

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

December 27, 2011

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

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**FORM 6-K**

**REPORT OF FOREIGN ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**For December 27, 2011**  
**(Commission File No. 1-31317)**

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**Companhia de Saneamento Básico do Estado de São Paulo - SABESP**  
*(Exact name of registrant as specified in its charter)*

**Basic Sanitation Company of the State of Sao Paulo - SABESP**  
*(Translation of Registrant's name into English)*

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**Rua Costa Carvalho, 300**  
**São Paulo, S.P., 05429-900**  
**Federative Republic of Brazil**  
*(Address of Registrant's principal executive offices)*

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Indicate by check mark whether the registrant files or will file  
annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K  
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K  
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the  
information contained in this Form is also thereby furnishing the  
information to the Commission pursuant to Rule 12g3-2(b) under  
the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicated below the file number assigned to the  
registrant in connection with Rule 12g3-2(b):

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**CIA. DE SANEAMENTO BÁSICO DO ESTADO DE SÃO PAULO - SABESP**

Rui de Britto Álvares Affonso

Chief Financial Officer and Investor Relations Officer

Mario Azevedo de Arruda Sampaio

Head of Capital Markets and Investor Relations

**SABESP announces 2Q11 results**

São Paulo, August 11, 2011 - **Companhia de Saneamento Básico do Estado de São Paulo - SABESP** (BM&FBovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based in the number of customers, announces today its **results for the second quarter 2011 (2Q11)**. The Company's operating and financial information, except when indicated otherwise is presented in Brazilian Reais, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the year 2010.

SBSP3: R\$  
41.99/ share

SBS: US\$  
51.51 (ADR=2  
shares)

Total shares:  
227,836,623

Market Value:  
R\$ 9.6 billion

Closing price:  
08/11/2011



## 1. Financial Highlights

	<b>R\$ million</b>							
	<b>2Q10</b>	<b>2Q11</b>	<b>Var. (R\$)</b>	<b>%</b>	<b>6M10</b>	<b>6M11</b>	<b>Var. (R\$)</b>	<b>%</b>
(+) Gross operating revenue	1,864.6	1,985.4	120.8	6.5	3,709.0	3,975.2	266.2	7.2
(+) Construction revenue	542.6	498.5	(44.1)	(8.1)	994.9	948.7	(46.2)	(4.6)
(-) COFINS and PASEP taxes	134.7	144.1	9.4	7.0	268.3	289.5	21.2	7.9
(=) Net operating revenue	2,272.5	2,339.8	67.3	3.0	4,435.6	4,634.4	198.8	4.5
(-) Costs and expenses	1,138.0	1,253.0	115.0	10.1	2,164.5	2,681.0	516.5	23.9
(-) Construction costs	530.6	486.3	(44.3)	(8.3)	972.3	925.7	(46.6)	(4.8)
(+) Equity Results	(0.1)	(1.3)	(1.2)	-	(0.2)	(2.3)	(2.1)	-
(=) Earnings before financial expenses (EBIT*)	603.8	599.2	(4.6)	(0.8)	1,298.6	1,025.4	(273.2)	(21.0)
(+) Depreciation and amortization	148.7	176.2	27.5	18.5	291.8	404.3	112.5	38.6
(=) EBITDA**	752.5	775.4	22.9	3.0	1,590.4	1,429.7	(160.7)	(10.1)
(%) EBITDA margin	33.1	33.1			35.9	30.8		
Net income	319.5	479.6	160.1	50.1	618.5	662.4	43.9	7.1
Earnings per share (R\$)	1.40	2.11			2.71	2.91		

(\*) Earnings before interest and taxes

(\*\*) Earnings before interest, taxes, depreciation and amortization

In 2Q11, net operating revenue reached R\$ 2.3 billion, a 3.0% growth compared to 2Q10. Costs and expenses, including construction costs, in the amount of R\$ 1.7 billion grew 4.2% versus 2Q10. EBIT dropped by 0.8%, from R\$ 603.8 million in 2Q10 to R\$ 599.2 million in 2Q11. EBITDA was R\$ 752.5 million in 2Q10 and R\$ 775.4 million in 2Q11, an increase of 3.0%, with EBITDA margin stable at 33.1%.

## 2. Gross operating revenue

Gross operating revenue, including construction revenue, reached R\$ 2.5 billion, a 3.2% increase in comparison to the 2Q10.

Gross operating revenue from water supply and sewage collection recorded grew from R\$ 1.9 billion in 2Q10 to R\$ 2.0 billion in 2Q11, an increase of R\$ 120.8 million or 6.5%. The main factors that led to this variation were: the increase of 2.7% in water billed volume and of 3.7% in sewage billed volume and the tariff adjustment of 4.05% as of September 2010.

