

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

December 27, 2011

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 December 27, 2011
(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 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

| | R\$ million | | | | | | | |
|--|------------------------|-------------|-----------------------|----------|-------------|-------------|-----------------------|----------|
| | 2Q10 | 2Q11 | Var. (R\$) | % | 6M10 | 6M11 | Var. (R\$) | % |
| (+) 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 ⁽¹⁾ PER CUSTOMER CATEGORY - million m³

| 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 |
| Total retail | 419.5 | 432.1 | 3.0 | 347.7 | 361.4 | 3.9 | 767.2 | 793.5 | 3.4 |
| 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 | - |
| Total | 493.0 | 506.4 | 2.7 | 354.9 | 368.1 | 3.7 | 847.9 | 874.5 | 3.1 |
| | 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 |
| Total retail | 844.5 | 868.4 | 2.8 | 697.2 | 722.7 | 3.7 | 1,541.7 | 1,591.1 | 3.2 |
| 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 | - |
| Total | 990.6 | 1,016.9 | 2.7 | 712.5 | 736.9 | 3.4 | 1,703.1 | 1,753.8 | 3.0 |

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

| 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 ⁽²⁾ | 140.7 | 147.1 | 4.5 | 111.5 | 119.0 | 6.7 | 252.2 | 266.1 | 5.5 |
| Total retail | 419.5 | 432.1 | 3.0 | 347.7 | 361.4 | 3.9 | 767.2 | 793.5 | 3.4 |
| 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 | - |
| Total | 493.0 | 506.4 | 2.7 | 354.9 | 368.1 | 3.7 | 847.9 | 874.5 | 3.1 |
| | 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 ⁽²⁾ | 288.6 | 298.1 | 3.3 | 227.3 | 239.0 | 5.1 | 515.9 | 537.1 | 4.1 |
| Total retail | 844.5 | 868.4 | 2.8 | 697.2 | 722.7 | 3.7 | 1,541.7 | 1,591.1 | 3.2 |
| 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 | - |

| | | | | | | | | | |
|--------------|--------------|----------------|------------|--------------|--------------|------------|----------------|----------------|------------|
| Total | 990.6 | 1,016.9 | 2.7 | 712.5 | 736.9 | 3.4 | 1,703.1 | 1,753.8 | 3.0 |
|--------------|--------------|----------------|------------|--------------|--------------|------------|----------------|----------------|------------|

(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) |
| Sub-total | 911.5 | 1,033.8 | 122.3 | 13.4 | 1,784.4 | 2,200.6 | 416.2 | 23.3 |
| 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) |
| Sub-total | 226.5 | 219.2 | (7.3) | (3.2) | 380.1 | 480.4 | 100.3 | 26.4 |
| Construction costs | 530.6 | 486.3 | (44.3) | (8.3) | 972.3 | 925.7 | (46.6) | (4.8) |
| Costs, administrative and selling expenses | 1,668.6 | 1,739.3 | 70.7 | 4.2 | 3,136.8 | 3,606.7 | 469.9 | 15.0 |
| % 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 | - | - |
| Total financial expenses | 172.2 | 125.5 | (46.7) | (27.1) |
| Financial revenues | 48.3 | 99.3 | 51.0 | 105.6 |
| Financial expenses net of revenues | 123.9 | 26.2 | (97.7) | (78.9) |

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 8th 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 |
| Variation on liabilities | 43.7 | (51.5) | (95.2) | (217.8) |
| Variation on assets | 47.6 | 20.3 | (27.3) | (57.4) |
| Net Variation | (3.9) | (71.8) | (67.9) | 1,741.0 |

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 ⁽¹⁾ | 7,207 | 7,386 | 2.5 |
| Sewage connections ⁽¹⁾ | 5,609 | 5,814 | 3.7 |
| Population directly served - water ⁽²⁾ | 23.5 | 23.8 | 1.3 |
| Population directly served - sewage ⁽²⁾ | 19.8 | 20.2 | 2.0 |
| Number of employees | 15,095 | 15,397 | 2.0 |
| Water volume produced ⁽³⁾ | 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 |
| Local market | | | | | | | | |
| 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 |
| Local market total | 398.6 | 1,361.4 | 1,110.7 | 598.4 | 514.4 | 198.8 | 1,406.1 | 5,588.4 |
| International market | | | | | | | | |
| 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 |
| International market total | 67.2 | 139.7 | 139.7 | 139.7 | 139.7 | 357.7 | 1,453.5 | 2,437.2 |
| Total | 465.8 | 1,501.1 | 1,250.4 | 738.1 | 654.1 | 556.5 | 2,859.6 | 8,025.6 |

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

Click here for live webcast or 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.

