

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

September 05, 2013

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 September 5, 2013
(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):

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO **Version:**
1

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**Version:
1**

Company Information / Capital Breakdown

Number of Shares	Current Quarter
(Units)	6/30/2013
Paid-in Capital	
Common	683,509,869
Preferred	0
Total	683,509,869
Treasury Shares	
Common	0
Preferred	0
Total	0

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Company Information / Cash Proceeds

Event	Approval	Proceeds	Date of	Type of	Class of	Earnings per Share
			Payment	Share	Share	(Reais / Share)
Board of Directors' Meeting	3/21/2013	Others	6/21/2013	Common		2.34500

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ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Financial Position - Assets****(R\$ thousand)**

Code	Description	Current Quarter	Previous Year
		6/30/2013	12/31/2012
1	Total Assets	26,983,475	26,476,097
1.01	Current Assets	2,968,862	3,330,598
1.01.01	Cash and Cash Equivalents	1,669,087	1,915,974
1.01.03	Accounts Receivable	1,148,854	1,148,218
1.01.03.01	Trade Accounts Receivable	1,033,698	1,038,945
1.01.03.02	Other Accounts Receivable	115,156	109,273
1.01.03.02.01	Balances with Related Parties	115,156	109,273
1.01.04	Inventories	52,307	53,028
1.01.06	Recoverable Taxes	17,663	118,421
1.01.06.01	Current Recoverable Taxes	17,663	118,421
1.01.08	Other Current Assets	80,951	94,957
1.01.08.03	Other	80,951	94,957
1.01.08.03.01	Restricted Cash	12,488	64,977
1.01.08.03.20	Other Accounts Receivable	68,463	29,980
1.02	Noncurrent Assets	24,014,613	23,145,499
1.02.01	Long-Term Assets	856,602	906,391
1.02.01.03	Accounts Receivable	335,769	335,687
1.02.01.03.01	Trade Accounts Receivable	335,769	335,687
1.02.01.06	Deferred Taxes	135,672	145,302
1.02.01.06.01	Deferred Income Tax and Social Contribution	135,672	145,302
1.02.01.08	Receivables from Related Parties	135,233	153,098
1.02.01.08.03	Receivables from with Controlling Shareholders	135,233	153,098
1.02.01.09	Other Noncurrent Assets	249,928	272,304
1.02.01.09.04	Escrow Deposits	51,955	53,158
1.02.01.09.05	ANA – National Water Agency	103,195	108,099
1.02.01.09.20	Other Accounts Receivable	94,778	111,047
1.02.02	Investments	74,961	74,872
1.02.02.01	Shareholdings	20,922	20,826
1.02.02.01.04	Other Shareholdings	20,922	20,826
1.02.02.02	Investment Properties	54,039	54,046

1.02.03	Property, Plant and Equipment	190,865	196,710
1.02.04	Intangible Assets	22,892,185	21,967,526
1.02.04.01	Intangible Assets	22,892,185	21,967,526
1.02.04.01.01	Concession Contracts	8,036,280	8,006,130
1.02.04.01.02	Program Contracts	4,933,354	4,390,263
1.02.04.01.03	Service Contracts	9,829,831	9,568,487
1.02.04.01.04	Software License	92,720	2,646

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ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Financial Position – Liabilities****(R\$ thousand)**

Code	Description	Current Quarter	Previous Year
		6/30/2013	12/31/2012
2	Total Liabilities	26,983,475	26,476,097
2.01	Current Liabilities	2,703,029	3,758,189
2.01.01	Labor and Pension Plan Liabilities	312,419	267,332
2.01.01.01	Pension Plan Liabilities	24,425	35,188
2.01.01.02	Labor Liabilities	287,994	232,144
2.01.02	Trade Accounts Payable	239,393	295,392
2.01.02.01	Domestic Suppliers	239,393	295,392
2.01.03	Tax Liabilities	86,713	152,710
2.01.03.01	Federal Tax Liabilities	81,550	147,013
	PIS-PASEP and COFINS (taxes on revenue)		
2.01.03.01.02	Payable	36,213	46,576
2.01.03.01.03	INSS (social security contribution) Payable	32,176	29,401
2.01.03.01.04	Installment Program - Law 10684/03	0	19,011
2.01.03.01.20	Other Federal Taxes	13,161	52,025
2.01.03.03	Municipal Taxes Liabilities	5,163	5,697
2.01.04	Loans and Financing	766,323	1,342,594
2.01.04.01	Loans and Financing	721,832	833,635
2.01.04.01.01	In Domestic Currency	516,091	635,968
2.01.04.01.02	In Foreign Currency	205,741	197,667
2.01.04.02	Debentures	44,491	508,959
2.01.05	Other Liabilities	703,725	1,135,078
2.01.05.01	Payables to Related Parties	2,466	958
2.01.05.01.03	Payables to Controlling Shareholders	2,466	958
2.01.05.02	Other	701,259	1,134,120
2.01.05.02.01	Dividends and Interest on Equity Payable	151	414,355
2.01.05.02.04	Services Payable	404,710	389,091
2.01.05.02.05	Refundable Amounts	37,678	42,479
2.01.05.02.06	Program Contract Commitments	155,931	148,220
2.01.05.02.07	Private Public Partnership – PPP	13,759	24,357
2.01.05.02.09	Indemnities	17,872	8,697

2.01.05.02.20	Other Payables	71,158	106,921
2.01.06	Provisions	594,456	565,083
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	108,004	112,119
2.01.06.01.01	Tax Provisions	6,552	9,912
2.01.06.01.02	Social Security and Labor Provisions	61,968	59,868
2.01.06.01.04	Civil Provisions	39,484	42,339
2.01.06.02	Other Provisions	486,452	452,964
2.01.06.02.03	Provisions for Environmental	42,261	11,586
2.01.06.02.04			
	Provisions for Customers	350,808	355,520
2.01.06.02.05			
	Provisions for Suppliers	93,383	85,858
2.02	Non-current Liabilities	12,246,014	11,461,146
2.02.01	Loans and Financing	8,260,155	7,532,661
2.02.01.01	Loans and Financing	4,912,720	4,669,478

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**Version:
1****Parent Company's Financial Statements/Statement of Financial Position – Liabilities****(R\$ thousand)**

Code	Description	Current Quarter	Previous Year
		06/30/2013	12/31/2012
2.02.01.01.01	In Domestic Currency	1,645,303	1,651,384
2.02.01.01.02	In Foreign Currency	3,267,417	3,018,094
2.02.01.02	Debentures	3,347,435	2,863,183
2.02.02	Other Payables	3,369,698	3,304,414
2.02.02.02	Other	3,369,698	3,304,414
2.02.02.02.04	Pension Plan Liabilities	2,652,990	2,592,550
2.02.02.02.05	Program Contract Commitments	98,502	87,407
2.02.02.02.06	Private Public Partnership – PPP	335,789	331,960
2.02.02.02.07	Indemnities	9,304	17,577
2.02.02.02.08	TAC – Retirees	36,804	36,804
2.02.02.02.09	Deferred COFINS and PASEP	127,812	123,731
2.02.02.02.20	Other Payables	108,497	114,385
2.02.04	Provisions	616,161	624,071
2.02.04.01	Tax, Pension Plan, Labor and Civil Provisions	252,146	292,198
2.02.04.01.01	Tax Provisions	56,522	58,173
2.02.04.01.02	Pension Plan and Labor Provisions	94,877	111,830
2.02.04.01.04	Civil Provisions	100,747	122,195
2.02.04.02	Other Provisions	364,015	331,873
2.02.04.02.03	Provisions for Environmental	154,504	136,839
2.02.04.02.04	Provisions for Customers	180,564	165,735
2.02.04.02.05	Provisions for Suppliers	28,947	29,299
2.03	Equity	12,034,432	11,256,762

