

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

June 15, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

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

For May 11, 2012
(Commission File No. 1-31317)

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)

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

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):

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 1Q12 results

São Paulo, May 10, 2012 - **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 on the number of costumers, announces today its results for the **first quarter 2012 (1Q12)**. 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 same period of 2011.

SBSP3: R\$ 76.00/ share
SBS: US\$ 78.46 (ADR=2 shares)
Total shares: 227.836.623
Market Value: R\$ 17 billion
Closing Price: 05/10/2012

1. Financial highlights

| | 1Q11 | 1Q12 | Var. (R\$) | R\$ million % |
|--|---------|---------|------------|---------------------|
| (+) Gross operating revenue | 1,989.8 | 2,189.4 | 199.6 | 10.0 |
| (+) Construction revenue | 450.2 | 550.9 | 100.7 | 22.4 |
| (-) COFINS and PASEP taxes | 145.4 | 162.6 | 17.2 | 11.8 |
| (=) Net operating revenue | 2,294.6 | 2,577.7 | 283.1 | 12.3 |
| (-) Costs and expenses | 1,428.1 | 1,334.8 | (93.3) | (6.5) |
| (-) Construction costs | 439.4 | 539.4 | 100.0 | 22.8 |
| (+) Equity Results | (0.9) | (1.8) | (0.9) | - |
| (=) Earnings before financial expenses (EBIT*) | 426.2 | 701.7 | 275.5 | 64.6 |
| (+) Depreciation and amortization | 228.1 | 186.5 | (41.6) | (18.2) |
| (=) EBITDA** | 654.3 | 888.2 | 233.9 | 35.7 |
| (%) EBITDA margin | 28.5 | 34.5 | | |
| Net income | 182.8 | 491.9 | 309.1 | 169.1 |
| Earnings per share (R\$) | 0.80 | 2.16 | | |

(*) Earnings before interest and taxes

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

In 1Q12, net operating revenue reached R\$ 2.6 billion, a 12.3% growth compared to 1Q11. Costs and expenses, including construction costs, in the amount of R\$ 1.9 billion grew 0.4% over 1Q11. EBIT grew 64.6%, from R\$ 426.2 million in 1Q11 to R\$ 701.7 million in 1Q12. EBITDA increased 35.7%, from R\$ 654.3 million in 1Q11 to R\$ 888.2 million in 1Q12. The EBITDA margin was 34.5% in 1Q12 in comparison to 28.5% in the same period of the previous year. Excluding construction revenues and construction costs, the EBITDA margin was 43.3% in 1Q12 (34.9% in 1Q11).

2. Gross operating revenue

Gross operating revenue from water supply and sewage collection grew from R\$ 2.0 billion in 1Q11 to R\$ 2.2 billion in 1Q12, an increase of R\$ 199.6 million or 10.0%. The main factors that led to this variation were: the increase of 3.0% in total billed volume, out of which 2.6% in water and 3.5% in sewage, and the tariff adjustment of 6.83% as of September 2011.

3. Construction revenue

In 1Q12, construction revenue grew from R\$ 450.2 million to R\$ 550.9 million, an increase of R\$ 100.7 million or 22.4%, comparing to 1Q11. This variation was mainly due to higher investments in the period.

4. Billed volume

The following tables show the billed water and sewage volume per customer category and region in 1Q11 and 1Q12.

