

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

August 19, 2008

**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 August 19, 2008

(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 2Q08 results

São Paulo, August 8, 2008 - **Companhia de Saneamento Básico do Estado de São Paulo SABESP** (Bovespa: SBSP3; NYSE: SBS), one of the largest water and sewage services providers in the world based on the number of customers, announces today its **results for the second quarter of 2008 (2Q08)**. The Company's operating and financial information, except when indicated otherwise, is presented in Brazilian Reals, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2007.

SBSP3: R\$ 40.48 / share
SBS US\$ 50.76 (ADR=2 shares)
Total shares: 227,836,623
Market value: R\$ 9.3 billion
Closing price: 08/08/2008

1. Net Operating Revenue

| | <i>R\$ million</i> | | | | | | | |
|--|--------------------|---------|--------|-------|---------|---------|-------|-------|
| | 2Q07 | 2Q08 | Chg. | % | 1H07 | 1H08 | Chg. | % |
| (+) Gross operating revenue | 1,563.7 | 1,627.3 | 63.6 | 4.1 | 3,146.9 | 3,285.9 | 139.0 | 4.4 |
| (-) COFINS and PASEP taxes | 115.9 | 114.0 | (1.9) | (1.6) | 234.4 | 232.5 | (1.9) | (0.8) |
| (=) Net operating revenue | 1,447.8 | 1,513.3 | 65.5 | 4.5 | 2,912.5 | 3,053.4 | 140.9 | 4.8 |
| (-) Costs and expenses | 935.3 | 1,032.2 | 96.9 | 10.4 | 1,832.8 | 1,948.1 | 115.3 | 6.3 |
| (=) Earnings before financial expenses (EBIT*) | 512.5 | 481.1 | (31.4) | (6.1) | 1,079.7 | 1,105.3 | 25.6 | 2.4 |
| (+) Depreciation and amortization | 158.8 | 154.9 | (3.9) | (2.5) | 313.0 | 305.1 | (7.9) | (2.5) |
| (=) EBITDA** | 671.3 | 636.0 | (35.3) | (5.3) | 1,392.7 | 1,410.4 | 17.7 | 1.3 |
| (%) EBITDA margin | 46.4 | 42.0 | | | 47.8 | 46.2 | | |
| Net income | 295.5 | 360.0 | 64.5 | 21.8 | 588.4 | 663.7 | 75.3 | 12.8 |
| Earnings per share (R\$) | 1.30 | 1.58 | | | 2.58 | 2.91 | | |

(*) Earnings before interest and taxes

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

In 2Q08, net operating revenue totaled R\$ 1.5 billion, a 4.5% increase compared to 2Q07. Costs and expenses stood at R\$ 1,032.2 million, 10.4% higher than in 2Q07. EBITDA moved from R\$ 671.3 million in 2Q07 to R\$ 636.0 million in 2Q08, a 5.3% drop.

Earnings before financial expenses (EBIT) dropped 6.1%, from R\$ 512.5 million in 2Q07 to R\$ 481.1 million in this quarter.

2. Gross operating revenue

In 2Q08, gross operating revenue grew R\$ 63.6 million, or 4.1%, from R\$ 1,563.7 million in 2Q07 to R\$ 1,627.3 million in 2Q08. The main reasons for this increase were:

The 4.1% tariff adjustment as of September 2007; and

The 1.9% increase in billed water and sewage volume, 1.4% of which corresponded to the retail segment and 6.0% to wholesale.

This performance was due to:

Lower temperatures in 2Q08 versus 2Q07;

Consumption migration to lower tariff brackets as a result of: i) intensification of hydrometer replacing, which educates customers to reduce consumption and ii) the campaign for the rational use of water; and

The loss of some wholesale customers in the coastal region and the discontinuation of billing in 3 municipalities in the inland region.

3. Billed volume

The following tables show billed water and sewage volume per customer category and region in 2Q07, 2Q08, 1H07 and 1H08.