The main factors that contributed to higher billed volume were: the increase in the number of connections, the growth in the consumption in the industry category due to a better economic scenario, and the new firm demand contracts.

### **3. Construction revenue**

Construction revenue dropped R\$ 44.1 million, or 8.1% when comparing to 2Q10, moving from R\$ 542.6 million to R\$ 498.5 million, due to lower investments in the period.

### **4. Billed volume**

The following tables show the billed water and sewage volume per customer category and region in 2Q10 and 2Q11.

**BILLED WATER AND SEWAGE VOLUME <sup>(1)</sup> PER CUSTOMER CATEGORY - million m<sup>3</sup>**

Category	Water			Sewage			Water + Sewage		
	2Q10	2Q11	%	2Q10	2Q11	%	2Q10	2Q11	%
Residential	356.8	366.7	2.8	290.1	301.2	3.8	646.9	667.9	3.2
Commercial	40.3	41.8	3.7	37.7	39.2	4.0	78.0	81.0	3.8
Industrial	9.2	9.8	6.5	9.3	10.1	8.6	18.5	19.9	7.6
Public	13.2	13.8	4.5	10.6	10.9	2.8	23.8	24.7	3.8
<b>Total retail</b>	<b>419.5</b>	<b>432.1</b>	<b>3.0</b>	<b>347.7</b>	<b>361.4</b>	<b>3.9</b>	<b>767.2</b>	<b>793.5</b>	<b>3.4</b>
Wholesale	73.4	74.2	1.1	7.2	6.7	(6.9)	80.6	80.9	0.4
Reused water	0.1	0.1	-	-	-	-	0.1	0.1	-
<b>Total</b>	<b>493.0</b>	<b>506.4</b>	<b>2.7</b>	<b>354.9</b>	<b>368.1</b>	<b>3.7</b>	<b>847.9</b>	<b>874.5</b>	<b>3.1</b>
	6M10	6M11	%	6M10	6M11	%	6M10	6M11	%
Residential	721.3	740.1	2.6	584.2	604.8	3.5	1,305.5	1,344.9	3.0
Commercial	80.6	83.1	3.1	74.7	77.5	3.7	155.3	160.6	3.4
Industrial	18.2	19.2	5.5	18.6	20.0	7.5	36.8	39.2	6.5
Public	24.4	26.0	6.6	19.7	20.4	3.6	44.1	46.4	5.2
<b>Total retail</b>	<b>844.5</b>	<b>868.4</b>	<b>2.8</b>	<b>697.2</b>	<b>722.7</b>	<b>3.7</b>	<b>1,541.7</b>	<b>1,591.1</b>	<b>3.2</b>
Wholesale	145.9	148.3	1.6	15.3	14.2	(7.2)	161.2	162.5	0.8
Reused water	0.2	0.2	-	-	-	-	0.2	0.2	-
<b>Total</b>	<b>990.6</b>	<b>1,016.9</b>	<b>2.7</b>	<b>712.5</b>	<b>736.9</b>	<b>3.4</b>	<b>1,703.1</b>	<b>1,753.8</b>	<b>3.0</b>

**BILLED WATER AND SEWAGE VOLUME <sup>(1)</sup> PER REGION - million m<sup>3</sup>**

Region	Water			Sewage			Water + Sewage		
	2Q10	2Q11	%	2Q10	2Q11	%	2Q10	2Q11	%
Metropolitan	278.8	285.0	2.2	236.2	242.4	2.6	515.0	527.4	2.4
Regional <sup>(2)</sup>	140.7	147.1	4.5	111.5	119.0	6.7	252.2	266.1	5.5
<b>Total retail</b>	<b>419.5</b>	<b>432.1</b>	<b>3.0</b>	<b>347.7</b>	<b>361.4</b>	<b>3.9</b>	<b>767.2</b>	<b>793.5</b>	<b>3.4</b>
Wholesale	73.4	74.2	1.1	7.2	6.7	(6.9)	80.6	80.9	0.4
Reused water	0.1	0.1	-	-	-	-	0.1	0.1	-
<b>Total</b>	<b>493.0</b>	<b>506.4</b>	<b>2.7</b>	<b>354.9</b>	<b>368.1</b>	<b>3.7</b>	<b>847.9</b>	<b>874.5</b>	<b>3.1</b>
	6M10	6M11	%	6M10	6M11	%	6M10	6M11	%
Metropolitan	555.9	570.3	2.6	469.9	483.7	2.9	1,025.8	1,054.0	2.7
Regional <sup>(2)</sup>	288.6	298.1	3.3	227.3	239.0	5.1	515.9	537.1	4.1
<b>Total retail</b>	<b>844.5</b>	<b>868.4</b>	<b>2.8</b>	<b>697.2</b>	<b>722.7</b>	<b>3.7</b>	<b>1,541.7</b>	<b>1,591.1</b>	<b>3.2</b>
Wholesale	145.9	148.3	1.6	15.3	14.2	(7.2)	161.2	162.5	0.8
Reused water	0.2	0.2	-	-	-	-	0.2	0.2	-