BILLED WATER AND SEWAGE VOLUME ⁽¹⁾ PER CUSTOMER CATEGORY - million m³

| Category | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|--------------|------------|
| | 1Q11 | 1Q12 | % | 1Q11 | 1Q12 | % | 1Q11 | 1Q12 | % |
| Residential | 373.4 | 384.6 | 3.0 | 303.6 | 315.2 | 3.8 | 677.0 | 699.8 | 3.4 |
| Commercial | 41.3 | 42.9 | 3.9 | 38.3 | 39.7 | 3.7 | 79.6 | 82.6 | 3.8 |
| Industrial | 9.4 | 9.6 | 2.1 | 9.9 | 10.4 | 5.1 | 19.3 | 20.0 | 3.6 |
| Public | 12.2 | 13.2 | 8.2 | 9.5 | 10.1 | 6.3 | 21.7 | 23.3 | 7.4 |
| Total retail | 436.3 | 450.3 | 3.2 | 361.3 | 375.4 | 3.9 | 797.6 | 825.7 | 3.5 |
| Wholesale | 74.1 | 73.3 | (1.1) | 7.5 | 6.4 | (14.7) | 81.6 | 79.7 | -2.3 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Total | 510.5 | 523.7 | 2.6 | 368.8 | 381.8 | 3.5 | 879.3 | 905.5 | 3.0 |

BILLED WATER AND SEWAGE VOLUME ⁽¹⁾ PER REGION - million m³

| Region | Water | | | Sewage | | | Water + Sewage | | |
|-------------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|--------------|------------|
| | 1Q11 | 1Q12 | % | 1Q11 | 1Q12 | % | 1Q11 | 1Q12 | % |
| Metropolitan | 285.3 | 293.2 | 2.8 | 241.3 | 248.3 | 2.9 | 526.6 | 541.5 | 2.8 |
| Regional ⁽²⁾ | 151.0 | 157.1 | 4.0 | 120.0 | 127.1 | 5.9 | 271.0 | 284.2 | 4.9 |
| Total retail | 436.3 | 450.3 | 3.2 | 361.3 | 375.4 | 3.9 | 797.6 | 825.7 | 3.5 |
| Wholesale | 74.1 | 73.3 | (1.1) | 7.5 | 6.4 | (14.7) | 81.6 | 79.7 | -2.3 |
| Reused water | 0.1 | 0.1 | - | - | - | - | 0.1 | 0.1 | - |
| Total | 510.5 | 523.7 | 2.6 | 368.8 | 381.8 | 3.5 | 879.3 | 905.5 | 3.0 |

(1) Unaudited

(2) Including coastal and countryside

5. Costs, administrative, selling and construction expenses

In 1Q12, costs of products and services, administrative, selling and construction expenses grew 0.4% (R\$ 6.7 million). As a percentage of net revenue, cost and expenses moved from 81.4% in 1Q11 to 72.7% in 1Q12.

| | 1Q11 | 1Q12 | Chg. (R\$) | R\$ million % |
|-------------------------------|----------------|----------------|---------------|---------------|
| Payroll and benefits | 556.5 | 406.3 | (150.2) | (27.0) |
| Supplies | 37.2 | 40.5 | 3.3 | 8.9 |
| Treatment supplies | 45.6 | 44.6 | (1.0) | (2.2) |
| Services | 231.4 | 265.0 | 33.6 | 14.5 |
| Electric power | 141.3 | 150.3 | 9.0 | 6.4 |
| General expenses | 127.5 | 167.8 | 40.3 | 31.6 |
| Tax expenses | 27.4 | 35.0 | 7.6 | 27.7 |
| Sub-total | 1,166.9 | 1,109.5 | (57.4) | (4.9) |
| Depreciation and amortization | 228.1 | 186.5 | (41.6) | (18.2) |

| | | | | |
|---|----------------|----------------|---------------|--------------|
| Credit write-offs | 33.1 | 38.8 | 5.7 | 17.2 |
| Sub-total | 1,428.1 | 1,334.8 | (93.3) | (6.5) |
| Construction costs | 439.4 | 539.4 | 100.0 | 22.8 |
| Costs, administrative, selling and construction expenses | 1,867.5 | 1,874.2 | 6.7 | 0.4 |
| % over net revenue | 81.4 | 72.7 | | |

5.1. Payroll and benefits

In 1Q12 payroll and benefits dropped R\$ 150.2 million or 27.0%, from R\$ 556.5 million to R\$ 406.3 million, due to the following:

- Complementation of the actuarial liability totaling R\$ 157.5 million, referring to the actuarial calculation made in 1Q11 related to G0 Plan; non-recurring for the next quarters; and

- Drop of R\$ 13.6 million referring to actuarial liability of the G0 Plan. Since April of 2011, these expenses have been recognized net of the payment of the undisputed party (benefits of Law 4819/58).