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

| | Water | | | Sewage | | | Water + Sewage | | |
|---------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| | 2Q07 | 2Q08 | % | 2Q07 | 2Q08 | % | 2Q07 | 2Q08 | % |
| Residential | 329.6 | 333.9 | 1.3 | 262.5 | 267.6 | 1.9 | 592.1 | 601.5 | 1.6 |
| Commercial | 37.6 | 38.1 | 1.3 | 34.6 | 35.3 | 2.0 | 72.2 | 73.4 | 1.7 |
| Industrial | 8.7 | 8.8 | 1.1 | 8.3 | 8.5 | 2.4 | 17.0 | 17.3 | 1.8 |
| Public | 12.6 | 12.1 | (4.0) | 10.0 | 9.7 | (3.0) | 22.6 | 21.8 | (3.5) |
| Total retail | 388.5 | 392.9 | 1.1 | 315.4 | 321.1 | 1.8 | 703.9 | 714.0 | 1.4 |
| Wholesale | 67.5 | 70.3 | 4.1 | 5.8 | 7.4 | 27.6 | 73.3 | 77.7 | 6.0 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 456.0 | 463.3 | 1.6 | 321.2 | 328.5 | 2.3 | 777.2 | 791.8 | 1.9 |
| | 1H07 | 1H08 | % | 1H07 | 1H08 | % | 1H07 | 1H08 | % |
| Residential | 668.9 | 674.7 | 0.9 | 530.4 | 538.7 | 1.6 | 1,199.3 | 1,213.4 | 1.2 |
| Commercial | 75.3 | 76.1 | 1.1 | 68.8 | 70.0 | 1.7 | 144.1 | 146.1 | 1.4 |
| Industrial | 17.4 | 17.6 | 1.1 | 16.6 | 16.8 | 1.2 | 34.0 | 34.4 | 1.2 |
| Public | 23.6 | 23.0 | (2.5) | 18.8 | 18.4 | (2.1) | 42.4 | 41.4 | (2.4) |
| Total retail | 785.2 | 791.4 | 0.8 | 634.6 | 643.9 | 1.5 | 1,419.8 | 1,435.3 | 1.1 |
| Wholesale | 134.2 | 140.9 | 5.0 | 11.9 | 14.7 | 23.5 | 146.1 | 155.6 | 6.5 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 919.4 | 932.4 | 1.4 | 646.5 | 658.6 | 1.9 | 1,565.9 | 1,591.0 | 1.6 |

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

| | Water | | | Sewage | | | Water + Sewage | | |
|-------------------------|--------------|--------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| | 2Q07 | 2Q08 | % | 2Q07 | 2Q08 | % | 2Q07 | 2Q08 | % |
| Metropolitan | 258.9 | 263.9 | 1.9 | 214.6 | 220.1 | 2.6 | 473.5 | 484.0 | 2.2 |
| Regional ⁽²⁾ | 129.6 | 129.0 | (0.5) | 100.8 | 101.0 | 0.2 | 230.4 | 230.0 | (0.2) |
| Total retail | 388.5 | 392.9 | 1.1 | 315.4 | 321.1 | 1.8 | 703.9 | 714.0 | 1.4 |
| Wholesale | 67.5 | 70.3 | 4.1 | 5.8 | 7.4 | 27.6 | 73.3 | 77.7 | 6.0 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 456.0 | 463.3 | 1.6 | 321.2 | 328.5 | 2.3 | 777.2 | 791.8 | 1.9 |
| | 1H07 | 1H08 | % | 1H07 | 1H08 | % | 1H07 | 1H08 | % |
| Metropolitan | 521.1 | 527.5 | 1.2 | 430.5 | 438.2 | 1.8 | 951.6 | 965.7 | 1.5 |
| Regional ⁽²⁾ | 264.1 | 263.9 | (0.1) | 204.1 | 205.7 | 0.8 | 468.2 | 469.6 | 0.3 |
| Total retail | 785.2 | 791.4 | 0.8 | 634.6 | 643.9 | 1.5 | 1,419.8 | 1,435.3 | 1.1 |
| Wholesale | 134.2 | 140.9 | 5.0 | 11.9 | 14.7 | 23.5 | 146.1 | 155.6 | 6.5 |
| Reused water | - | 0.1 | - | - | - | - | - | 0.1 | - |
| Total | 919.4 | 932.4 | 1.4 | 646.5 | 658.6 | 1.9 | 1,565.9 | 1,591.0 | 1.6 |