<b>Total</b>	<b>990.6</b>	<b>1,016.9</b>	<b>2.7</b>	<b>712.5</b>	<b>736.9</b>	<b>3.4</b>	<b>1,703.1</b>	<b>1,753.8</b>	<b>3.0</b>
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(1) Unaudited

(2) Including coastal and countryside

## 5. Costs, administrative and selling expenses

In 2Q11, costs of products and services, administrative and selling expenses grew 4.2% (R\$ 70.7 million). As a percentage of net revenue, costs and expenses moved from 73.4% in 2Q10 to 74.3% in 2Q11.

							<i>R\$ million</i>	
	2Q10	2Q11	Chg. (R\$)	%	6M10	6M11	Chg. (R\$)	%
Payroll and benefits	396.0	412.1	16.1	4.1	753.2	968.6	215.4	28.6
Supplies	32.3	34.6	2.3	7.1	66.6	71.7	5.1	7.7
Treatment supplies	31.1	36.0	4.9	15.8	67.1	81.6	14.5	21.6
Services	274.6	232.6	(42.0)	(15.3)	489.9	464.1	(25.8)	(5.3)
Electric power	129.8	151.3	21.5	16.6	260.0	292.6	32.6	12.5
General expenses	36.0	157.0	121.0	336.1	108.8	284.4	175.6	161.4
Tax expenses	11.7	10.2	(1.5)	(12.8)	38.8	37.6	(1.2)	(3.1)
<b>Sub-total</b>	<b>911.5</b>	<b>1,033.8</b>	<b>122.3</b>	<b>13.4</b>	<b>1,784.4</b>	<b>2,200.6</b>	<b>416.2</b>	<b>23.3</b>
Depreciation and amortization	148.7	176.2	27.5	18.5	291.8	404.3	112.5	38.6
Credit write-offs	77.8	43.0	(34.8)	(44.7)	88.3	76.1	(12.2)	(13.8)
<b>Sub-total</b>	<b>226.5</b>	<b>219.2</b>	<b>(7.3)</b>	<b>(3.2)</b>	<b>380.1</b>	<b>480.4</b>	<b>100.3</b>	<b>26.4</b>
Construction costs	530.6	486.3	(44.3)	(8.3)	972.3	925.7	(46.6)	(4.8)
<b>Costs, administrative and selling expenses</b>	<b>1,668.6</b>	<b>1,739.3</b>	<b>70.7</b>	<b>4.2</b>	<b>3,136.8</b>	<b>3,606.7</b>	<b>469.9</b>	<b>15.0</b>
% over net revenue	73.4	74.3			70.7	77.8		

### 5.1. Payroll and benefits

In 2Q11 payroll and benefits increased by R\$ 16.1 million or 4.1%, from R\$ 396.0 million to R\$ 412.1 million, due to the following:

- 5.05% increase in wages since May 2010 and of 8% since May 2011; and
- Adjustment in the provision, in the amount of R\$ 7.7 million, for the payment of severance to employees who requested retirement in 2Q11.

These increases were partly offset by the of R\$ 4.9 million decrease in the payment of FGTS penalty and termination notice on account of the fewer terminations in 2Q11, mainly those related to the Conduct Adjustment Agreement (TAC).



## 5.2. Supplies

In 2Q11, expenses with Supplies increased by R\$ 2.3 million or 7.1%, when compared to the same quarter of 2010, from R\$ 32.3 million to R\$ 34.6 million. The main factors for this variation were higher expenses with maintenance of the equipment, furniture and services in the sewage pumping and treatment stations located at the Regional Systemns.