2.03.01	Paid-Up Capital	6,203,688	6,203,688
2.03.02	Capital Reserves	124,255	124,255
2.03.02.07	Projects Support	108,475	108,475
2.03.02.08	Incentive Reserves	15,780	15,780
2.03.04	Profit Reserve	5,307,433	5,387,634
2.03.04.01	Legal Reserve	616,814	616,814
2.03.04.08	Additional Dividend Proposed	0	80,201
2.03.04.10	Reserve for Investments	4,690,619	4,690,619
2.03.05	Retained Earnings/Accumulated Losses	857,871	0
2.03.08	Other Comprehensive Income	-458,815	-458,815

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**Version:
1****Parent Company's Financial Statements/Statement of Income****(R\$ thousand)**

Code	Description	Current	YTD Current	Same Quarter	YTD Previous
		Quarter	Year	Previous Year	Year
		4/1/2013 to 6/30/2013	1/1/2013 to 6/30/2013	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012
	Revenue from Sales and/or				
3.01	Services	2,796,278	5,441,322	2,475,049	5,052,731
3.02	Cost of Sales and/or Services	-1,731,945	-3,268,811	-1,567,770	-3,064,208
3.02.01	Cost of Sales and/or Services	-1,088,716	-2,139,620	-1,002,279	-1,959,335
3.02.02	Construction Cost	-643,229	-1,129,191	-565,491	-1,104,873
3.03	Gross Profit	1,064,333	2,172,511	907,279	1,988,523
3.04	Operating Income/Expenses	-348,169	-721,204	-267,452	-638,518
3.04.01	Selling Expenses	-164,722	-306,005	-168,512	-339,290
	General and Administrative				
3.04.02	Expenses	-184,843	-425,280	-116,040	-323,031
3.04.04	Other Operating Income	13,581	24,218	22,875	33,482
3.04.04.01	Other Operating Income	15,289	27,018	25,321	37,227
3.04.04.02	COFINS and PASEP	-1,708	-2,800	-2,446	-3,745
3.04.05	Other Operating Expenses	-12,074	-13,876	-4,478	-6,622
	Loss on Write-off of Property,				
3.04.05.01	Plant and Equipment Items	-3,768	-5,433	-869	-1,808
3.04.05.03	Tax Incentives	-8,151	-8,286	-3,499	-4,688
3.04.05.20	Other	-155	-157	-110	-126
	Equity in the Earnings				
3.04.06	(Losses) of Subsidiaries	-111	-261	-1,297	-3,057
	Income Before Financial				
3.05	Result and Taxes	716,164	1,451,307	639,827	1,350,005
3.06	Financial Result	-207,256	-179,948	-331,375	-286,365
3.06.01	Finance Income	101,290	194,657	71,054	158,412
3.06.01.01	Finance Income	101,040	194,442	70,860	158,467
3.06.01.02	Foreign Exchange Gains	250	215	194	-55
3.06.02	Finance Expenses	-308,546	-374,605	-402,429	-444,777
3.06.02.01	Finance Expenses	-106,863	-302,524	-120,750	-322,310

3.06.02.02	Foreign Exchange Losses	-201,683	-72,081	-281,679	-122,467
3.07	Earnings Before Income Tax	508,908	1,271,359	308,452	1,063,640
	Income Tax and Social				
3.08	Contribution	-147,239	-413,488	-15,640	-278,916

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**Version:
1****Parent Company's Financial Statements / Statement of Income****(R\$ thousand)**

Code	Description	Current Quarter 4/1/2013 to 6/30/2013	YTD Current	Same Quarter	YTD Previous
			Year 1/1/2013 to 6/30/2013	Previous Year 4/1/2012 to 6/30/2012	Year 1/1/2012 to 6/30/2012
3.08.01	Current	-116,317	-403,858	24,541	-239,454
3.08.02	Deferred	-30,922	-9,630	-40,181	-39,462
	Net Result from Continued				
3.09	Operations	361,669	857,871	292,812	784,724
3.11	Profit/Loss for the Period	361,669	857,871	292,812	784,724
	Earnings per Share - (Reais /				
3.99	Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Share	0.52914	1.25510	0.42840	1.14808
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Share	0.52914	1.25510	0.42840	1.14808

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**Version:
1**

Parent Company’s Financial Statements / Statement of Comprehensive Income

(R\$ thousand)

Code	Description	Current Quarter 4/1/2013 to 6/30/2013	YTD Current		YTD Previous
			Year	Same Quarter Previous Year 4/1/2012 to 6/30/2012	Year 1/1/2012 to 6/30/2012
4.01	Net Income for the Period	361,669	857,871	292,812	784,724
4.03	Comprehensive Income for the Period	361,669	857,871	292,812	784,724

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ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Cash Flows – Indirect Method****(R\$ thousand)**

Code	Description	YTD Current Year	YTD Previous Year
		1/1/2013 to 6/30/2013	1/1/2012 to 6/30/2012
6.01	Net Cash from Operating Activities	1,404,860	1,289,330
6.01.01	Cash from Operations	2,278,483	1,920,958
	Net Income Before Income Tax and Social		
6.01.01.01	Contribution	1,271,359	1,063,640
	Provision and Inflation Adjustments on		
6.01.01.02	Provisions	157,834	-6
6.01.01.04	Financial Charges from Customers	-118,983	-76,551
	Residual Value of Written-off Property, Plant and		
6.01.01.05	Equipment	5,433	2,056
6.01.01.06	Depreciation and Amortization	391,924	363,511
6.01.01.07	Interest on Loans and Financing Payable	192,352	204,957
6.01.01.08	Monetary and Foreign Exchange Variation on		
	Loans and Financing	112,612	139,890
6.01.01.09	Interest and Monetary Variation on Liabilities	12,974	863
6.01.01.10	Interest and Monetary Variation in Assets	-8,736	-5,182
6.01.01.11	Allowance for Doubtful Accounts	165,304	183,738
6.01.01.12	Provision for Consent Decree (TAC)	10,228	20,315
6.01.01.13	Equity in the Earnings of Subsidiaries	261	3,057
6.01.01.14	Provision for Sabesprev Mais	4,849	-5,147
6.01.01.15	Other Provisions/Reversals	-21,512	3,668
	Transfer of Funds to São Paulo Municipal		
6.01.01.16	Government	-5,007	-2,638
6.01.01.17	Gross Margin over Intangible Assets Resulting		
	from Concession Contracts	-23,262	-23,862
6.01.01.18	Pension Plan Liabilities	130,853	48,649
6.01.02	Changes in Assets and Liabilities	-301,029	-126,068
6.01.02.01	Trade Accounts Receivable	-40,196	53,196
6.01.02.02	Balances and Transactions with Related Parties	19,758	28,946
6.01.02.03	Inventories	455	10,443
6.01.02.04	Recoverable Taxes	-21,226	-20,715

6.01.02.05	Other Accounts Receivable	-17,310	-54,003
6.01.02.06	Escrow Deposits	1,203	-36,306
6.01.02.08	Contractors and Suppliers	-22,834	-71,735
6.01.02.09	Payroll, Provisions and Social Contribution	45,087	18,800
6.01.02.10	Pension Plan Liabilities	-70,413	-5,022
6.01.02.11	Taxes and Contributions Payable	-66,150	-78,891
6.01.02.12	Services Received	15,619	-7,619
6.01.02.13	Other Liabilities	-12,732	147,351
6.01.02.14	Provisions	-136,371	-111,920
6.01.02.15	Deferred COFINS/PASEP	4,081	1,407
6.01.03	Other	-572,594	-505,560