(1) Not revised by the Independent Auditors

(2) Including coastal and interior regions

4. Costs, administrative and selling expenses

In 2Q08, costs, administrative and selling expenses grew R\$ 96.9 million, or 10.4% .

| | <i>R\$ million</i> | | | | | | | |
|---|--------------------|----------------|-------------|-------------|----------------|----------------|--------------|------------|
| | 2Q07 | 2Q08 | Chg. | % | 1H07 | 1H08 | Chg. | % |
| Payroll and benefits | 320.8 | 343.6 | 22.8 | 7.1 | 621.6 | 662.6 | 41.0 | 6.6 |
| Supplies | 34.9 | 35.5 | 0.6 | 1.7 | 67.0 | 66.3 | (0.7) | (1.0) |
| Treatment supplies | 29.5 | 27.9 | (1.6) | (5.4) | 65.0 | 67.9 | 2.9 | 4.5 |
| Third-party services | 135.2 | 152.5 | 17.3 | 12.8 | 262.0 | 280.9 | 18.9 | 7.2 |
| Electric power | 124.5 | 115.5 | (9.0) | (7.2) | 242.8 | 229.1 | (13.7) | (5.6) |
| General expenses | 50.7 | 61.4 | 10.7 | 21.1 | 95.5 | 129.7 | 34.2 | 35.8 |
| Tax expenses | 7.9 | 6.6 | (1.3) | (16.5) | 16.6 | 14.7 | (1.9) | (11.4) |
| Sub-total | 703.5 | 743.0 | 39.5 | 5.6 | 1,370.5 | 1,451.2 | 80.7 | 5.9 |
| Depreciation and amortization | 158.8 | 154.9 | (3.9) | (2.5) | 313.0 | 305.1 | (7.9) | (2.5) |
| Credit write-offs | 73.0 | 134.3 | 61.3 | 84.0 | 149.3 | 191.8 | 42.5 | 28.5 |
| Costs, administrative and selling expenses | 935.3 | 1,032.2 | 96.9 | 10.4 | 1,832.8 | 1,948.1 | 115.3 | 6.3 |
| % over net revenue | 64.6% | 68.2% | | | 62.9% | 63.8% | | |

4.1. Payroll and benefits

In 2Q08, payroll and benefits grew R\$ 22.8 million or 7.1%, from R\$ 320.8 million to R\$ 343.6 million, due to the:

Wage increase of 3.37% (IPC-FIPE) as of May 2007 and of 5.03% as of May 2008; and

R\$ 2.3 million increase in provision for pension plan obligations, due to the change in the discount rate used for actuarial calculation from 8% in 2007 to 6.59% in 2008.

4.2. Supplies

In 2Q08, supplies grew R\$ 0.6 million or 1.7%, from R\$ 34.9 million to R\$ 35.5 million, mainly referring to the water loss reduction program.

4.3. Treatment supplies

In 2Q08, expenses with chemical products were R\$ 1.6 million or 5.4% lower than in 2Q07, dropping from R\$ 29.5 million in 2Q07 to R\$ 27.9 million in 2Q08 due to the improvement in the quality of abstracted water and the use of substitute chemical products.

4.4. Third party services

In 2Q08, services grew R\$ 17.3 million or 12.8%, from R\$ 135.2 million to R\$ 152.5 million. The main reasons for this increase were:

Preventive and corrective maintenance at the water and sewage treatment systems, totaling R\$ 12.4 million;

Professional technical services of R\$ 4.8 million for the management of projects and works, as well as of the quality of maintenance services;

Expenses with paving and pavement replacing services in the amount of R\$ 2.3 million;

Hydrometer reading and bill delivery in the amount of R\$ 2.2 million, due to the expansion of the TACE (external technical sales service) agreement scope, including building examination;

Expenses with risk contracts for the recovery of credits in the amount of R\$ 1.6 million; and

Increase of R\$ 1.2 million in surveillance services due to the expansion of the area with electronic monitoring;

Expenses with fraud prevention, in the amount of R\$ 1.0 million; and

Expenses with fire prevention, detection and fighting, in the amount of R\$ 0.8 million.