## 5.3. Treatment supplies

Between 2Q11 and 2Q10, expenses with treatment supplies increased by R\$ 4.9 million or 15.8%, from R\$ 31.1 million to R\$ 36.0 million, due to the following:

- Increase of R\$ 4.6 million in the consumption of aluminum polychloride in replacement of the aluminum sulphate at the Water Treatment Station of Guaraú;
- Addition of R\$ 1.4 million on account of the price adjustment of sodium carbonate since September 2010, which now includes product transport costs, and the increase in chlorine and oxygen consumption due to the climate and water reserves conditions; and
- Decrease of R\$ 1.7 million, due to the lower consumption of activated carbon, which is a seasonal product, caused by the lower proliferation of algae in dams that serve the Alto Tietê production system.

#### 5.4. Services

In 2Q11 this item decreased R\$ 42.0 million or 15.3%, from R\$ 274.6 million to R\$ 232.6 million. The main factors were:

- Agreement with the municipality of São Paulo:
  - ü Decrease of R\$ 44.7 million in the provision made in 2Q11 relating to the actions established in the agreement; and
  - ü Addition of R\$ 2.0 million, due to transportation of sediments of lake Parque do Ibirapuera.
- Advertising campaigns with a R\$ 10.4 million decrease due to the completion of certain advertising campaign contracts, such as: *SPTV 2ª Edição*, *midia project TV RECORD*, *globo soccer*, *planeta sustentaval 2010*, among others.

There was an increase in the following services:

- Preventive and corrective maintenance in the water supply and sewage service systems, amounting to R\$ 5.0 million, due to the following factors: (i) maintenance and recuperation of equipment, properties, as well as reservoirs, aqueduct systems and substations in the São Paulo Metropolitan Region and the regional systems; and
- Postage and telegraphs in the amount of R\$ 3.5 million related to the delivery of water bills at some Business Units by post, due to judicial request.

#### 5.5. Electric power

In 2Q11 this item increased R\$ 21.5 million or 16.6%, from R\$ 129.8 million to R\$ 151.3 million.

This result is associated to the increase of 12.3% in the free market and of 15.8% in the captive market, corresponding to an average consumption of 15.2% between the markets. The average tariff increase in the free and captive market was approximately 5.4% in the period.

#### 5.6. General expenses

In 2Q11 general expenses increased R\$ 121.0 million or 336.1%, from R\$ 36.0 million to R\$ 157.0 million, mainly due to the following:

- Provision in the amount of R\$ 77.6 million as envisaged in the agreement with the Municipal Government of São Paulo, which is equivalent to 7.5% of the municipality's gross revenue after deducting the Cofins and Pasep contributions, calculated from the date of signing of the agreement, that is June 23, 2010; and
- Additions in the provision for legal contingencies in relation to 2Q10, amounting to R\$ 46.9 million.

### **5.7. Depreciation and amortization**

This item increased R\$ 27.5 million or 18.5%, from R\$ 148.7 million to R\$ 176.3 million, due to the amortization term adjustment between the asset's useful life and the contract effectiveness, whichever is the shortest one, recurring for the next quarter.

### **5.8. Credit write-offs**

Credit write-offs dropped R\$ 34.8 million or 44.7%, from R\$ 77.8 million to R\$ 43.0 million, mainly due to the complementing of provision that occurred in 2Q10 for the debts with the Municipal Government of São Paulo.

### **6. Other operating expenses and revenues**

Other operating revenues (net of expenses) increased R\$ 46.8 million, mainly due to the signing of the Disposal of Exclusive Rights agreement, for the payment of Sabesp's employees, with Nossa Caixa and Banco do Brasil for the period from March 2007 to March 2014.

## 7. Financial expenses and revenues

	<i>R\$ million</i>			
	2Q10	2Q11	Var.	%
Financial expenses				
Interest and charges on domestic loans and financing	101.3	75.8	(25.5)	(25.2)
Interest and charges on international loans and financing	11.8	17.9	6.1	51.7
Interest rate over lawsuit	45.3	18.0	(27.3)	(60.3)
Other financial expenses	13.8	13.8	-	-
<b>Total financial expenses</b>	<b>172.2</b>	<b>125.5</b>	<b>(46.7)</b>	<b>(27.1)</b>
Financial revenues	48.3	99.3	51.0	105.6
<b>Financial expenses net of revenues</b>	<b>123.9</b>	<b>26.2</b>	<b>(97.7)</b>	<b>(78.9)</b>

### 7.1. Financial expenses

In 2Q11 financial expenses dropped R\$ 46.7 million, or 27.1%. The main factors that influenced this result were:

- Decrease in the amount relating to lawsuit in the amount of R\$ 27.3 million; and
- Decrease in interest by R\$ 25.5 million, on domestic loans and financing, mainly due to the amortization of the 8<sup>th</sup> debenture in June 2011.

