeon Veliki blvd., floor 1, office 2,

Tel. 042/254157, 042/648699,

e-mail: somonifb@somonifb.com

Contact person: Nikolay Kolev from 10:00 to 16:00;

REGISTRATION DOCUMENT PREPARED BY

1. Tsvetan Ivanov Tsonev - Executive Director of Trace Group Hold AD

Tsvetan Ivanov Tsonev

2. Nikolay Ganchev Mihaylov - Executive Director of Trace Group Hold AD

Nikolay Ganchev Mihaylov

Sofia
30.07.2007

The undersigned, in their capacity as members of the Board of Directors of Trace Group Hold AD, declare with their signature that the Registration Document complies with the requirements of the law.

1. Yovko Genchev Zhilkov – Member of the Board of Directors of Trace Group Hold AD
2. Ivan Dimitrov Hristov - Member of the Board of Directors of Trace Group Hold AD
3. Ivan Stefanov Trifonov - Member of the Board of Directors of Trace Group Hold AD

Yovko Genchev Zhilkov

Ivan Dimitrov Hristov

Ivan Stefanov Trifonov

Sofia
30.07.2007

Daniela Karaslavova , in her capacity as the person responsible for the drawing up the financial statements of Trace Group Hold AD and a person under Art. 34, para. 2 of the Accountancy Act, declares that to the best of her knowledge, the information contained in the prospectus related to the financial statements of Trace Group Hold AD prepared by her is true and complete, and the latter do not contain false, misleading or incomplete data.

Daniela Karaslavova
Sofia
30.07.2007

The undersigned, in their capacity as Managers and representing Somoni Financial Brokerage OOD Investment Intermediary, declare with their signature that the Registration Document meets the requirements of the law.

BORISLAV ATANASOV BOGOEV - Manager and representing Somoni Financial Brokerage OOD Investment Intermediary.

**Borislav Atanasov
Bogoev**

NIKOLAY STOYANOV KOLEV - Manager and representing Somoni Financial Brokerage OOD Investment Intermediary

Nikolay Stoyanov Kolev