The factors that favorably contributed by R\$ 10.5 million in 2Q08 versus 2Q07 were:

The accounting effect of booking expenses of R\$ 7.7 million related to software licenses; and

Decline of R\$ 2.8 million in advertising expenses.

4.5. Electric power

Electric power dropped R\$ 9.0 million or 7.2%, from R\$ 124.5 million to R\$ 115.5 million.

This result was due to the 12.0% drop in the tariff from the captive market, responsible for 77.0% of total expenses with electric power.

| | Participation (%) | Avg. price (Chg. %) | Weighted average (%) |
|----------------|-------------------|---------------------|----------------------|
| Free market | 23.0 | 10.0 | 2.3 |
| Captive market | 77.0 | (12.0) | (9.2) |
| | | | (6.9) |

4.6. General expenses

In 2Q08, general expenses increased R\$ 10.7 million or 21.1%, from R\$ 50.7 million to R\$ 61.4 million, due to the:

Increase of R\$ 7.6 million in provisions for contingencies, mainly as a result of the filing of new lawsuits;

Upturn of R\$ 1.9 million in the payment for the use of water resources in the Piracicaba, Capivari, Jundiá, Jaguarí, Atibaia and Paraíba do Sul river basins. This increase in collection resulted from a state law approval, as of July 2007.

4.7. Depreciation and amortization

Recorded a R\$ 3.9 million or 2.5% drop, from R\$ 158.8 million to R\$ 154.9 million, due to a lower transfer of works to permanent assets in operation in 2Q08 versus the same period of the previous year.

4.8. Credit write-offs

In 2Q08 credit write-offs grew R\$ 61.3 million or 84.0%, from R\$ 73.0 million to R\$ 134.3 million, due to the need to complement provisions for past-due debts for:

Municipalities which the Company supplies with wholesale water and sewage services: This is a temporary difference between billed and received amounts. These amounts were being provisioned after they had been overdue 360 days and are now being booked as soon they become overdue. The amount booked in the 2Q came to R\$ 38 million. After the completion of the 360-day cycle, the amount booked for each quarter will represent only the period's debit, except in cases of reception; and

Private customers: The amount past due for more than 360 days increased more than the provisioned amount. Due to this difference, the Company had to complement the provisions by R\$ 23 million this quarter. Although several

outsourced collection contracts are already in force, their effect could not be measured in the period.

4.9. Tax expenses

In 2Q08, tax expenses dropped R\$ 1.3 million or 16.5%, due to the R\$ 6.9 million reduction as a result of the extinction of the CPMF tax.

This drop was partially offset by the:

Revocation of the exemption from the Municipal Real Estate Tax (IPTU) in the amount of R\$ 2.9 million;

Payment of the Tax on Financial Transactions IOF of R\$1.6 million resulting from the AB LOAN funding operation in June 2008; and

IOF tax over financial remittance totaling R\$ 0.6 million due to the settlement of the 2008 Eurobonds.

5. Financial revenues and expenses

5.1. Financial expenses

| | 2Q07 | 2Q08 | Var. | <i>R\$ million</i> % |
|---|--------------|--------------|---------------|-------------------------|
| Financial expenses | | | | |
| Interest and charges on domestic loans and financing | 114.6 | 103.5 | (11.1) | (9.7) |
| Interest and charges on international loans and financing | 16.5 | 13.3 | (3.2) | (19.4) |
| Interest rate over foreign remittance | 1.7 | 1.4 | (0.3) | (17.6) |
| Interest rate over lawsuit indemnity, net of provisions | 5.8 | 56.5 | 50.7 | 874.1 |
| Other financial expenses | 5.9 | (60.7) | (66.6) | (1,128.8) |
| Total financial expenses | 144.5 | 114.0 | (30.5) | (21.1) |
| Financial revenues | 29.8 | 27.4 | (2.4) | (8.1) |
| Financial expenses net of revenues | 114.7 | 86.6 | (28.1) | (24.5) |