These decreases were partially offset by the interest related to the Eurobonds, in the amount of US\$ 350 million, in December 2010, which increased R\$ 6.1 million.

### 7.2. Financial revenues

Financial revenues increased by R\$ 51.0 million, as a result of higher volume for financial investments due to the increase in cash position.

## 8. Monetary variation on assets and liabilities

*R\$ million*

	2Q10	2Q11	Var.	%
Monetary variation on loans and financing	22.8	15.1	(7.7)	(33.8)
Currency exchange variation on loans and financing	18.4	(74.3)	(92.7)	(503.8)
Other monetary/exchange rate variations	2.5	7.7	5.2	208.0
<b>Variation on liabilities</b>	<b>43.7</b>	<b>(51.5)</b>	<b>(95.2)</b>	<b>(217.8)</b>
Variation on assets	47.6	20.3	(27.3)	(57.4)
<b>Net Variation</b>	<b>(3.9)</b>	<b>(71.8)</b>	<b>(67.9)</b>	<b>1,741.0</b>

### 8.1. Monetary variations on liabilities

The effect on the monetary variations on liabilities in 2Q11 was R\$ 95.2 million lower, compared to 2Q10, due to:

- Exchange variation on foreign loans and financing generating a negative impact of R\$ 92.7 million, due to the 4.2% depreciation of the U.S. Dollar in 2Q11 compared to the 1.2% appreciation in 2Q10; and
- Monetary variations on domestic loans and financing decreased by R\$ 7.7 million, mainly due to the R\$ 9.9 million decrease due to the positive variation of the IGPM in 2Q11 of 0.70%, compared to a 2.84% variation in 2Q10; and the R\$ 2.2 million increase due to the higher variation of the TR interest rate in 2Q11 of 0.31% compared to 0.11% in 2Q10.

### 8.2. Monetary variations on assets

Monetary variations on assets decreased R\$ 27.3 million, mainly due to the exchange variation caused by the depreciation of the Real against the Yen during the payment of Japan International Cooperation Agency - JICA, and the monetary restatement of the deposits relating to legal proceedings in 2Q10.

## 9. Operating indicators

The water loss ratio remained stable at 26% as it is calculated considering the moving average of the last 12 months, therefore, still affected by water network outsourced maintenance services interrupted in 2010 in the São Paulo Metropolitan Region.

Operating indicators*	2Q10	2Q11	%
Water connections <sup>(1)</sup>	7,207	7,386	2.5
Sewage connections <sup>(1)</sup>	5,609	5,814	3.7
Population directly served - water <sup>(2)</sup>	23.5	23.8	1.3
Population directly served - sewage <sup>(2)</sup>	19.8	20.2	2.0
Number of employees	15,095	15,397	2.0
Water volume produced <sup>(3)</sup>	1,463	1,500	2.5
Water losses (%)	25.8	26.0	0.8

(1) In thousand units

(2) In million inhabitants. Not including wholesale

(3) In millions of cubic meters

\* Unaudited

## 10. Loans and financing

The following table shows the loans and financing breakdown in 2Q11.

INSTITUTION	2011	2012	2013	2014	2015	2016	2017 and onwards	R\$
								million
								Total
<b>Local market</b>								
Banco do Brasil	162.5	346.4	377.1	99.4	-	-	-	985.4
Caixa Econômica Federal	47.4	103.3	104.7	65.9	43.8	42.3	439.3	846.7
Debentures	33.3	833.7	548.4	334.2	348.9	34.7	188.4	2,321.6
Debentures BNDES	-	2.0	35.4	35.4	35.4	35.4	139.6	283.2
Debentures FI FGTS	-	-	-	22.7	45.4	45.4	386.1	499.6
BNDES	23.1	72.2	44.5	40.3	40.3	40.4	238.1	498.9
Others	1.4	1.0	0.6	0.5	0.6	0.6	14.6	19.3
Interest and charges	130.9	2.8	-	-	-	-	-	133.7
<b>Local market total</b>	<b>398.6</b>	<b>1,361.4</b>	<b>1,110.7</b>	<b>598.4</b>	<b>514.4</b>	<b>198.8</b>	<b>1,406.1</b>	<b>5,588.4</b>
<b>International market</b>								
BID	30.1	60.2	60.2	60.2	60.3	60.2	191.6	522.8
BIRD	-	-	-	-	-	-	7.0	7.0
Eurobonds	-	-	-	-	-	218.0	538.9	756.9