The above mentioned decreases were offset by the 8% increase in wages since May 2011, with an impact of approximately R\$ 23.6 million.

5.2. Supplies

In 1Q12, expenses with supplies increased by R\$ 3.3 million or 8.9%, when compared to the same period of the previous year, from R\$ 37.2 million to R\$ 40.5 million. The main factors for this variation were: (i) expenses with water and sewage systems maintenance, in the amount of R\$ 0.9 million; (ii) expenses with water and sewage connections, in the amount of R\$ 0.7 million, due to the increase and regulation in the execution of the Global Sourcing; (iii) data processing materials for new water meter reading and bill issuing equipment in the metropolitan region in the amount of R\$0.4 million; and (iv) maintenance of equipment installed in the strategic maintenance unit in the amount of R\$0.6 million.

5.3. Treatment supplies

Treatment supplies expenses in 1Q12 were R\$ 1.0 million or 2.3% lower than in 1Q11, from R\$ 45.6 million to R\$ 44.6 million.

5.4. Services

In 1Q12 this item increased R\$ 33.6 million or 14.5%, from R\$ 231.4 million to R\$ 265.0 million. The main factors were:

- Paving services and replacement of sidewalks and water and sewage network maintenance in the amount of R\$ 14.1 million, due to the intensification of the actions against water losses;
- Advertising campaigns focused on social and environmental initiatives broadcast on the radio and TV such as Planeta Sustentável and Projeto Verão, totaling R\$ 9.1 million;
- Increase of R\$7.5 million related to the fleet renewal program, though leasing; and
- Public and Private Partnership Agreement of the Alto Tietê Production System, with an increase of R\$ 6.4 million as expected for the second year of the contract and start-up in September 2011, increasing the water production capacity from 10m³ /s to 15m³ /s.

5.5. Electric power

In 1Q12, this item increased R\$ 9.0 million, or 6.4%, from R\$ 141.3 million to R\$ 150.3 million, associated to the increase in the average tariff, and the increase in consumption due to the increase of operational stations.

5.6. General expenses

In 1Q12 general expenses increased R\$ 40.3 million or 31.6%, from R\$ 127.5 million to R\$ 167.8 million, due to:

- Increase in provision for legal contingencies in relation to 1Q11, amounting to R\$ 36.2 million; and
- Increase of R\$6.0 million in the provision for the municipal fund pursuant to the Service Agreement with the municipal government of São Paulo, due to higher revenue from the municipal government of São Paulo.

5.7. Depreciation and amortization

This item decreased R\$ 41.6 million or 18.2%, from R\$ 228.1 million to R\$ 186.5 million, due to the amortization term adjustment between the asset s useful life and the contract effectiveness, whichever is the shortest one, and the increased transfer of works in progress to operation in 2011. The main adjustment refers to the amortization of intangible assets related to the Service Agreement with the municipal government of São Paulo, non recurring for the coming quarters.

5.8. Credit write-offs

In 1Q12 credit write-offs increased R\$ 5.7 million or 17.2%, from R\$ 33.1 million to R\$ 38.8 million, mainly due to higher provisions of debits related to public entities.

5.9. Tax expenses

In 1Q12 tax expenses grew R\$ 7.6 million or 27.7%, due to the payment of the Municipal Real Estate Tax IPTU, mainly in the municipality of São Paulo, in the amount of R\$ 5.7 million.

6. Other operating revenues and expenses

6.1. Other operating revenues

Other operating revenues increased R\$ 6.1 million or 105.2% in 1Q12, chiefly due to the recognition, on an accrual basis, of part of the funds received from the São Paulo state government for adherence to the agreement of Alienation of Exclusivity Rights for deposits of Sabesp's employees' payments from March 2007 to March 2014 with Nossa Caixa and Banco do Brasil and revenue from contractual fines with suppliers.