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ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Cash Flows – Indirect Method****(R\$ thousand)**

Code	Description	YTD Current Year	YTD Previous Year
		01/01/2013 to 06/30/2013	01/01/2012 to 06/30/2012
6.01.03.01	Interest Paid	-294,990	-320,951
6.01.03.02	Income Tax and Social Contribution Paid	-277,604	-184,609
6.02	Net Cash from Investing Activities	-955,580	-864,239
6.02.01	Acquisition of Property, Plant and Equipment	-7,947	-9,198
6.02.02	Increase in Intangible Assets	-999,765	-858,859
6.02.03	Increase (Decrease) in Investment	-357	-5,064
6.02.04	Restricted Cash	52,489	8,882
6.03	Net Cash from Financing Activities	-696,167	-823,723
6.03.01	Funding – Loans	1,262,709	888,842
6.03.02	Amortization of Loans	-1,409,371	-1,174,793
6.03.03	Payment of Interest on Equity	-498,648	-537,772
6.03.04	Public-Private Partnership – PPP	-20,963	0
6.03.05	Program Contract - Commitments	-29,894	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-246,887	-398,632
6.05.01	Opening Cash and Cash Equivalents	1,915,974	2,142,079
6.05.02	Closing Cash and Cash Equivalents	1,669,087	1,743,447

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ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Changes in Equity – 1/1/2013 to 6/30/2013****(R\$ thousand)**

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Total Equity
5.01	Opening Balances	6,203,688	124,255	5,387,634	0	-458,815	11,256,762
5.03	Restated Opening Balances	6,203,688	124,255	5,387,634	0	-458,815	11,256,762
5.04	Capital Transactions with Partners	0	0	-80,201	0	0	-80,201
5.04.08	Additional Dividends Approved	0	0	-80,201	0	0	-80,201
5.05	Total Comprehensive Income	0	0	0	857,871	0	857,871
5.05.01	Net income for the Period	0	0	0	857,871	0	857,871
5.07	Closing Balances	6,203,688	124,255	5,307,433	857,871	-458,815	12,034,432

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**Version:
1****Parent Company's Financial Statements/Statement of Changes in Equity– 1/1/2012 to 6/30/2012****(R\$ thousand)**

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Total Equity
5.01	Opening Balances	6,203,688	124,255	4,217,953	0	-953	10,544,943
5.03	Restated Opening Balances	6,203,688	124,255	4,217,953	0	-953	10,544,943
5.04	Capital Transactions with Partners	0	0	-288,143	0	0	-288,143
5.04.08	Additional Dividends Approved	0	0	-288,143	0	0	-288,143
5.05	Total Comprehensive Income	0	0	0	784,724	0	784,724
5.05.01	Net income for the Period	0	0	0	784,724	0	784,724
5.07	Closing Balances	6,203,688	124,255	3,929,810	784,724	-953	11,041,524

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ITR - Quarterly Information Form – June 30, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Parent Company's Financial Statements/Statement of Value Added****(R\$ thousand)**

Code	Description	YTD Current	YTD Previous
		Year 1/1/2013 to 6/30/2013	Year 1/1/2012 to 6/30/2012
7.01	Revenue	5,749,507	5,328,509
7.01.01	Operating Revenue	4,626,275	4,237,934
7.01.02	Other Revenue	27,018	37,227
7.01.03	Revenue from the Construction	1,152,453	1,128,735
7.01.04	Allowance for/Reversal of Doubtful Accounts	-56,239	-75,387
7.02	Inputs Acquired from Third Parties	-2,278,969	-2,128,052
7.02.01	Costs of Sales and Services	-1,910,433	-1,816,708
7.02.02	Materials, Energy, Outsourced Services and Other	-354,660	-304,722
7.02.04	Other	-13,876	-6,622
7.03	Gross Value Added	3,470,538	3,200,457
7.04	Retentions	-391,924	-363,511
7.04.01	Depreciation, Amortization and Depletion	-391,924	-363,511
7.05	Net Value Added Produced	3,078,614	2,836,946
7.06	Value Added Received through Transfer	194,396	155,355
7.06.01	Equity in the Earnings (Losses) of Joint Ventures	-261	-3,057
7.06.02	Finance Income	194,657	158,412
7.07	Total Value Added to Distribute	3,273,010	2,992,301
7.08	Value Added Distribution	3,273,010	2,992,301
7.08.01	Personnel	862,952	763,609
7.08.01.01	Direct Compensation	580,793	514,632
7.08.01.02	Benefits	232,134	198,700
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	50,025	50,277
7.08.02	Taxes and Contributions	981,378	802,576
7.08.02.01	Federal	923,890	751,131
7.08.02.02	State	28,044	25,303

7.08.02.03	Municipal	29,444	26,142
7.08.03	Value Distributed to Providers of Capital	570,809	641,392
7.08.03.01	Interest	537,979	610,120
7.08.03.02	Rental	32,830	31,272
7.08.04	Value Distributed to Shareholders	857,871	784,724
7.08.04.03	Retained Earnings/Accumulated Loss for the Period	857,871	784,724

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

ITR — Quarterly Information Form — June 30, 2013 — CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

**Version:
1****Comments on the Company's Performance****1. Financial highlights**

	<i>R\$ million</i>							
	2Q12	2Q13	Chg. (R\$)	%	1S12	1S13	Chg. (R\$)	%
(+) Gross operating revenue	2,048.6	2,307.4	258.8	12.6	4,237.9	4,626.3	388.4	9.2
(+) Construction revenue	577.8	656.9	79.1	13.7	1,128.7	1,152.4	23.7	2.1
(-) COFINS and PASEP taxes	151.4	168.0	16.6	11.0	313.9	337.4	23.5	7.5
(=) Net operating revenue	2,475.0	2,796.3	321.3	13.0	5,052.7	5,441.3	388.6	7.7
(-) Costs and expenses	1,286.8	1,438.3	151.5	11.8	2,621.6	2,870.9	249.3	9.5
(-) Construction costs	565.5	643.2	77.7	13.7	1,104.9	1,129.2	24.3	2.2
(+) Equity result	(1.3)	(0.1)	1.2	(92.3)	(3.1)	(0.2)	2.9	(93.5)
(+) Other operating revenue/expenses	18.4	1.5	(16.9)	(91.8)	26.9	10.3	(16.6)	(61.7)
(=) Earnings before financial result, income tax and social contribution	639.8	716.2	76.4	11.9	1,350.0	1,451.3	101.3	7.5
(+) Net financial	(331.4)	(207.3)	124.1	(37.4)	(286.4)	(179.9)	106.5	(37.2)
(=) Earnings before income tax and social contribution	308.4	508.9	200.5	65.0	1,063.6	1,271.4	207.8	19.5
(+) Income tax and social contribution	(15.6)	(147.2)	(131.6)	843.6	(278.9)	(413.5)	(134.6)	48.3
Net Income	292.8	361.7	68.9	23.5	784.7	857.9	73.2	9.3
Earnings per share (R\$)	0.43	0.53			1.15	1.26		

Adjusted EBITDA Reconciliation (Non-accounting measures)

	<i>R\$ million</i>							
	2Q12	2Q13	Chg. (R\$)	%	1S12	1S13	Chg. (R\$)	%
Net income	292.8	361.7	68.9	23.5	784.7	857.9	73.2	9.3
(+) Income tax and social contribution	15.6	147.2	131.6	843.6	278.9	413.5	134.6	48.3
(+) Net financial	331.4	207.3	(124.1)	(37.4)	286.4	179.9	(106.5)	(37.2)
(+) Other operating revenues/expenses	(18.4)	(1.5)	16.9	(91.8)	(26.9)	(10.3)	16.6	(61.7)
(=) Earnings before financial result (EBIT)	621.4	714.7	93.3	15.0	1,323.1	1,441.0	117.9	8.9
(+) Depreciation and amortization	177.0	196.7	19.7	11.1	363.5	391.9	28.4	7.8
(=) Adjusted EBITDA *	798.4	911.4	113.0	14.2	1,686.6	1,832.9	146.3	8.7
(%) Adjusted EBITDA margin	32.3	32.6			33.4	33.7		

(* Adjusted EBITDA is net income before: (i) depreciation and amortization; (ii) income tax and social contribution (income federal taxes); (iii) financial result and (iv) other operating expenses, net.