In 2Q08 financial expenses dropped R\$ 30.5 million, or 21.1%, as follows:

Regarding domestic financing, we highlight the R\$ 11.1 million drop in interest from domestic financing due to the settlement of the 1st series of the 6th debenture issue and the amortization of other financing;

Regarding international financing, we highlight the R\$ 3.2 million drop in interest due to the amortizations held in the period and to the appreciation of the Brazilian *Real* against the US Dollar;

Interest on lawsuit damages grew R\$ 50.7 million; and

Other financial expenses recorded a R\$ 66.6 million decrease, due to the adjustment of the calculation of interest for the special installment program (PAES).

5.2. Financial revenues

Financial revenues dropped R\$ 2.4 million due to a lower volume of short-term investments in the period.

6. Foreign exchange and indexation**6.1. Variation on liabilities**

| | 2Q07 | 2Q08 | Var. | <i>R\$ million</i> % |
|--|---------------|---------------|------------|-------------------------|
| Monetary variation over loans and financing | 12.6 | 46.7 | 34.1 | 270.6 |
| Currency exchange variation over loans and financing | (74.3) | (104.3) | (30.0) | 40.4 |
| Other variations | 3.8 | 7.7 | 3.9 | 102.6 |
| Variation on liabilities | (57.9) | (49.9) | 8.0 | (13.8) |

The net effect of the foreign exchange and indexation was R\$ 8.0 million positive in 2Q08 versus 2Q07, due to:

R\$ 34.1 million increase in the monetary variation over debentures, resulting from a higher variation of the IGPM Index, of 5.11% in 2Q08, versus 0.68% in the previous period, partially offset by a lower variation of the TR, 0.32% in 2Q08 versus 0.58% in the previous period; as well as the decrease in the debit balance;

The higher appreciation of the Brazilian *Real* against US dollar in 2Q08 (9.0%), versus 2Q07 (6.1%) and a decrease in the currency basket value, (2.0%) in 2Q08 versus (0.9%) in 2Q07, generating a net variation of R\$ 30.0 million; and

Other monetary restatement from lawsuit damages with a R\$ 3.9 million increase.

6.2. Variation on assets

Foreign exchange and indexation increased R\$ 9.8 million, mainly due to customer installment agreements.

7. Non-operating result

Non-operating result dropped R\$ 1.0 million, or 83.3%, from R\$ 1.2 million in 2Q07 to R\$ 0.2 million in 2Q08, due to the following:

Non-operating revenues moved up R\$ 3.5 million, from R\$ 2.7 million to R\$ 6.2 million in 2Q08, mainly due to the sale of exceeding electric power and scrap; and

Non-operating expenses grew R\$ 1.4 million or 41.2%, due to the write-off of discontinued works and obsolete projects.

8. Operating indicators

The following table shows the continuous expansion of the services rendered by the Company:

| Operating indicators* | 2Q07 | 2Q08 | % |
|---|---------|---------|-------|
| Water connections (1) | 6,690 | 6,846 | 2.3 |
| Sewage connections (1) | 5,077 | 5,237 | 3.2 |
| Population directly served - water (2) | 22.8 | 23.1 | 1.1 |
| Population directly served - sewage (2) | 18.7 | 19.0 | 1.7 |
| Number of employees | 16,922 | 16,757 | (1.0) |
| Number of water and sewage connections per employee | 695 | 721 | 3.7 |
| Water volume produced | 1,438.5 | 1,424.6 | (1.0) |
| Water losses (%) | 30.8 | 28.6 | (7.1) |