7. Financial revenues and expenses

| | 1Q11 | 1Q12 | Var. | <i>R\$ million</i> % |
|---|--------------|--------------|--------------|-------------------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 120.1 | 82.2 | (37.9) | (31.6) |
| Interest and charges on international loans and financing | 19.3 | 20.0 | 0.7 | 3.6 |
| Interest rate over lawsuit | 28.8 | 52.5 | 23.7 | 82.3 |
| Other financial expenses | 8.3 | 15.8 | 7.5 | 90.4 |
| Total financial expenses | 176.5 | 170.5 | (6.0) | (3.4) |
| Financial revenues | 78.8 | 75.8 | (3.0) | (3.8) |
| Financial expenses net of revenues | 97.7 | 94.7 | (3.0) | (3.1) |

7.1. Financial expenses

In 1Q12 financial expenses dropped R\$ 6.0 million, or 3.4%. The main factors that influenced this result were:

- Decrease in interest by R\$ 37.9 million on domestic loans and financing, mainly due to the amortization of the 8th and 9th debenture in June and October 2011, respectively; and

-

Higher financial expenses arising from higher incidence of interest related to lawsuits against suppliers in the amount of R\$23.7 million.

7.2. Financial revenues

Financial revenues decreased by R\$ 3.0 million, due to the gradual reduction of the market interest rates obtained in financial investments.

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8. Monetary variation on assets and liabilities

| | 1Q11 | 1Q12 | Var. | R\$ million % |
|--|---------------|----------------|---------------|------------------|
| Monetary variation on loans and financing | 19.8 | 8.5 | (11.3) | (57.1) |
| Currency exchange variation on loans and financing | (69.1) | (159.2) | (90.1) | 130.4 |
| Other monetary/exchange rate variations | 14.5 | 22.5 | 8.0 | 55.2 |
| Variation on Liabilities | (34.8) | (128.2) | (93.4) | 268.4 |
| Variation on assets | 12.2 | 11.5 | (0.7) | (5.7) |
| Net Variation | (47.0) | (139.7) | (92.7) | 197.2 |

8.1. Monetary variation on liabilities

The effect on the monetary variation on liabilities in 1Q12 was R\$ 93.4 million lower than in 1Q11, due to:

- Variation of R\$90.1 million arising from the 9.05% depreciation of the yen (reference currency in JICA agreements) in 1Q12 versus a 4.34% depreciation in 1Q11;
- Decline of R\$11.3 million resulting from the 0.62% variation in the IGPM (the debentures index) in 1Q12, versus a 2.43% variation in 1Q11;
- Increase in the amount of other financial expenses relating to lawsuits in the amount of R\$6.1 million; and
- Monetary restatements of the commitments arising from program agreements, totaling R\$ 1.4 million.

9. Operating indicators

In 1Q12 the water loss ratio remained stable over the previous quarter, with a small variation of 0.1% between Dez/11, and 1.9% below the Mar/2011 ratio.

| | | | |
|--|--------|--------|-------|
| Water connections ⁽¹⁾ | 7,332 | 7,526 | 2.6 |
| Sewage connections ⁽¹⁾ | 5,758 | 5,965 | 3.6 |
| Population directly served - water ⁽²⁾ | 23.7 | 24.0 | 1.3 |
| Population directly served - sewage ⁽²⁾ | 20.1 | 20.6 | 2.5 |
| Number of employees | 15,153 | 14,725 | (2.8) |
| Water volume produced ⁽³⁾ | 755 | 770 | 2.0 |
| Water losses (%) | 26.2 | 25.7 | (1.9) |

(1) In thousand units

(2) In million inhabitants. Not including wholesale

(3) In million of cubic meters.