In 2Q13, net operating revenue reached R\$2.8 billion, a 13.0% growth compared to 2Q12.

Costs and expenses, including construction costs, in the amount of R\$2.1 billion grew 12.4% over 2Q12.

EBIT grew 15.0%, from R\$621.4 million in 2Q12 to R\$714.7 million in 2Q13.

Adjusted EBITDA increased 14.2%, from R\$798.4 million in 2Q12 to R\$911.4 million in 2Q13.

The adjusted EBITDA margin was 32.6% in 2Q13 in comparison to 32.3% in the same period of 2012. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 42.0% in 2Q13 (41.4% in 2Q12).

Net income totaled R\$361.7 million in 2Q13, 23.5% higher than in 2Q12.

2. Gross operating revenue

Gross operating revenue from water supply and sewage collection grew from R\$2.0 billion in 2Q12 to R\$2.3 billion in 2Q13, an increase of R\$258.8 million or 12.6%.

The main factors that led to this variation were:

- Tariff adjustment of 5.15% since September 2012;
- The tariff repositioning index of 2.35% applied since April 2013; and
- Increase of 3.5% in the Company's total billed volume (3.3% in water and 3.8% in sewage).

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Comments on the Company's Performance**3. Construction revenue**

Construction revenue increased R\$79.1 million or 13.7%, when compared to 2Q12. This variation was mainly due to lower investments in 2Q13, in comparison to the same period of the previous year.

4. Billed volume

The following tables show the water and sewage billed volume per customer category and region in 2Q12, 2Q13, 1S12 and 1S13.

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

Category	Water			Sewage			Water + Sewage		
	2Q12	2Q13	%	2Q12	2Q13	%	2Q12	2Q13	%
Residential	371.5	383.6	3.3	307.0	318.7	3.8	678.5	702.3	3.5
Commercial	42.6	43.7	2.6	39.7	40.8	2.8	82.3	84.5	2.7
Industrial	9.3	9.7	4.3	10.6	11.7	10.4	19.9	21.4	7.5
Public	14.1	14.1	-	10.9	10.9	-	25.0	25.0	-
Total retail	437.5	451.1	3.1	368.2	382.1	3.8	805.7	833.2	3.4
Wholesale	73.8	74.4	0.8	7.2	7.5	4.2	81.0	81.9	1.1
Reused water	0.1	3.0	-	-	-	-	0.1	3.0	-
Total	511.4	528.5	3.3	375.4	389.6	3.8	886.8	918.1	3.5
	1S12	1S13	%	1S12	1S13	%	1S12	1S13	%
Residential	756.1	772.6	2.2	622.3	639.9	2.8	1,378.4	1,412.5	2.5
Commercial	85.6	86.8	1.4	79.4	80.7	1.6	165.0	167.5	1.5
Industrial	18.9	19.3	2.1	20.9	22.2	6.2	39.8	41.5	4.3
Public	27.2	26.9	(1.1)	21.0	21.1	0.5	48.2	48.0	(0.4)
Total retail	887.8	905.6	2.0	743.6	763.9	2.7	1,631.4	1,669.5	2.3

Wholesale	147.1	149.0	1.3	13.5	14.8	9.6	160.6	163.8	2.0
Reused water	0.2	8.7	-	-	-	-	0.2	8.7	-
Total	1,035.1	1,063.3	2.7	757.1	778.7	2.9	1,792.2	1,842.0	2.8

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

Region	Water			Sewage			Water + Sewage		
	2Q12	2Q13	%	2Q12	2Q13	%	2Q12	2Q13	%
Metropolitan	290.2	298.8	3.0	247.6	255.1	3.0	537.8	553.9	3.0
Regional ⁽²⁾	147.3	152.3	3.4	120.6	127.0	5.3	267.9	279.3	4.3
Total retail	437.5	451.1	3.1	368.2	382.1	3.8	805.7	833.2	3.4
Wholesale	73.8	74.4	0.8	7.2	7.5	4.2	81.0	81.9	1.1
Reused water	0.1	3.0	-	-	-	-	0.1	3.0	-
Total	511.4	528.5	3.3	375.4	389.6	3.8	886.8	918.1	3.5
	1S12	1S13	%	1S12	1S13	%	1S12	1S13	%
Metropolitan	583.4	595.6	2.1	495.9	507.4	2.3	1,079.3	1,103.0	2.2
Regional ⁽²⁾	304.4	310.0	1.8	247.7	256.5	3.6	552.1	566.5	2.6
Total retail	887.8	905.6	2.0	743.6	763.9	2.7	1,631.4	1,669.5	2.3
Wholesale	147.1	149.0	1.3	13.5	14.8	9.6	160.6	163.8	2.0
Reused water	0.2	8.7	-	-	-	-	0.2	8.7	-
Total	1,035.1	1,063.3	2.7	757.1	778.7	2.9	1,792.2	1,842.0	2.8

(1) Unaudited

(2) Including coast and countryside

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**Version:
1****Comments on the Company's Performance****5. Costs, administrative expenses, selling and construction**

In 2Q13, costs of sales and services rendered, construction, administrative and selling expenses grew 12.4% (R\$229.2 million). Excluding construction costs, total costs and expenses grew 11.8%. As a percentage of net revenue, cost and expenses decreased from 74.8% in 2Q12 to 74.4% in 2Q13.

	2Q12	2Q13	Chg. (R\$)	%	1S12	1S13	Chg. (R\$)	%	<i>R\$ million</i>
Payroll and benefits	443.6	492.0	48.4	10.9	849.9	953.8	103.9	12.2	
Supplies	43.2	49.4	6.2	14.4	83.7	93.7	10.0	11.9	
Treatment supplies	51.4	55.2	3.8	7.4	96.0	120.0	24.0	25.0	
Services	252.6	295.1	42.5	16.8	517.5	523.9	6.4	1.2	
Electric power	147.6	133.0	(14.6)	(9.9)	298.0	277.8	(20.2)	(6.8)	
General expenses	123.7	186.3	62.6	50.6	291.5	401.8	110.3	37.8	
Tax expenses	11.1	11.8	0.7	6.3	46.1	51.8	5.7	12.4	
Sub-total	1,073.2	1,222.8	149.6	13.9	2,182.7	2,422.8	240.1	11.0	
Depreciation and amortization	177.0	196.7	19.7	11.1	363.5	391.9	28.4	7.8	
Credit write-offs	36.6	18.8	(17.8)	(48.6)	75.4	56.2	(19.2)	(25.5)	
Sub-total	213.6	215.5	1.9	0.9	438.9	448.1	9.2	2.1	
Costs and expenses	1,286.8	1,438.3	151.5	11.8	2,621.6	2,870.9	249.3	9.5	
Construction costs	565.5	643.2	77.7	13.7	1,104.9	1,129.2	24.3	2.2	
Costs, adm., selling and construction expenses	1,852.3	2,081.5	229.2	12.4	3,726.5	4,000.1	273.6	7.3	
% of net revenue	74.8	74.4			73.8	73.5			

5.1. Payroll and benefits

In 2Q13 payroll and charges grew R\$48.4 million or 10.9%, from R\$443.6 million to R\$492.0 million, due to the following:

- 6.17% increase in wages since May 2012 and of 8.00% since May 2013, and also the implementation of the Company's new career and wage plan, with an impact of approximately R\$31.0 million;
- R\$6.5 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions;
- Provision referring to TAC (Conduct Adjustment Term) of retirees increased by R\$2.8 million, mainly due to wage adjustments in the period; and
- R\$2.8 million increase in overtime pay, mainly due to wage adjustment in the period.