(1) In thousand units at the end of the period

(2) In thousand inhabitants at the end of the period, not including wholesale

(*) Not revised by our independent auditors

9. Loans and financing

At the table below we present the debt amortization schedule:

| INSTITUTION | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 and onwards | R\$ million |
|-----------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|------------------|----------------|
| | | | | | | | | Total |
| Local market | | | | | | | | |
| Banco do Brasil | 122.2 | 260.4 | 283.5 | 308.5 | 335.8 | 365.5 | 96.3 | 1,772.2 |
| Caixa Econômica | | | | | | | | |
| Federal | 31.4 | 65.8 | 70.7 | 76.5 | 82.7 | 83.2 | 199.1 | 609.4 |
| Debentures | - | 783.6 | 343.2 | 413.8 | - | - | - | 1,540.6 |
| FIDC - SABESP I | 27.8 | 55.5 | 55.5 | 13.9 | - | - | - | 152.7 |
| BNDES | 21.0 | 42.0 | 42.0 | 42.0 | 36.0 | 4.0 | - | 187.0 |
| Others | 1.5 | 4.9 | 6.6 | 6.0 | - | - | - | 19.0 |
| Interest and charges | 78.5 | 28.0 | 18.2 | 4.6 | - | - | - | 129.3 |
| Local market total | 282.4 | 1,240.2 | 819.7 | 865.3 | 454.5 | 452.7 | 295.4 | 4,410.2 |
| International market | | | | | | | | |
| IDB | 29.9 | 59.8 | 59.9 | 59.8 | 59.9 | 59.8 | 345.2 | 674.3 |
| Eurobonds | - | - | - | - | - | - | 222.9 | 222.9 |
| JBIC | - | - | - | 2.3 | 4.5 | 4.5 | 72.1 | 83.4 |
| BID 1983AB | - | - | - | 38.1 | 38.1 | 38.1 | 283.6 | 397.9 |
| Interest and charges | 12.7 | - | - | - | - | - | - | 12.7 |
| International market total | 42.6 | 59.8 | 59.9 | 100.2 | 102.5 | 102.4 | 923.8 | 1,391.2 |
| Total | 325.0 | 1,300.0 | 879.6 | 965.5 | 557.0 | 555.1 | 1,219.2 | 5,801.4 |

10. Conference Calls

In English

August 12, 2008
3:30 PM (US EST) / 4:30 PM (Brasília)
Dial-in access: 1 412 858-4600
Conference ID: Sabesp

Replay available until August 18, 2008

Dial-in access: 1 412 317-0088
Replay ID: 6097#

In Portuguese

August 12, 2008
1:00 PM (US EST) / 2:00 PM (Brasília)
Dial-in access: 55 11 2188-0188
Conference ID: Sabesp

Replay available until August 18, 2008

Dial-in access: 55 11 2188-0188
Replay ID: Sabesp

Live webcast 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.

Income Statement

| Corporate Law Method (Law No. 6,404/76) | R\$ '000 | | |
|---|------------------|------------------|--------------|
| | 2Q08 | 2Q07 | % |
| Gross Revenue from Sales and Services | 1,627,339 | 1,563,707 | 4.1 |
| Water Supply - Retail | 830,665 | 803,687 | 3.4 |
| Water Supply - Wholesale | 77,017 | 71,034 | 8.4 |
| Sewage Collection and Treatment | 689,955 | 662,667 | 4.1 |
| Sewage Collection and Treatment - Wholesale | 4,102 | 1,797 | - |
| Other Services | 25,600 | 24,522 | 4.4 |
| Taxes on Sales and Services - COFINS and PASEP | (113,987) | (115,889) | (1.6) |
| Net Revenue from Sales and Services | 1,513,352 | 1,447,818 | 4.5 |
| Costs of Sales and Services | (702,737) | (677,963) | 3.7 |
| Gross Profit | 810,615 | 769,855 | 5.3 |
| Selling Expenses | (224,970) | (152,960) | 47.1 |
| Administrative Expenses | (104,543) | (104,437) | 0.1 |
| Operating Income before Financial Expenses and Foreign Exchange gain (loss), net | 481,102 | 512,458 | (6.1) |
| Financial Income and Expenses, net | (124,919) | (124,540) | 0.3 |
| Foreign Exchange gain (loss), net | 104,676 | 74,283 | 40.9 |
| Operating Income | 460,859 | 462,201 | (0.3) |
| Non-Operating Expenses (Income) | | | |
| Non-Operating Income | 4,612 | 2,210 | 108.7 |
| Non-Operating Expense | (4,806) | (3,352) | 43.4 |
| Income (loss) before Taxes on Income | 460,665 | 461,059 | (0.1) |
| Income and Social Contribution Taxes | | | |
| Current Income Tax/Social Contribution | (131,384) | (153,864) | (14.6) |
| Deferred Income Tax/Social Contribution | 30,738 | (11,655) | (363.7) |
| Income (loss) before Extraordinary Item | 360,019 | 295,540 | 21.8 |
| Extraordinary item, net of income taxes and social contribution | - | - | - |
| Net Income (loss) | 360,019 | 295,540 | 21.8 |
| Registered common shares (thousand of shares) | 227,836 | 227,836 | - |
| Earnings per shares R\$ (per thousand shares in 2007) | 1.58 | 10.38 | - |