JICA	21.2	42.4	42.4	42.4	42.4	42.4	551.4	784.6
BID 1983AB	-	37.1	37.1	37.1	37.0	37.1	164.6	350.0
Interest and charges	15.9	-	-	-	-	-	-	15.9
<b>International market total</b>	<b>67.2</b>	<b>139.7</b>	<b>139.7</b>	<b>139.7</b>	<b>139.7</b>	<b>357.7</b>	<b>1,453.5</b>	<b>2,437.2</b>
<b>Total</b>	<b>465.8</b>	<b>1,501.1</b>	<b>1,250.4</b>	<b>738.1</b>	<b>654.1</b>	<b>556.5</b>	<b>2,859.6</b>	<b>8,025.6</b>

## 11. Conference Calls

### In Portuguese

**August 17, 2011**

2:00pm (Brasília) / 1:00pm (US EST)

Dial in access: (55 11) 3127-4971

Conference ID: Sabesp

*Replay available until 08/24/2011*

Dial in access: (55 11) 3127-4999

Replay ID: 81841135

### In English

**August 17, 2011**

4:00pm (Brasília) / 3:00pm (US EST)

Dial in access: 1(412) 317-6776

Conference ID: Sabesp

*Replay available until 08/25/2011*

Dial in access: 1(412) 317-0088

Replay ID: 10002685

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## Income Statement

**Corporate Law Method (Law No. 6,404/76)**

**R\$ '000**

	<u>PARENT COMPANY</u>		<u>CONSOLIDATED</u>	
	2Q11	2Q10	2Q11	2Q10
<b>Gross Revenue from Sales and Services</b>	<b>2,483,943</b>	<b>2,407,162</b>	<b>2,485,814</b>	<b>2,407,162</b>
Water Supply - Retail	1,027,158	961,920	1,028,400	961,920
Water Supply - Wholesale	39,033	47,889	39,033	47,889
Sewage Collection and Treatment	872,200	813,834	872,698	813,834
Sewage Collection and Treatment - Wholesale	4,499	5,474	4,499	5,474
Construction Revenue - Water	243,189	271,311	243,237	271,311
Construction Revenue - Sewage	255,349	271,311	255,398	271,311
Other Services	42,515	35,423	42,549	35,423
Taxes on Sales and Services - COFINS and PASEP	(144,160)	(134,665)	(144,248)	(134,665)
<b>Net Revenue from Sales and Services</b>	<b>2,339,783</b>	<b>2,272,497</b>	<b>2,341,566</b>	<b>2,272,497</b>
Costs of Sales and Services	(1,437,714)	(1,301,548)	(1,439,146)	(1,301,548)
<b>Gross Profit</b>	<b>902,069</b>	<b>970,949</b>	<b>902,420</b>	<b>970,949</b>
<b>Operating Expenses</b>				
Selling	(155,317)	(214,441)	(155,392)	(214,441)
Administrative	(146,219)	(152,645)	(147,561)	(152,766)
Other operating revenue (expenses), net	48,199	196	48,227	196
<b>Operating Income Before Shareholdings</b>	<b>648,732</b>	<b>604,059</b>	<b>647,694</b>	<b>603,938</b>
Equity Result	(1,286)	(107)	-	-
<b>Earnings Before Financial Results, net</b>	<b>647,446</b>	<b>603,952</b>	<b>647,694</b>	<b>603,938</b>
Financial, net	(18,660)	(101,572)	(18,775)	(101,558)
Exchange gain (loss), net	64,211	(18,424)	64,213	(18,424)
<b>Earnings before Income Tax and Social Contribution</b>	<b>692,997</b>	<b>483,956</b>	<b>693,132</b>	<b>483,956</b>

**Income Tax and Social Contribution**

Current	(197,704)	(198,095)	(197,832)	(198,095)
Deferred	(15,646)	33,588	(15,653)	33,588
<b>Net Income (loss) for the period</b>	<b>479,647</b>	<b>319,449</b>	<b>479,647</b>	<b>319,449</b>
<b>Registered common shares ('000)</b>	<b>227,836</b>	<b>227,836</b>	<b>227,836</b>	<b>227,836</b>
<b>Earnings per shares - R\$ (per share)</b>	<b>2.11</b>	<b>1.40</b>	<b>2.11</b>	<b>1.40</b>
<b>Depreciation and Amortization</b>	<b>(176,228)</b>	<b>(148,730)</b>	<b>(176,239)</b>	<b>(148,731)</b>
<b>EBITDA</b>	<b>775,475</b>	<b>752,486</b>	<b>775,706</b>	<b>752,473</b>
% over net revenue	33.1%	33.1%	33.1%	33.1%