5.2. Supplies

In 2Q13, expenses with supplies increased by R\$6.2 million or 14.4%, when compared to the previous year, from R\$43.2 million to R\$49.4 million, mostly due to: (i) preventive and corrective maintenance in several water and sewage systems, in the amount of R\$2.5 million; (ii) water and sewage network maintenance, in the amount of R\$1.2 million; and (iii) fuel and lubricants, in the amount of R\$0.5 million.

5.3. Treatment supplies

Treatment supplies expenses in 2Q13 were R\$3.8 million or 7.4% higher than in 2Q12, from R\$51.4 million to R\$55.2 million. The main factors for this variation were:

- Increase of R\$2.9 million due to the higher consumption of aluminum polychloride in the Jundiaí, Taiaçupeba, Guarapiranga and Rio Grande dams, ensuring better water quality in these reservoirs;
- Higher consumption of sodium hypochlorite, with an increase of R\$2.2 million, due to the use of this product in replacement of "Cloro Gas" in the Hortolândia, Paulínia, Indaiá and Rio Grande water treatment station, due to higher efficiency in water treatment and higher handling operational security;

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Comments on the Company's Performance

- Higher consumption of aluminum sulfate, with an increase of R\$1.2 million, due to higher consumption of this product at the Taiaçupeba water treatment station, aiming at reducing the concentration of iron and manganese in water, associated with price adjustments; and
- Increase of R\$1.7 million from the consumption of products, such as: (i) hydrogen peroxide, due to the odor increase in several sewage pumping stations in the Baixada Santista region; and (ii) oxygen, due to the increase in the average flow in the Taubaté/Tremembé Sewage Treatment Stations.

The increases mentioned above were offset, specially, by the lower consumption of coal activated at the Taiaçupeba, ABV and Guaraú water treatment stations, due to better climate conditions and water quality, resulting in R\$7.5 million decrease.

5.4. Services

In 2Q13 this item grew R\$42.5 million or 16.8%, from R\$252.6 million in 2Q12 to R\$295.1 million in 2Q13. The main factors were:

- Increase in the estimated services expenses, in the amount of R\$12.2 million, due to the reversal of provisions in the amount of R\$6.5 million in 2Q12 and the increase in the estimated expense in the amount of R\$5.7 million in 2Q13;
- Preventive and corrective maintenance in the water and sewage systems in the amount of R\$9.0 million;
- Maintenance in the water and sewage network connections, in the amount of R\$5.9 million, due to the intensification of services in several areas of the São Paulo Metropolitan Region, and to price adjustment referring to the Global Sourcing contract;
- Hydrometer reading and bill delivery expenses in the amount of R\$2.9 million, as a result of the new contracts and price adjustment in the São Paulo Metropolitan Region;

- Paving services and replacement of sidewalks in the amount of R\$2.9 million, related to the Corporate Program for Water Loss Reduction; and
- Maintenance of properties and facilities, in the amount of R\$1.8 million.

5.5. Electric power

This item decreased R\$14.6 million, or 9.9%, from R\$147.6 million in 2Q12 to R\$133.0 million in 2Q13, due to the average decrease of approximately 22.7% in the Tariff for the Use of Distribution System (TUSD), as a consequence of Provisional Presidential Decree 579/12 and Law 12,783/13, resulting in a decrease of R\$17.5 million. The decrease mentioned above was partially offset by a 15.4% increase in the tariffs of the free market, resulting in an increase of R\$3.9 million in the period.

5.6. General expenses

General expenses increased R\$62.6 million or 50.6%, from R\$123.7 million in 2Q12 to R\$186.3 million in 2Q13, due to:

- Provision for lawsuits, in the amount of R\$49.0 million, mainly related to environmental contingencies in the amount of R\$25.6 million in 2Q13; and reversal of provisions with suppliers in 2Q12, in the amount of R\$ 29.9 million; and

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Comments on the Company’s Performance

- Provision for payment to the Municipal Fund for Sanitation Environment and Infrastructure, pursuant to the Service Agreement with the São Paulo Municipal Government, in the amount of R\$6.4 million, as a result of the increase in revenues.

5.7. Depreciation and Amortization

Depreciation and amortization increased R\$19.7 million or 11.1%, from R\$177.0 million in 2Q12 to R\$196.7 million in 2Q13, due to the transfer of works to the operating intangible asset, with a net increase of R\$ 2.1 billion.

5.8. Credit write-offs

Credit write-offs decreased R\$17.8 million or 48.6%, from R\$36.6 million in 2Q12 to R\$18.8 million in 2Q13, chiefly due to the reversal of provisions in the amount of R\$15.3 million referring to installment agreements settled.

6. Net Financial expenses

	<i>R\$ million</i>			
	2Q12	2Q13	Var.	%

Financial expenses, net of revenues	(48.2)	(11.5)	36.7	(76.1)
Net monetary variation	(283.2)	(195.8)	87.4	(30.9)
Net financial	(331.4)	(207.3)	124.1	(37.4)

6.1. Financial revenues and expenses

	<i>R\$ million</i>			
	2Q12	2Q13	Var.	%
Financial expenses				
Interest and charges on domestic loans and financing	69.9	64.9	(5.0)	(7.2)
Interest and charges on international loans and financing	25.7	22.1	(3.6)	(14.0)
Other financial expenses	14.1	5.6	(8.5)	(60.3)
Total financial expenses	109.7	92.6	(17.1)	(15.6)
Financial revenues	61.5	81.1	19.6	31.9
Financial expenses net of revenues	48.2	11.5	(36.7)	(76.1)

6.1.1. Financial expenses

In 2Q13 financial expenses dropped R\$17.1 million, or 15.6%. The main reasons for this result were:

- Decrease in interest and charges on domestic loans and financing due to lower interest rates and to the change in debt (issue of the 17th debenture in February 2013 and anticipation of the amortization of the 11th debenture balance);
- Decrease in interest and charges on international loans and financing due to the lower appreciation of the Yen versus the Brazilian Real in 2Q13 (4.2%), when compared to the appreciation of 14.6% recorded in 2Q12; and
- Decrease in other financial expenses, due to the reversal of interest over provisions for customer lawsuits.

6.1.2. Financial revenues

Financial revenues increased by R\$ 19.6 million due to the interest over installment agreements.