* Unaudited

10. Loans and financing

In the selection process of the Ministry of Cities in the scope of the Growth Acceleration Program - PAC 2, Sabesp obtained the following funds:

- In February, the Company signed 30 credit operations with Caixa Econômica Federal (CEF), totaling R\$ 134 million, which will be allocated to water supply and sewage works and services, as well as studies and projects. Most benefitted municipalities are in the Metropolitan Regions of Sao Paulo, Baixada Santista and Campinas. Interest rate is 6.00% p.a. The risk rate is 0.30% and the management fee is 1.40% p.a. The index used is the TR rate. The grace period is up to 4 years and the amortization period is 20 years for water supply and sewage works and 5 years for studies and projects.
- In March, Sabesp signed two financing contracts totaling R\$ 181 million with the Brazilian Development Bank (BNDES). The financing is intended to fund the execution of sewage system expansion and optimization works in São Paulo, Itapeverica da Serra, Embu das Artes, Carapicuíba, Osasco, São Bernardo do Campo and Cotia, and to prepare the São Lourenço Production System's executive project. The total term is 180 months for the works and 96 months for the executive project, with grace periods of 24 and 36 months. The interest rate is the TJLP long-term interest rate + 1.72% p.a.

*R\$ million***Local market**

| | | | | | | | | |
|-----------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Banco do Brasil | 264.8 | 380.3 | 100.2 | - | - | - | - | 745.3 |
| Caixa Econômica | 84.4 | 113.4 | 74.7 | 52.8 | 52.0 | 54.3 | 580.4 | 1,012.0 |
| Federal | | | | | | | | |
| Debentures | 201.1 | 270.0 | 270.0 | 360.1 | 94.8 | 96.8 | 485.6 | 1,778.4 |
| Debentures BNDES | 2.0 | 36.0 | 56.1 | 71.1 | 71.1 | 71.1 | 260.4 | 567.8 |
| Debentures FI FGTS | - | - | 22.7 | 45.5 | 45.5 | 45.5 | 340.5 | 499.7 |
| BNDES | 58.5 | 47.6 | 43.4 | 43.3 | 43.4 | 43.4 | 214.7 | 494.3 |
| Others | 0.9 | 0.6 | 0.5 | 0.6 | 0.6 | 0.7 | 84.8 | 88.7 |
| Interest and charges | 35.1 | 3.8 | - | - | - | - | - | 38.9 |
| Local market total | 646.8 | 851.7 | 567.6 | 573.4 | 307.4 | 311.8 | 1,966.4 | 5,225.1 |
| International market | | | | | | | | |
| BID | 60.0 | 69.3 | 69.3 | 69.3 | 69.3 | 71.8 | 282.1 | 691.1 |
| BIRD | - | - | - | - | - | - | 24.2 | 24.2 |
| Eurobonds | - | - | - | - | 254.6 | - | 629.9 | 884.5 |
| JICA | 24.2 | 48.4 | 48.4 | 48.4 | 48.4 | 48.7 | 583.6 | 850.1 |
| BID 1983AB | 43.6 | 43.6 | 43.6 | 43.6 | 43.6 | 43.6 | 147.5 | 409.1 |
| Interest and charges | 32.8 | - | - | - | - | - | - | 32.8 |
| International market total | 160.6 | 161.3 | 161.3 | 161.3 | 415.9 | 164.1 | 1,667.3 | 2,891.8 |
| Total | 807.4 | 1,013.0 | 728.9 | 734.7 | 723.3 | 475.9 | 3,633.7 | 8,116.9 |

11. Events

Conference Call in Portuguese

May 11, 2012

01:00 pm (US EST) / 2:00 pm (Brasilia)

Dial in access: 55 (11) 3127-4971

Conference ID: Sabesp

Replay available until 05/18/2012

Dial in access: 55 (11) 3127-4999

Replay ID: 35890958

Conference Call in English

May 11, 2012

10:00 am (US EST) / 11:00 am (Brasilia)

Dial in access: 1 (412) 317-6776

Conference ID: Sabesp

Replay available until 05/23/2012

Dial in access: 1(412) 317-0088

Replay ID: 10013019

Click here for live webcast and Access through the Internet at: www.sabesp.com.br