| | | | |
|--------------------------------------|------------------|------------------|--------------|
| Depreciation and Amortization | (154,943) | (158,850) | (2.5) |
| EBITDA | 636,045 | 671,308 | (5.3) |
| <i>% over net revenue</i> | 42.0% | 46.4% | |

Balance Sheet

| Brazilian Corporate Law | | R\$ '000 | |
|--|-------------------|-------------------|--|
| ASSETS | 06/30/2008 | 03/31/2008 | |
| Cash and Cash Equivalents | 352,781 | 380,225 | |
| Accounts Receivable, net | 1,101,724 | 1,226,632 | |
| Accounts Receivable from Shareholders | 134,132 | 117,727 | |
| Inventory | 42,266 | 45,436 | |
| Taxes and contributions | 3,495 | 2,934 | |
| Other Receivables | 29,490 | 67,726 | |
| Deferred income tax and social contribution | 120,308 | 93,822 | |
| Total Current Assets | 1,784,196 | 1,934,502 | |
| Long Term Assets: | | | |
| Accounts Receivable, net | 314,218 | 296,956 | |
| Accounts Receivable from Shareholders | 1,064,112 | 1,042,144 | |
| Indemnities Receivable | 148,794 | 148,794 | |
| Judicial Deposits | 31,290 | 22,880 | |
| Taxes and contributions | 385,919 | 379,364 | |
| Agreement with the Municipality of São Paulo | 57,146 | - | |
| Other Receivables | 87,085 | 76,519 | |
| | 2,088,564 | 1,966,657 | |
| Permanent Assets: | | | |
| Investments | 720 | 720 | |
| Permanent Assets | 14,248,536 | 14,123,586 | |
| Intangible Assets | 578,141 | 562,075 | |
| Deferred Assets | 1,912 | 2,641 | |
| | 14,829,309 | 14,689,022 | |
| Total Permanent Assets | 16,917,873 | 16,655,679 | |
| Total Assets | 18,702,069 | 18,590,181 | |
| LIABILITIES | 06/30/2008 | 03/31/2008 | |
| Suppliers and Constructors | 122,248 | 106,953 | |
| Loans and Financing | 1,131,865 | 980,119 | |
| Salaries and Payroll Charges | 196,422 | 185,201 | |
| Taxes and contributions payable | 109,870 | 171,085 | |
| Taxes and contributions | 70,816 | 74,531 | |
| Interest on Own Capital Payable | 186,178 | 279,515 | |
| Provision for Judicial Pendencies | 324,207 | 247,816 | |
| Services Payable | 139,500 | 175,525 | |
| Other Payables | 70,247 | 49,357 | |
| Total Current Liabilities | 2,351,353 | 2,270,102 | |

| | | |
|---|-------------------|-------------------|
| Long Term Liabilities: | | |
| Loans and Financing | 4,669,561 | 4,711,501 |
| Taxes and Contributions Payable | 128,265 | 189,740 |
| Deferred Taxes and Contributions | 132,130 | 126,384 |
| Provision for Contingencies | 657,818 | 700,709 |
| Pension Fund Obligations | 392,250 | 378,630 |
| Other Payables | 111,711 | 122,284 |
| | 6,091,735 | 6,229,248 |
| Future Results: | | |
| Donations | 11,727 | 3,100 |
| | 11,727 | 3,100 |
| Total Non Current Liabilities | 6,103,462 | 6,232,348 |
| Capital Stock | 6,203,688 | 3,403,688 |
| Capital Reserves | 124,255 | 124,255 |
| Revaluation Reserves | 2,296,421 | 2,318,144 |
| Profit Reserves | 1,116,234 | 3,916,234 |
| Accrued income | 506,656 | 325,410 |
| Shareholder's Equity | 10,247,254 | 10,087,731 |
| Total Liabilities and Shareholder's Equity | 18,702,069 | 18,590,181 |