Income Statement

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

R\$ '000

| | <u>PARENT COMPANY</u> | | <u>CONSOLIDATED</u> | |
|---|-----------------------|------------------|---------------------|------------------|
| | 2Q11 | 2Q10 | 2Q11 | 2Q10 |
| Gross Revenue from Sales and Services | 2,483,943 | 2,407,162 | 2,485,814 | 2,407,162 |
| 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) |
| Net Revenue from Sales and Services | 2,339,783 | 2,272,497 | 2,341,566 | 2,272,497 |
| Costs of Sales and Services | (1,437,714) | (1,301,548) | (1,439,146) | (1,301,548) |
| Gross Profit | 902,069 | 970,949 | 902,420 | 970,949 |
| Operating Expenses | | | | |
| 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 |
| Operating Income Before Shareholdings | 648,732 | 604,059 | 647,694 | 603,938 |
| Equity Result | (1,286) | (107) | - | - |
| Earnings Before Financial Results, net | 647,446 | 603,952 | 647,694 | 603,938 |
| Financial, net | (18,660) | (101,572) | (18,775) | (101,558) |
| Exchange gain (loss), net | 64,211 | (18,424) | 64,213 | (18,424) |
| Earnings before Income Tax and Social Contribution | 692,997 | 483,956 | 693,132 | 483,956 |

Income Tax and Social Contribution

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

Balance Sheet

| Brazilian Corporate Law | | R\$ '000 | | | |
|---|-----------------------|-------------------|---------------------|-------------------|--|
| ASSETS | PARENT COMPANY | | CONSOLIDATED | | |
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 | |
| Current | | | | | |
| 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 | |
| Total Current Assets | 3,428,666 | 3,574,874 | 3,445,262 | 3,590,121 | |
| Non-Current | | | | | |
| 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 | |
| | 937,304 | 962,008 | 939,705 | 964,021 | |
| 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 | |
| Total Non-Current Assets | 20,272,990 | 19,718,176 | 20,347,804 | 19,760,463 | |
| Total Assets | 23,701,656 | 23,293,050 | 23,793,066 | 23,350,584 | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| | 06/30/2011 | 12/31/2010 | 06/30/2011 | 12/31/2010 | |

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 |
| Total Current Liabilities | 2,919,729 | 3,501,786 | 2,922,935 | 3,506,114 |

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 |
| Total Non Current Liabilities | 10,506,447 | 10,109,464 | 10,594,651 | 10,162,670 |

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 |
| Total Shareholders' Equity | 10,275,480 | 9,681,800 | 10,275,480 | 9,681,800 |

**Total Liabilities and Shareholders'
Equity**

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 23,701,656 | 23,293,050 | 23,793,066 | 23,350,584 |
|--|-------------------|-------------------|-------------------|-------------------|

Cash Flow

| Brazilian Corporate Law | | R\$ '000 | | |
|---|------------------|------------------|------------------|------------------|
| Description | PARENT COMPANY | | CONSOLIDATED | |
| | Jan-Jun/11 | Jan-Jun/10 | Jan-Jun/11 | Jan-Jun/10 |
| Cash flow from operating activities | | | | |
| 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 |
| Adjusted net income (generated by operating activities) | 2,105,642 | 1,979,465 | 2,103,771 | 1,979,241 |
| Variation on Assets and Liabilities (Increase) decrease in assets: | (145,712) | (134,530) | (146,151) | (134,575) |
| 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) |
| Increase (decrease) in liabilities: | - | - | - | - |
| 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) |
| Others | (642,740) | (740,527) | (642,740) | (740,527) |
| Interest paid | (374,631) | (284,613) | (374,631) | (284,613) |
| Income tax and contribution paid | (268,109) | (455,914) | (268,109) | (455,914) |
| Net cash generated from operating activities | 1,317,190 | 1,104,408 | 1,314,880 | 1,104,139 |
| Cash flow from investing activities: | | | | |
| 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 | - | - | - | - |
| Net cash used in investing activities | (625,317) | (1,199,771) | (655,219) | (1,200,558) |
| Cash flow from financing activities | | | | |
| 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) |
| Net cash generated (invested) at financing activities | (506,924) | 372,770 | (474,301) | 372,770 |
| Increase (decrease) in cash and equivalents | 184,949 | 277,407 | 185,360 | 276,351 |
| 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 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Changes in Cash and Cash Equivalents | 184,949 | 277,407 | 185,360 | 276,351 |
|---|----------------|----------------|----------------|----------------|