## Balance Sheet

<b>Brazilian Corporate Law</b>		<b>R\$ '000</b>			
<b>ASSETS</b>	<b>PARENT COMPANY</b>		<b>CONSOLIDATED</b>		
	<b>06/30/2011</b>	<b>12/31/2010</b>	<b>06/30/2011</b>	<b>12/31/2010</b>	
<b>Current</b>					
Cash and Cash Equivalents	2,172,953	1,988,004	2,174,539	1,989,179	
Accounts Receivable from Clients	876,984	971,047	877,581	971,318	
Related Party Balance	160,452	137,772	160,452	137,772	
Inventory	37,044	36,090	37,062	36,096	
Restricted cash	112,783	302,570	112,783	302,570	
Recoverable Taxes	26,324	108,675	26,439	108,675	
Other Receivables	42,126	30,716	56,406	44,511	
<b>Total Current Assets</b>	<b>3,428,666</b>	<b>3,574,874</b>	<b>3,445,262</b>	<b>3,590,121</b>	
<b>Non-Current</b>					
Long Term Assets:					
Accounts Receivable from Clients	375,556	352,839	375,556	352,839	
Related Party Balance	197,271	231,076	197,271	231,076	
Indemnities Receivable	146,213	146,213	146,213	146,213	
Judicial Deposits	49,633	43,543	49,633	43,543	
Deferred income tax and social contribution	75,695	77,913	76,252	78,440	
National Water Agency - ANA	65,609	62,540	65,609	62,540	
Other Receivables	27,327	47,884	29,171	49,370	
	<b>937,304</b>	<b>962,008</b>	<b>939,705</b>	<b>964,021</b>	
Investments	16,566	8,262	-	-	
Intangible Assets	19,118,094	18,541,522	19,128,759	18,546,836	
Permanent Assets	201,026	206,384	279,340	249,606	
	19,335,686	18,756,168	19,408,099	18,796,442	
<b>Total Non-Current Assets</b>	<b>20,272,990</b>	<b>19,718,176</b>	<b>20,347,804</b>	<b>19,760,463</b>	
<b>Total Assets</b>	<b>23,701,656</b>	<b>23,293,050</b>	<b>23,793,066</b>	<b>23,350,584</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
	<b>06/30/2011</b>	<b>12/31/2010</b>	<b>06/30/2011</b>	<b>12/31/2010</b>	

**Current**

Contractors and Suppliers	170,736	142,634	172,719	144,043
Current portion of long term loans	1,007,875	1,239,716	1,008,000	1,242,143
Salaries and Payroll Charges	273,281	246,325	273,712	246,467
Other taxes and contributions payable	156,164	157,768	156,555	158,050
Interest on Own Capital Payable	92	354,254	110	354,254
Provisions	737,846	766,603	737,846	766,603
Other accounts payable	361,884	378,256	361,884	378,256
Other payables	211,851	216,230	212,109	216,298
<b>Total Current Liabilities</b>	<b>2,919,729</b>	<b>3,501,786</b>	<b>2,922,935</b>	<b>3,506,114</b>

**Non-Current**

Loans and Financing	7,017,781	6,969,576	7,105,863	7,022,472
Other taxes and contributions payable	36,040	53,045	36,040	53,045
Deferred Cofins/Pasep taxes	114,104	112,962	114,104	112,962
Provisions	777,278	693,227	777,278	693,227
Pension Plan Obligations	2,013,705	1,804,038	2,013,705	1,804,038
Other Payables	547,539	476,616	547,661	476,926
<b>Total Non Current Liabilities</b>	<b>10,506,447</b>	<b>10,109,464</b>	<b>10,594,651</b>	<b>10,162,670</b>

**Shareholders' Equity**

Capital Stock	6,203,688	6,203,688	6,203,688	6,203,688
Capital Reserves	124,255	124,255	124,255	124,255
Income reserve and accrued earnings	3,947,537	3,353,857	3,947,537	3,353,857
<b>Total Shareholders' Equity</b>	<b>10,275,480</b>	<b>9,681,800</b>	<b>10,275,480</b>	<b>9,681,800</b>

**Total Liabilities and Shareholders'  
Equity**

	<b>23,701,656</b>	<b>23,293,050</b>	<b>23,793,066</b>	<b>23,350,584</b>
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## Cash Flow

