

CONTRACT AGREEMENT

This Agreement made the 5th day of the month of December, 2008.

Between

THE GOVERNMENT OF THE REPUBLIC OF INDONESIA (herein after called the **EMPLOYER**)
as represented by

Name : Ir. Riel J. Mantik, M.Eng.Sc
Title : Kepala SNVT Pembangunan Jalan dan Jembatan Metropolitan Denpasar
Address : Jl. A. Yani No.90, Denpasar, Bali 80111
Telpon 0361-263507

Being authorized to act for and on behalf of the Directorate General of Highway, Ministry of Public Works, Government of the Republic of Indonesia, in accordance with the Decree of the Minister of Public Works, No. 22/KPTS/M/2008, dated January 5th 2008 (hereinafter referred to as **EMPLOYER**)

and

Name : Ir. I.B. Rajendra, MBA, Ph.D
Title : Representative JO
Address : Kantor Taman Bintaro Jaya, Gedung B
Jalan Bintaro Raya, Jakarta 12330

Being authorized to act for on behalf of **JAYA KONSTRUKSI – DUTA GRAHA JO** duly organized and existing under and virtue of the Laws of the Republic of Indonesia in accordance with Affidavit – Agreement For Joint Operation dated August 6th 2008 and registered by Notary Wartiana, SH dated September 15th 2008, in Jakarta (hereinafter referred to as the **CONTRACTOR**)

for

the package number : EBL - 01 (hereinafter referred to as "**WORKS**"), under AusAID Loan No. AIPRD-L002 Eastern Indonesia National Roads Improvement Project (EINRIP)

NOW THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the Contract documents hereinafter referred to.
2. The Contractor should execute and complete the Works and the remedying of any defects therein, namely :
EASTERN INDONESIA NATIONAL ROADS IMPROVEMENT PROJECT (EINRIP)
LOAN NO. AIPRD-L002
PACKAGE NO. : EBL - 01
PACKAGE NAME : TOHPATI - KUSAMBA

In accordance with this Agreement and the Contract Document as hereinafter defined. The time for completion from the Commencement Date shall be seven hundred and thirty (730) calendar days, and Defects Notification Period shall be three hundred and sixty five (365) calendar days.

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3. The following Documents shall be deemed to form and be read as part of this Agreement and for the purposes of interpretation the priority of the documents shall be in accordance with the following sequence :
 - a. This Contract Agreement and Addenda (if any)
 - b. The Letter of Acceptance,
 - c. The Letter of Bid (Bid Submission Sheet)
 - d. The Particular Conditions
 - e. The General Conditions
 - f. The Specifications
 - g. The Drawings
 - h. The Priced of Bill of Quantities
4. In consideration of the payments to be made by the Employer to the Contractor as indicated in this Agreement, the Contractor hereby covenants with the Employer to execute the Works and to remedy defects therein in conformity in all respects with the provisions of the Contract.
5. The Employer hereby covenants to pay Contractor in consideration of the execution and completion of the Works and remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.
6. The Contract Price **including** the Value Added Tax (VAT) obtained from the price and the estimated quantities of work as indicated in the Bill of Quantities, subject to such additions thereto or deductions there from as may be made under the provisions of the Contract is **Rp. 180,819,429,296.80 (One Hundred Eighty Billion Eight Hundred Nineteen Million Four Hundred Twenty Nine Thousand Two Hundred Ninety Six Rupiah Eighty Cents)**
Consisting of :
 - a. Civil Works :
 - Australian Agency for International Development (AusAID) portion (in Local Currency) as amount of 89% (eighty nine percent) of Contract Price excluding Value Added Tax (VAT) is **Rp. 146,299,356,431.05 (One Hundred Forty Six Billion Two Hundred Ninety Nine Million Three Hundred Fifty Six Thousand Four Hundred Thirty One Rupiah Five Cents)**
 - Government of Indonesia (GOI) portion (in Local Currency) as amount 11% (eleven percent) of Contract Price excluding Value Added Tax (VAT) is **Rp. 18,081,942,929.68 (Eighteen Billion Eighty One Million Nine Hundred Forty Two Thousand Nine Hundred Twenty Nine Rupiah Sixty Eight Cents)**
 - b. Value Added Tax (PPN) :
 - Australian Agency for International Development (AusAID) portion (in Local Currency) as amount is **Rp. 14,629,935,643.10 (Fourteen Billion Six Hundred Twenty Nine Million Nine Hundred Thirty Five Thousand Six Hundred Forty Three Rupiah Ten Cents)** which is not collected
 - Government of Indonesia (GOI) portion (in Local Currency) as amount is **Rp. 1,808,194,292.97 (One Billion Eight Hundred Eight Million One Hundred Ninety Four Thousand Two Hundred Ninety Two Rupiah Ninety Seven Cents)**
7. For the purpose of the Contract, the parties agree to waive clause 1266 of the Indonesia Civil Laws (Kitab Undang-Undang Hukum Perdata)

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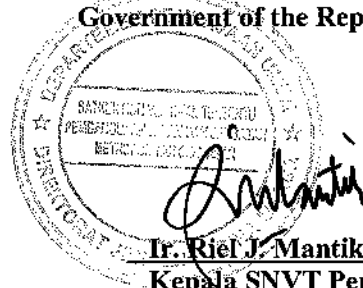
IN WITNESS WHEREOF, the parties here to have caused this Agreement to be executed with the laws of the Republic of Indonesia on the day, month and year indicated above.

For and on behalf of the **CONTRACTOR**
JAYA KONSTRUKSI - DUTA GRAHA JO



Ir. I.B. Rajendra, MBA, Ph.D
Representative JO

For and on behalf the **EMPLOYER**
Government of the Republic of Indonesia



Ir. Riel J. Mantik, M.Eng.Sc
Kepala SNVT Pembangunan
Jalan dan Jembatan
Metropolitan Denpasar