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Statements contained in this press release may contain information that is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, SABESP performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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

| | PARENT COMPANY | | CONSOLIDATED | |
|---|-----------------------|------------------|---------------------|------------------|
| | 1Q12 | 1Q11 | 1Q12 | 1Q11 |
| | | | | R\$ '000 |
| Gross Revenue from Sales and Services | 2,740,263 | 2,440,003 | 2,751,653 | 2,441,062 |
| Water Supply - Retail | 1,148,103 | 1,038,906 | 1,150,579 | 1,039,502 |
| Water Supply - Wholesale | 37,590 | 42,164 | 37,590 | 42,164 |
| Sewage Collection and Treatment | 957,038 | 863,029 | 958,874 | 863,461 |
| Sewage Collection and Treatment - Wholesale | 5,444 | 6,237 | 5,444 | 6,237 |
| Construction Revenue - Water | 240,572 | 207,206 | 241,118 | 207,213 |
| Construction Revenue - Sewage | 310,285 | 242,968 | 316,656 | 242,975 |
| Other Services | 41,231 | 39,493 | 41,392 | 39,510 |
| Taxes on Sales and Services - COFINS and PASEP | (162,581) | (145,380) | (163,256) | (145,372) |
| Net Revenue from Sales and Services | 2,577,682 | 2,294,623 | 2,588,397 | 2,295,690 |
| Costs of Sales and Services | (1,496,439) | (1,367,777) | (1,505,454) | (1,368,424) |
| Gross Profit | 1,081,243 | 926,846 | 1,082,943 | 927,266 |
| Operating Expenses | | | | |
| Selling | (170,777) | (178,222) | (171,076) | (178,249) |
| Administrative | (206,991) | (321,482) | (209,792) | (322,851) |
| Other operating revenue (expenses), net | 8,463 | 3,185 | 8,489 | 3,213 |
| Operating Income Before Shareholdings | 711,938 | 430,327 | 710,564 | 429,379 |
| Equity Result | (1,760) | (966) | - | - |
| Earnings Before Financial Results, net | 710,178 | 429,361 | 710,564 | 429,379 |
| Financial, net | (113,953) | (114,813) | (116,060) | (114,869) |
| Exchange gain (loss), net | 158,963 | 64,179 | 158,972 | 64,179 |
| Earnings before Income Tax and Social Contribution | 755,188 | 378,727 | 753,476 | 378,689 |
| Income Tax and Social Contribution | | | | |
| Current | (263,995) | (209,314) | (263,136) | (209,314) |
| Deferred | 720 | 13,380 | 1,573 | 13,418 |
| Net Income (loss) for the period | 491,913 | 182,793 | 491,913 | 182,793 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Registered common shares ('000) | 227,836 | 227,836 | 227,836 | 227,836 |
| Earnings per shares - R\$ (per share) | 2.16 | 0.80 | 2.16 | 0.80 |
| Depreciation and Amortization | (186,495) | (228,093) | (186,574) | (228,100) |
| EBITDA | 888,210 | 654,269 | 888,649 | 654,266 |
| % over net revenue | 34.5% | 28.5% | 34.3% | 28.5% |