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Comments on the Company's Performance**6.2. Monetary variation on assets and liabilities**

	2Q12	2Q13	Var.	<i>R\$ million</i>
Monetary variation on loans and financing	8.9	16.4	7.5	84.3
Currency exchange variation on loans and financing	281.7	201.7	(80.0)	(28.4)
Other monetary/exchange rate variations	2.1	(2.1)	(4.2)	(200.0)
Monetary variation on liabilities	292.7	215.9	(76.8)	(26.2)
Monetary variation on assets	9.5	20.1	10.6	111.6
Net monetary variation	283.2	195.8	(87.4)	(30.9)

6.2.1. Monetary variation on liabilities

The effect on the monetary variation on liabilities in 2Q13 was R\$76.8 million lower than in 2Q12, specially:

- Decrease in the exchange rate variation on loans and financing, in the amount of R\$80.0 million, due to: (i) the lower appreciation of the Yen versus the Brazilian Real in 2Q13 (4.2%), compared with 14.6% appreciation in 2Q12; and (ii) the lower appreciation of the US Dollar versus the Brazilian Real in 2Q13 (10.0%) when compared to the 10.9% appreciation recorded in 2Q12;
- Decrease in other monetary/exchange variation in the amount of R\$4.2 million due to provision for customer lawsuits in the amount of R\$4.7 million; and

- Increase in the expenses related to monetary variation on domestic loans and financing, in the amount of R\$7.5 million, due to the 17th debenture issue in February 2013.

6.2.2. Monetary variation on assets

Monetary variation on assets increased by R\$10.6 million in 2Q13, chiefly due to updates on installments agreements.

7. Income tax and social contribution

Income tax and social contribution expenses increased by R\$131.6 million, mainly due to the accounting recognition in 2Q12 of additional amount of Interest on Equity declared in 2011, which decreased the tax basis in that period.

8. Operating indicators

Operating indicators*	2Q12	2Q13	%
Water connections ⁽¹⁾	7,576	7,778	2.7
Sewage connections ⁽¹⁾	6,017	6,223	3.4
Population directly served - water ⁽²⁾	24.1	24.4	1.2
Population directly served - sewage ⁽²⁾	20.7	21.2	2.4
Number of employees	14,496	15,121	4.3
Water volume produced ⁽³⁾	1,531	1,514	(1.1)
Water losses (%)	25.9	25.3	(2.3)

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

(2) In million inhabitants, at the end of the period. Not including wholesale

(3) In millions of cubic meters at the end of the period

(*) Unaudited

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Notes to the Financial Statements

(All amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. OPERATIONS

Companhia de Saneamento Básico do Estado de São Paulo ("SABESP" or the "Company") is a mixed-capital company headquartered in São Paulo, at Rua Costa Carvalho, 300, CEP 05429-900, controlled by the São Paulo State Government. The Company is engaged in the provision of basic and environmental sanitation services in the State of São Paulo, as well as it supplies treated water on a wholesale basis.

In addition to providing basic sanitation services in the State of São Paulo, SABESP may perform these activities in other states and countries, and can operate in drainage, urban cleaning, solid waste handling and energy markets. The objective set in the new vision of SABESP is to be recognized as the company that ensured universal access to water and sewage services in its marketplace, focused on the customer, and in a sustainable and competitive manner, with excellence in environmental solutions.

On June 30, 2013, the Company operated water and sewage services in 363 municipalities of the State of São Paulo. Most of these municipalities operations are based on 30-year concession agreements.

SABESP is not temporarily operating in some municipalities due to judicial orders under ongoing lawsuits: Iperó, Cajobi, Álvares Florense, Macatuba and Embaúba, whose carrying amount of these municipalities' intangible assets was R\$11,365 on June 30, 2013.

On June 30, 2013, a total of 63 concessions had expired and are being negotiated. From 2013 to 2034, 38 concessions will expire. Management believes that all concessions expired and not yet renewed will result in new contracts, disregarding the risk of discontinuity in the provision of municipal water supply and sewage services. By June 30, 2013, a total of 262 program and metropolitan contracts were signed (258 contracts on December 31, 2012).

On June 30, 2013, the carrying amount of intangible assets used in the 63 concessions of the municipalities under negotiation totaled R\$5,841,272, accounting for 25.52% of total, and the related gross revenue totaled R\$ 950,659, million in the six-month period ended June 30, 2013, accounting for 16.45% of total.

The Company's operations are concentrated in the municipality of São Paulo, which represents 51.15% of the gross revenue on June 30, 2013 (52.03% in June 2012) and 42.94% of intangible assets (43.51% in December 2012).

On June 23, 2010, the State of São Paulo through its Governor, the Municipality of São Paulo represented by its mayor, the Company and the regulatory agency "Sanitation and Energy Regulatory Agency – ARSESP" as intervening and consenting parties signed an agreement to share the responsibility for water supply and sewage services to the Municipality of São Paulo based on a 30-year concession agreement. This agreement is extendable for another 30 years, pursuant to the law. This agreement sets forth SABESP as the exclusive service provider and designates ARSESP as regulator, establishing prices, controlling and monitoring services.

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Also, on June 23, 2010, the State of São Paulo, the municipality of São Paulo and SABESP signed the “Public utility services agreement for water supply and sewage”, a 30-year term which is extendable for another 30 years. This agreement involves the following activities:

- i. protection of the sources of water in collaboration with other agencies of the State and the municipality;
- ii. capture, transport and treat of water;
- iii. collect, transport, treatment and final dispose of sanitary sewage; and
- iv. adoption of other actions of basic and environmental sanitation.

In the municipality of Santos, in the Santos coast region, which has a significant population, the Company operates under an authorization by public deed, a situation similar to other municipalities in that region and in the Ribeira valley, where the Company started to operate after the merger of companies composing it. As of June 30, 2013 the carrying amount of the municipality of Santos’ intangible assets was R\$333,513 (R\$328,693 in December 2012) and gross revenue for the six-month period ended June 30, 2013 was R\$124,077 (R\$108,578 in June 2012).

Article 58 of Law 11,445/07 determines that precarious and overdue concessions, as well as those effective for an undetermined period of time, including those that do not have an instrument formalizing them, will be valid until December 31, 2010. However, Article 2 of Law 12,693 of July 24, 2012 allows program agreements to be executed until December 31, 2016.

The Company’s Management understands that the concession agreements not yet renewed are valid and will be governed by Laws 8,987/95 and 11,445/07, including those municipalities served without an agreement.

Public deeds are valid and governed by the Brazilian Civil Code.

The Company's shares have been listed in the *Novo Mercado* (New Market) segment of BM&FBOVESPA (the São Paulo Stock Exchange) since April 2002 and on the New York Stock Exchange (NYSE) as American Depositary Receipts ("ADRs") since May 2002.

Since 2008, the Company has been setting up partnerships with other companies, which resulted in the following companies: Sesamm, Águas de Andradina, Saneaqua Mairinque, Aquapolo Ambiental, Águas de Castilho and Attend Ambiental. Although SABESP has no majority interest in the capital stock of these companies, the shareholders' agreements provide for the power of veto and casting vote in certain issues jointly with associates, indicating the shared control in the management of investees.

This quarterly financial information was approved by the Board of Directors on August 13, 2013.

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2. BASIS OF PREPARATION AND PRESENTATION OF QUARTERLY FINANCIAL INFORMATION

(i) Presentation of Quarterly Financial Information

The quarterly financial information as of June 30, 2013 was prepared based on CPC 21 – Interim Financial Reporting and the international standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB), applicable to the preparation of the Quarterly Information Form– ITR, which are consistently presented with the standards issued by CVM. Therefore, this ITR considers the Circular Official Letter CVM/SNC/SEP 003 of April 28, 2011 which allows that entities report selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. The quarterly financial information for the period ended June 30, 2013, therefore, does not include all the notes and reporting required by the CPC (“Brazilian Accounting Pronouncements Committee”) for the annual financial statements and, accordingly, must be read together with the financial statements under CPC and IFRS for the year ended December 31, 2012.