Brazilian Corporate Law		R\$ '000		
Description	PARENT COMPANY		CONSOLIDATED	
	Jan-Jun/11	Jan-Jun/10	Jan-Jun/11	Jan-Jun/10
<b>Cash flow from operating activities</b>				
Earnings before income tax and social contribution	1,071,724	962,846	1,071,822	962,846
Depreciation and Amortization	404,324	291,758	404,339	291,758
Losses from the sale of fixed and intangible assets	4,379	12,195	4,379	12,195
Provisions for bad debt	177,892	169,280	177,892	169,280
Provisions	116,014	213,132	116,014	213,132
Interest calculated over loans and financing payable	237,592	212,012	237,853	212,012
Monetary and exchange variation over loans and financing	(108,511)	91,460	(108,511)	91,460
Variation on liabilities and interest	1,549	2,225	1,556	2,225
Variation on assets and interest	(14,319)	(43,916)	(14,319)	(43,916)
Fair value margin on intangible assets from concession agreements	-	(22,593)	-	(22,593)
Provision for the conduct adjustment agreement (TAC)	21,949	9,153	21,949	9,153
Equity result	2,252	224	-	-
São Paulo municipal government transfers	(835)	-	(835)	-
Provision for Sabesprev Mais	(5,655)	-	(5,655)	-
Other write-offs	4,630	105	4,630	105
Pension plan obligations	215,639	81,584	215,639	81,584
<b>Adjusted net income (generated by operating activities)</b>	<b>2,105,642</b>	<b>1,979,465</b>	<b>2,103,771</b>	<b>1,979,241</b>
<b>Variation on Assets and Liabilities (Increase) decrease in assets:</b>	<b>(145,712)</b>	<b>(134,530)</b>	<b>(146,151)</b>	<b>(134,575)</b>
Accounts receivable from clients	(104,549)	(51,051)	(104,875)	(51,051)
Balances and transactions with related parties	15,996	8,818	15,996	8,818
Inventories	(755)	8,683	(767)	8,683
Recoverable Taxes	(56,558)	(1,755)	(56,801)	(1,755)
Indemnities receivable	-	-	-	-

Judicial deposits	5,525	(1,178)	5,525	(1,178)
Other accounts receivable	2,512	(23,292)	1,671	(23,294)
<b>Increase (decrease) in liabilities:</b>	-	-	-	-
Contractors and suppliers	23,048	(29,641)	23,622	(29,727)
Other suppliers	(16,372)	42,352	(16,372)	42,352
Salaries and payroll charges	5,007	(6,780)	5,296	(6,735)
Other taxes and contributions payable	(20,158)	(47,161)	(20,049)	(47,163)
Taxes on revenues	1,142	(4,065)	1,142	(4,065)
Provisions	-	-	-	-
Pension plan obligations	(5,972)	(8,170)	(5,972)	(8,170)
Other accounts payable	71,616	83,883	71,627	83,883
Contingencies	(66,194)	(105,173)	(66,194)	(105,173)
<b>Others</b>	<b>(642,740)</b>	<b>(740,527)</b>	<b>(642,740)</b>	<b>(740,527)</b>
Interest paid	(374,631)	(284,613)	(374,631)	(284,613)
Income tax and contribution paid	(268,109)	(455,914)	(268,109)	(455,914)
<b>Net cash generated from operating activities</b>	<b>1,317,190</b>	<b>1,104,408</b>	<b>1,314,880</b>	<b>1,104,139</b>
<b>Cash flow from investing activities:</b>				
Restricted cash	189,787	(390,011)	189,787	(390,011)
Increase in investment	(10,556)	(809,760)	-	-
Acquisition of property, plant and equipment	(6,065)	-	(41,156)	-
Acquisition of intangible assets	(798,483)	-	(803,850)	(810,547)
Income from the sale of fixed assets	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(625,317)</b>	<b>(1,199,771)</b>	<b>(655,219)</b>	<b>(1,200,558)</b>
<b>Cash flow from financing activities</b>				
Funding	1,305,953	2,025,647	1,340,878	2,025,647
Amortizations	(1,389,954)	(1,287,491)	(1,392,256)	(1,287,491)
Payment of interest on own capital	(422,923)	(365,386)	(422,923)	(365,386)
<b>Net cash generated (invested) at financing activities</b>	<b>(506,924)</b>	<b>372,770</b>	<b>(474,301)</b>	<b>372,770</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>184,949</b>	<b>277,407</b>	<b>185,360</b>	<b>276,351</b>
Cash and cash equivalents at the beginning of the period	1,988,004	769,433	1,989,179	771,008
Cash and cash equivalents at the end of the period	2,172,953	1,046,840	2,174,539	1,047,359

<b>Changes in Cash and Cash Equivalents</b>	<b>184,949</b>	<b>277,407</b>	<b>185,360</b>	<b>276,351</b>
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