Balance sheet

| Brazilian Corporate Law | PARENT COMPANY | | CONSOLIDATED | | R\$ '000 |
|---|-------------------|-------------------|-------------------|--|-------------------|
| ASSETS | 03/31/2012 | 12/31/2011 | 03/31/2012 | | |
| Current | | | | | |
| Cash and Cash Equivalents | 2,011,372 | 2,142,079 | 2,019,264 | | 2,149,989 |
| Accounts Receivable from Clients | 1,107,220 | 1,072,015 | 1,107,901 | | 1,072,659 |
| Related Party Balance | 176,655 | 185,333 | 176,655 | | 185,333 |
| Inventory | 41,631 | 44,576 | 41,655 | | 44,611 |
| Restricted cash | 84,998 | 99,729 | 84,998 | | 99,729 |
| Recoverable Taxes | 53,801 | 117,893 | 54,088 | | 118,116 |
| Other Receivables | 60,036 | 43,069 | 63,410 | | 55,396 |
| Total Current Assets | 3,535,713 | 3,704,694 | 3,547,971 | | 3,725,833 |
| Non-Current | | | | | |
| Long Term Assets: | | | | | |
| Accounts Receivable from Clients | 322,850 | 333,713 | 322,850 | | 333,713 |
| Related Party Balance | 162,317 | 170,288 | 162,317 | | 170,288 |
| Indemnities Receivable | 60,295 | 60,295 | 60,295 | | 60,295 |
| Judicial Deposits | 50,445 | 54,178 | 50,445 | | 54,178 |
| Deferred income tax and social contribution | 178,646 | 177,926 | 181,686 | | 179,463 |
| National Water Agencie - ANA | 102,891 | 100,551 | 102,891 | | 100,551 |
| Other Receivables | 36,220 | 35,034 | 41,206 | | 39,933 |
| | 913,664 | 931,985 | 921,690 | | 938,421 |
| Investments | 20,160 | 21,986 | - | | - |
| Investment properties | 52,585 | 52,585 | 52,585 | | 52,585 |
| Intangible Assets | 20,482,162 | 20,125,721 | 20,499,905 | | 20,141,677 |
| Permanent Assets | 183,328 | 181,585 | 370,174 | | 356,468 |
| | 20,738,235 | 20,381,877 | 20,922,664 | | 20,550,730 |
| Total Non-Current Assets | 21,651,899 | 21,313,862 | 21,844,354 | | 21,489,151 |
| Total Assets | 25,187,612 | 25,018,556 | 25,392,325 | | 25,214,984 |
| Current | | | | | |
| Contractors and Suppliers | 194,867 | 244,658 | 207,118 | | 255,557 |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Current portion of long term loans | 998,501 | 1,629,184 | 999,570 | 1,630,010 |
| Salaries and Payroll Charges | 286,212 | 243,502 | 286,664 | 243,876 |
| Other taxes and contributions payable | 172,604 | 180,794 | 172,772 | 181,122 |
| Interest on Own Capital Payable | 247,486 | 247,486 | 247,486 | 247,486 |
| Provisions | 926,304 | 764,070 | 926,304 | 764,070 |
| Services payable | 307,110 | 383,116 | 307,110 | 383,116 |
| Other payables | 239,249 | 263,336 | 241,368 | 263,431 |
| Total Current Liabilities | 3,372,333 | 3,956,146 | 3,388,392 | 3,968,668 |
| Non-Current | | | | |
| Loans and Financing | 7,118,350 | 6,794,148 | 7,295,715 | 6,966,285 |
| Other taxes and contributions payable | 9,271 | 18,363 | 9,271 | 18,363 |
| Deferred Cofins/Pasep taxes | 117,328 | 114,106 | 118,719 | 114,957 |
| Provisions | 737,830 | 807,759 | 737,830 | 807,759 |
| Pension Plan Obligations | 2,073,557 | 2,050,697 | 2,073,557 | 2,050,697 |
| Other Payables | 721,134 | 731,441 | 731,032 | 742,359 |
| Total Non Current Liabilities | 10,777,470 | 10,516,514 | 10,966,124 | 10,700,420 |
| 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 | 4,709,866 | 4,217,953 | 4,709,866 | 4,217,953 |
| Total Shareholders' Equity | 11,037,809 | 10,545,896 | 11,037,809 | 10,545,896 |
| Total Liabilities and Shareholders' Equity | 25,187,612 | 25,018,556 | 25,392,325 | 25,214,984 |

Cash flow

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Cash flow from operating activities

| | | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Earnings before income tax and social contribution | 755,188 | 378,727 | 753,476 | 378,689 |
| Depreciation and Amortization | 186,495 | 228,093 | 186,574 | 228,100 |
| Losses from the sale of fixed and intangible assets | 940 | 642 | 940 | 642 |
| Provisions for bad debt | 97,608 | 83,283 | 97,608 | 83,283 |
| Provisions | 126,349 | 44,750 | 126,349 | 44,750 |
| Interest calculated over loans and financing payable | 105,520 | 141,298 | 105,520 | 141,223 |
| Monetary and exchange variation over loans and financing | (150,699) | (35,206) | (150,699) | (35,206) |
| Variation on liabilities and interest | 479 | 817 | 479 | 824 |
| Variation on assets and interest | (2,144) | (4,675) | (2,144) | (4,697) |
| Fair value margin on intangible assets from | (11,475) | (10,759) | (12,030) | (10,759) |
| Provision for the conduct adjustment agreement (TAC) | 8,878 | 11,220 | 8,878 | 11,220 |
| Equity result | 1,760 | 966 | - | - |
| São Paulo municipal government transfers | (9,227) | 74,111 | (9,227) | 74,111 |
| Provision for Sabesprev Mais | (2,771) | - | (2,771) | - |
| Other write-offs | 3,050 | 4,758 | 3,050 | 4,758 |
| Pension plan obligations | 25,357 | 198,749 | 25,357 | 198,749 |
| Indemnities receivable | - | - | - | - |
| Adjusted net income (generated by operating activities) | <u>1,135,308</u> | <u>1,116,774</u> | <u>1,131,360</u> | <u>1,115,687</u> |

Variation on Assets and Liabilities

(Increase) decrease in assets:

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Accounts receivable from clients | (120,950) | (88,974) | (120,987) | (89,180) |
| Balances and transactions with related parties | 17,715 | 12,455 | 17,715 | 12,455 |
| Inventories | 2,799 | 1,329 | 2,810 | 1,325 |
| Recoverable Taxes | (51,066) | (95,878) | (51,130) | (96,034) |
| Judicial deposits | 1,475 | 13,379 | 1,475 | 13,379 |
| Other accounts receivable | (23,397) | (193,598) | (14,531) | (193,753) |

Increase (decrease) in liabilities:

| | | | | |
|---------------------------------------|----------|---------|----------|---------|
| Contractors and suppliers | (84,426) | 11,225 | (83,074) | 11,682 |
| Payment for services | (76,006) | 59,827 | (76,006) | 59,827 |
| Salaries and payroll charges | 33,832 | (6,990) | 33,910 | (6,789) |
| Other taxes and contributions payable | (17,761) | 33,937 | (17,712) | 33,842 |
| Taxes on revenues | 3,222 | 651 | 3,762 | 651 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Provisions | - | - | - | - |
| Pension plan obligations | (2,497) | (3,534) | (2,497) | (3,534) |
| Other accounts payable | (14,007) | (50,118) | (13,003) | (49,807) |
| Contingencies | (31,708) | (33,458) | (31,708) | (33,458) |
| Others | (352,613) | (263,017) | (352,613) | (263,017) |
| Interest paid | (203,776) | (200,712) | (203,776) | (200,712) |
| Income tax and contribution paid | (148,837) | (62,305) | (148,837) | (62,305) |
| Net cash generated from operating activities | 419,920 | 514,010 | 427,771 | 513,276 |
| Cash flow from investing activities: | | | | |
| Restricted cash | 14,731 | 10,201 | 14,731 | 10,201 |
| Increase in investment | 66 | (10,604) | - | - |
| Acquisition of property, plant and equipment | (7,084) | (3,671) | (19,058) | (14,898) |
| Acquisition of intangible assets | (405,222) | (344,449) | (406,522) | (346,517) |
| Income from the sale of fixed assets | - | - | - | - |
| Net cash used in investing activities | (397,509) | (348,523) | (410,849) | (351,214) |
| Cash flow from financing activities | | | | |
| Funding | 810,284 | 976,132 | 815,755 | 983,579 |
| Amortizations | (963,402) | (732,551) | (963,402) | (734,976) |
| Payment of interest on own capital | - | - | - | - |
| Net cash generated (invested) at financing activities | (153,118) | 243,581 | (147,647) | 248,603 |
| Increase (decrease) in cash and equivalents | (130,707) | 409,068 | (130,725) | 410,665 |
| Cash and cash equivalents at the beginning of the period | 2,142,079 | 1,988,004 | 2,149,989 | 1,989,179 |
| Cash and cash equivalents at the end of the period | 2,011,372 | 2,397,072 | 2,019,264 | 2,399,844 |
| Changes in Cash and Cash Equivalents | (130,707) | 409,068 | (130,725) | 410,665 |