2.1 Accounting policies

The accounting policies used in the preparation of the quarterly financial information for the quarter ended June 30, 2013 are consistent with those used to prepare the Annual Financial Statements for the year ended December 31, 2012, except for the effects of new accounting practices adopted as of January 1, 2013, described hereinbelow. These policies are disclosed in Note 3 to the Annual Financial Statements.

As of January 1, 2013, new standards, amendments and interpretations of accounting standards became effective. This quarterly financial information already includes the adoption of these amendments and shows their effects on a retrospective basis.

The adoption of CPCs 19(R2) and 33(R1) for the year ended December 31, 2012 resulted in the following adjustments:

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		December 31, 2012		
		CPC 19(R2) Effects (a)	CPC 33(R1) Effects (b)	After adoption of CPCs
	Original			
Assets				
Total current assets	3,336,865	(6,267)	-	3,330,598
Deferred income tax and social contribution	141,356	(5,459)	9,405	145,302
Investments	-	20,826	-	20,826
Intangible assets	21,991,922	(24,396)	-	21,967,526
Property, plant and equipment	383,383	(186,673)	-	196,710
Total non-current assets	23,338,928	(202,834)	9,405	23,145,499
Total assets	26,675,793	(209,101)	9,405	26,476,097

		December 31, 2012		
		CPC 19(R2) Effects (a)	CPC 33(R1) Effects (b)	After adoption of CPCs
	Original			
Liabilities and equity				
Total current liabilities	3,797,370	(39,181)	-	3,758,189
Loans and financing	7,701,929	(169,268)	-	7,532,661
Total non-current liabilities	11,162,846	(169,920)	468,220	11,461,146
Total liabilities	14,960,216	(209,101)	468,220	15,219,335
Total equity	11,715,577	-	(458,815)	11,256,762

Total liabilities and equity	26,675,793	(209,101)	9,405	26,476,097
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(a) Adoption of CPC 19(R2)

The Company adopted CPC 19(R2). Accordingly, jointly-owned investees (Note 9) are now classified as joint venture and are subject to the recognition of income under the equity method of accounting (CPC 18(R2)). This change altered the method of consolidation: from proportional consolidation to equity method of accounting.

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The adoption of CPC 19(R2) resulted in changes in the consolidation of the Company's investments in Sesamm – Serviços de Saneamento de Mogi Mirim S/A, Águas de Andradina S.A., Águas de Castilho, Saneaqua Mairinque S.A., Aquapolo Ambiental S.A. and Attend Ambiental S/A.

(b) Adoption of CPC 33 (R1)

The Company adopted CPC 33(R1). The Company's accounting practice up to December 31, 2012 consisted of recording actuarial gains and losses using the corridor method, in which gains and losses from changes in actuarial assumptions were only recognized in profit or loss as they surpass the corridor value and amortized during the estimated average remaining working life of population with the benefits. Therefore, actuarial gains and losses measured in a certain period were not immediately recognized. With this method, the value recognized in liabilities differs from the estimated present value of obligations through unrecognized actuarial gains and losses.

With the adoption of the new accounting standard, SABESP now recognizes in the statement of financial position the total effect from actuarial losses net of income tax and social contribution, with a corresponding entry to the statement of other comprehensive income, not being recorded in income statement. Such accounting method was applied in the quarterly financial information for 2013, with a retrospective effect in the Company's financial statements for the year ended December 31, 2012 and the opening balance as of January 1, 2012.

Deferred income tax and social contribution were recorded only for the G1 plan, because G0 plan expenses are deemed undeductible.

Below, the reconciliation of the new asset and liability balances of the actuarial obligations for the year ended December 31, 2012 and the opening balance of January 1, 2012, affected by the change in the

standard:

	December 31, 2012	Janu
Balance of actuarial obligations, according to previous accounting practice - G1	577,169	
Effect from adoption of CPC 33 (R1)	27,663	
Balance of actuarial obligations after the change in the accounting practice	604,832	
Balance of the actuarial obligations according to previous accounting practice - G0	1,547,161	
Effect from the adoption of CPC 33 (R1)	440,557	
Balance of actuarial obligations after the change in the accounting practice	1,987,718	
Total balance of the actuarial obligations after the change in the accounting practice	2,592,550	

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Due to the adjustment described above, arising from the adoption of CPC 33(R1), the balances of “Deferred taxes” in non-current assets, “Pension plan liabilities” in non-current liabilities and “Other comprehensive income” in equity, as of December 31, 2012 and January 1, 2012, for the periods comparable to the interim financial information, were adjusted as follows:

	December 31, 2012			January 1, 2012		
	Original Balance	Adjustment	Restated balance	Original balance	Adjustment	Restated balance
Non-current assets						
Deferred taxes	135,897	9,405	145,302	177,926	(35,323)	142,603
Non-current liabilities						
Pension plan liabilities	2,124,330	468,220	2,592,550	2,050,697	(34,370)	2,016,327
Equity						
Other comprehensive income	11,715,577	(458,815)	11,256,762	10,545,896	(953)	10,544,943

The adoption of CPC 33 (R1) did not result in adjustments to the statements of income and cash flows presented in this quarterly financial information.

3. FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Company's activities are affected by the Brazilian economic scenario, making it exposed to market risks, such as exchange rate, interest rate, credit risk and liquidity risk. The Company's financial risk management is focused on the unpredictability of financial markets and seeks to minimize the potential for adverse effects on the Company's financial performance.

The Company has not utilized derivative instruments in any of the reported periods.

(a) Market risk

Foreign exchange risk

SABESP's foreign exchange exposure implies market risks associated with Brazilian Real currency fluctuations against the US dollar and Yen. SABESP's foreign currency-denominated liabilities include US dollar and Yen-denominated loans.

In case of Brazilian Real depreciation in relation to foreign currency in which the debt is denominated, SABESP will incur in monetary loss in relation to such debt.

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SABESP's specific foreign exchange risks are related to exposures caused by its current and non-current debts denominated in foreign currency.

The management of SABESP's foreign exchange exposure considers several current and projected economic factors, besides market conditions.

This risk arises from the possibility that the Company may incur losses due to exchange rate fluctuations that would impact liability balances of foreign currency-denominated loans and financing raised in the market and related financial expenses. The Company does not maintain hedge or swap contracts or any derivative financial instrument to protect against this risk, but conducts an active management of debt, taking advantage of opportunities to change expensive debts with "cheaper" debts, reducing the cost through early maturity.

A significant amount of the Company's financial debt is denominated in U.S. dollar and Yen, in the total amount of R\$3,489,462 on June 30, 2013 (R\$3,231,183 in December 2012). Below, the Company's exposure to foreign exchange risk:

	December 31, 2012			
	June 30, 2013		(Restated)	
	Foreign currency	R\$	Foreign currency	R\$
Loans and financing – US\$	1,137,557	2,520,371	1,136,274	2,321,976
Loans and financing – Yen	42,534,714	949,800	37,535,650	890,346
Interest and charges from loans and financing – US\$		13,366		12,487
Interest and charges from loans and financing – Yen		5,925		6,374
Total exposure		3,489,462		3,231,183

Financing cost	(16,304)	(15,422)
Total loans in foreign currency	3,473,158	3,215,761

As at June 30, 2013, if the Brazilian Real had depreciated or appreciated by 10% against the US dollar and Yen with all other variables held constant, effects on results before taxes on June 30, 2013 would have been R\$348,946 (R\$323,118 in the year ended December 31, 2012) lower or higher, mainly as a result of foreign exchange losses or gains on the translation of foreign currency-denominated loans.