Cash Flow

| Brazilian Corporate Law | R\$ '000 | |
|--|-------------------|-------------------|
| Description | Apr-Jun/08 | Apr-jun/07 |
| Cash flow from operating activities | | |
| Net income for the period | 360,019 | 295,540 |
| Adjustments for reconciliation of net income | | |
| Deferred income tax and social contribution | (31,010) | 14,553 |
| Provision for taxes and contributions payable | (68,878) | - |
| Provisions for contingencies | 134,594 | 29,479 |
| Reversion of provision for losses | 140 | (44) |
| Other provisions | 121 | 89 |
| Liabilities related to pension plans | 17,658 | 14,999 |
| Loss in the write-off of property, plant and equipment | 3,455 | 2,431 |
| Deferred asset write-offs | 7 | 475 |
| Depreciation and Amortization | 154,943 | 158,850 |
| Interest calculated on loans and financing payable | 118,207 | 132,834 |
| Foreign exchange loss on loans and financing | (57,630) | (61,689) |
| Passive monetary exchange variation and interest | 2,314 | 3,177 |
| Active monetary exchange variation and interest | (6,153) | (3,495) |
| Provisions for bad debt | 134,306 | 72,983 |
| (Increase) decrease in assets: | | |
| Clients | (26,146) | (33,361) |
| Accounts receivable from shareholders | (34,585) | (29,618) |
| Inventories | 3,030 | 2,087 |
| Recoverable Taxes | (561) | 25,485 |
| Other accounts receivable | (39,590) | (12,151) |
| Judicial deposits | (1,415) | (530) |
| Increase (decrease) in liabilities: | | |
| Accounts payable to suppliers and contractors | 1,298 | 31,150 |
| Salaries and payroll charges | 11,221 | 37,590 |
| Retained income tax over interest on own capital | (14,371) | - |
| Taxes and contributions | (56,126) | (76,610) |
| Services payable | (6,992) | 27,642 |
| Other accounts payable | (2,519) | 2,348 |
| Contingencies | (107,017) | (65,658) |
| Pension plan | (4,038) | (3,725) |
| Net cash from operating activities | 484,282 | 564,831 |
| Cash flow from investing activities: | | |
| Acquisition of property, plant and equipment | (275,217) | (201,451) |
| Increase in intangible assets | (27,435) | (2,925) |
| Net cash used in investing activities | (302,652) | (204,376) |
| Cash flow from financing activities | | |

| | | |
|---|------------------|------------------|
| Loans and Financing - long term | | |
| Funding | 506,118 | 92,630 |
| Payments | (435,730) | (280,433) |
| Interest on own capital payment | (279,462) | (115,082) |
| Net cash used in financing activities | (209,074) | (302,885) |
| Net increase (decrease) in cash equivalents | (27,444) | 57,570 |
| Cash and cash equivalents at the beginning of the period | 380,225 | 453,731 |
| Cash and cash equivalents at the end of the period | 352,781 | 511,301 |
| Change in Cash | (27,444) | 57,570 |
| Additional information on cash flow: | | |
| Interest and taxes over loans and financing | 157,338 | 162,377 |
| Capitalization of interest and financial charges | (21,159) | (7,918) |
| Payable income tax and social contribution | 178,957 | 182,172 |
| Property, plant and equip. received as donation and/or paid in stocks | 8,627 | 1,922 |
| COFINS and PASEP taxes payable | 124,559 | 125,415 |
| Liabilities from agreements | (16,318) | - |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city São Paulo, Brazil.

Date: August 19, 2008

**Companhia de Saneamento Básico do Estado de São Paulo -
SABESP**

By: /S/ Rui de Britto Álvares
Affonso

Name: Rui de Britto Álvares
Affonso
Title: Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or 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.