Scenario I below presents the effect in the income statements for the next 12 months, considering the projected rates of the U.S. dollar and the Yen. Considering the other variables as remaining constant, the impacts for the next 12 months are shown in scenarios II and III with possible depreciation of 25% and 50%, respectively, in the Brazilian Real.

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	Scenario I (Probable) (*)	Scenario II (+25%)	Scenario III (+50%)
Net currency exposure on June 30, 2013 (Liabilities) in US\$	1,137,557	1,137,557	1,137,557
US\$ rate on June 30, 2013	2.2156	2.2156	2.2156
Exchange rate estimated according to the scenario	2.2000	2.7500	3.3000
Difference between the rates	0.0156	(0.5344)	(1.0844)
Effect on net financial result R\$ - gain/(loss)	17,746	(607,910)	(1,233,567)
Net currency exposure on June 30, 2013 (Liabilities) in Yen	42,534,714	42,534,714	42,534,714
Yen rate on June 30, 2013	0.02233	0.02233	0.02233
Exchange rate estimated according to the scenario	0.02321	0.02901	0.03481
Difference between the rates	(0.0009)	(0.0067)	(0.0125)
Effect on net financial result in R\$ - gain/(loss)	(38,281)	(284,983)	(531,684)
Total effect on net financial result in R\$ - gain/(loss)	(20,535)	(892,893)	(1,765,251)

(*)The probable scenario in foreign currency (US\$ and Yen) considered the average exchange rate for the 12-month period after June 30, 2013, according to BM&FBovespa.

Interest rate risk

This risk arises from the possibility that the Company could incur losses due to fluctuations in interest rates, increasing the finance expenses related to loans and financing.

The Company has not entered into any derivative contract to protect against this risk; however continually monitors market interest rates, in order to evaluate the need of replace its debts.

The table below provides the Company's loans and financing subject to variable interest rate:

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TR ⁽ⁱ⁾	1,821,513	2,019,924
CDI ⁽ⁱⁱ⁾	1,212,010	1,799,830
TJLP ⁽ⁱⁱⁱ⁾	809,471	845,913
IPCA ^(iv)	1,315,200	697,385
LIBOR ^(v)	1,342,426	1,243,058
Interest and charges	78,153	95,475
Total	6,578,773	6,701,585

(i) TR – (*Taxa de Referência*), a reference rate

(ii) CDI - (*Certificado de Depósito Interbancário*), an interbank deposit rate

(iii) TJLP - (*Taxa de Juros a Longo Prazo*), a long-term interest rate index

(iv) IPCA - (*Índice Nacional de Preços ao Consumidor Amplo*), a consumer price index

(v) LIBOR - London Interbank Offered Rate

Another risk to which the Company is exposed, is the mismatch of the monetary restatement indices of its debts with those of its service revenues. Water supply and sewage services tariff adjustments do not necessarily follow the increases in adjustment indexes for loans, financing and interest rates affecting the Company's debt.

As at June 30, 2013, if interest rates on loans denominated in Brazilian *reais* had been 100 basis points higher or lower with all other variables held constant, the effects on profit for the six-month period ended June 30, 2013 before taxes would have been R\$65,787 (R\$67,015 for the year ended December 31, 2012) lower or higher, mainly as a result of a lower or higher interest expense on floating rate loans.

(b) Credit risk

The credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding accounts receivable, restricted cash, accounts receivable from related parties and indemnities. The Company is required by law to invest its funds with Banco do Brasil. Credit risk exposure is mitigated by sales to a dispersed customer base.

The maximum exposure to credit risk at the reporting date is the carrying amount of instruments classified as cash equivalents, deposits in banks and financial institutions, restricted cash, trade accounts receivable and accounts receivable from related parties. (See notes 5, 6, 7 and 8).

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Regarding the financial assets held with financial institutions, the credit quality that is not past due or subject to provision for impairment can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit quality of counterparties which are banks, such as deposits and financial investments, the Company considers the lower rating of the counterparty published by three main international rating agencies (Moody's, Fitch and S&P), according to the internal market risk management policy:

	June 30, 2013	December 31, 2012 (Restated)
Cash at bank and short-term bank deposits		
AAA(bra)	1,667,416	1,913,893
Others (*)	1,671	2,081
	1,669,087	1,915,974

(*)This category includes current accounts and investment funds in banks which have no credit rating information available.

The available credit rating information of the banks in which the Company made transactions during the period is as follows:

<u>Counterparty</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard Poor's</u>
Banco do Brasil S.A.	AAA (bra)	Aaa.br	brAAA

Banco Santander Brasil S.A.	AAA (bra)	Aaa.br	brAAA
Federal Savings Bank	AAA (bra)	Aaa.br	-
Banco Bradesco S.A.	AAA (bra)	Aaa.br	brAAA
Itaú Unibanco Holding S.A.	AAA (bra)	Aaa.br	brAAA

For financial assets corresponding to trade accounts receivable, the Company's credit risk is minimized, since the customer base is diversified.

(c) Liquidity risk

The Company's liquidity is primarily reliant upon cash provided by operating activities, loans from Brazilian Federal and State governmental financial institutions, and financing in the domestic and international capital markets. The liquidity risk management considers the assessment of its liquidity requirements to ensure it has sufficient cash to meet its investment and capital expenditures needs, as well as the payment of debts.

The funds held by the Company are invested in interest-bearing current accounts, time deposits, short-term deposits and securities, selecting instruments with appropriate maturity or liquidity sufficient to provide margin as determined by projections mentioned above.

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The table below analyzes the Company's financial liabilities, by relevant maturities, including the installment of principal and interest to be paid according to the agreement.

	July to December 2013	2014	2015	2016	2017
As of June 30, 2013					
Liabilities					
Loans and financing	625,680	1,017,489	1,467,990	1,367,289	1,022,388
Accounts payable to suppliers and contractors	239,393	-	-	-	-
Services payable	404,710	-	-	-	-
Pension plan liabilities	114,703	235,667	242,192	249,770	257,442
Public-private partnership— PPP	20,962	41,925	41,925	41,925	41,925
Program contract commitments	141,081	36,223	77,533	4,237	1,899
Other liabilities	129,174	154,605	-	-	-

	2013	2014	2015	2016	2017	2018 onwards	F
As of December 31, 2012							
Liabilities							
Loans and financing	1,743,344	1,221,613	1,660,890	1,100,013	779,905	5,678,481	12
Accounts payable to suppliers and contractors	295,392	-	-	-	-	-	-
Services payable	389,091	-	-	-	-	-	-
Pension plan liabilities	229,406	235,667	242,192	249,770	257,442	1,880,988	3
Public-private partnership— PPP	41,925	41,925	41,925	41,925	41,925	305,193	-
Program contract commitments	160,784	11,227	66,052	4,222	1,911	37,204	-

Other liabilities	159,055	168,766	-	-	-	-
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Future interest

Future interest was calculated based on the contractual clauses for all agreements. For agreements with floating interest rate, the interest rates used correspond to the reference dates above.

Cross-default clause

The Company has loan agreements including the cross-default clause, which sets forth that the early maturity of any Company's debt will cause the anticipated debt of the corresponding agreement. Indicators are constantly monitored to avoid the execution of this clause.

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