

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

June 23, 2008

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

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**FORM 6-K**

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

**For June 23, 2008**

**(Commission File No. 1-31317)**

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

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

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

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

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

Rui de Britto Álvares Affonso  
Chief Financial Officer and Investor Relations Officer  
Mario Azevedo de Arruda Sampaio  
Head of Capital Markets and Investor Relations

**SABESP announces 1Q08 results**

São Paulo, May 15, 2008 - **Companhia de Saneamento Básico do Estado de São Paulo SABESP** (Bovespa: SBSP3; NYSE: SBS), one of the largest water and sewage service providers in the world based on the number of customers, announces today its **results for the first quarter of 2008 (1Q08)**. The Company's operating and financial information, except when indicated otherwise, is presented in Brazilian Reals, in accordance with the Brazilian Corporate Law. All comparisons in this release, unless otherwise stated, refer to the same period of 2007.

SBSP3: R\$ 46.89 / share  
SBS US\$ 56.35 (ADR=2 shares)  
Total shares: 227,836,623  
Market value: R\$ 10.7 billion  
Closing Price: 05/15/2008

**1. Net revenue grows 5.2%, EBITDA grows 7.3% with a 50.3% EBITDA margin**

	<i>R\$ million</i>			
	1Q07	1Q08	Chg.	%
(+)Gross operating revenue	1,583.2	1,658.6	75.4	4.8
(-) COFINS and PASEP taxes	118.6	118.5	(0.1)	(0.1)
(=)Net operating revenue	1,464.6	1,540.1	75.5	5.2
(-) Costs and expenses	897.3	915.9	18.6	2.1
(=)Earnings before financial expenses (EBIT*)	567.3	624.2	56.9	10.0
(+)Depreciation and amortization	154.1	150.1	(4.0)	(2.6)
(=)EBITDA**	721.4	774.3	52.9	7.3
(%) EBITDA margin	49.3	50.3		
Net income	292.9	303.7	10.8	3.7
Earnings per share (R\$)***	0.01028	1.33		

(\*) Earnings before interest and taxes

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

(\*\*\*) On June 2007 a reverse stock split was accomplished. EPS in 1Q07, considering the reverse stock split would be of R\$ 1.29/share

In 1Q08, net operating revenue totaled R\$ 1.5 billion, a 5.2% increase compared to 1Q07. Costs and expenses stood at R\$ 915.9 million, 2.1% higher than in 1Q07. EBITDA moved up 7.3% from R\$ 721.4 million in 1Q07 to R\$ 774.3 million in 1Q08, as revenues outgrew costs.

Earnings before financial expenses (EBIT) increased by 10.0%, from R\$ 567.3 million in 1Q07 to R\$ 624.2 million in 1Q08.

**2. Gross operating revenue**

In 1Q08, gross operating revenue grew R\$ 75.4 million, or 4.8%, from R\$ 1,583.2 million in 1Q07 to R\$ 1,658.6 million in 1Q08. The main reasons for this increase were:

The 4.1% tariff adjustment as of September 2007; and

The 1.3% increase in billed volume, of which 0.7% in retail and 6.7% in wholesale; however, the latter does not affect revenues in the same proportion.

**3. Billed volume**

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

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

	Water			Sewage			Water + Sewage		
	1Q07	1Q08	%	1Q07	1Q08	%	1Q07	1Q08	%
Residential	339.3	341.0	0.5	267.9	271.3	1.3	607.2	612.3	0.8
Commercial	37.7	37.8	0.3	34.2	34.6	1.2	71.9	72.4	0.7
Industrial	8.7	8.8	1.1	8.3	8.2	(1.2)	17.0	17.0	-
Public	11.0	10.8	(1.8)	8.8	8.7	(1.1)	19.8	19.5	(1.5)
<b>Total retail</b>	<b>396.7</b>	<b>398.4</b>	<b>0.4</b>	<b>319.2</b>	<b>322.8</b>	<b>1.1</b>	<b>715.9</b>	<b>721.2</b>	<b>0.7</b>

Wholesale	66.7	70.6	5.8	6.4	7.4	15.6	73.1	78.0	6.7
<b>Total</b>	<b>463.4</b>	<b>469.0</b>	<b>1.2</b>	<b>325.6</b>	<b>330.2</b>	<b>1.4</b>	<b>789.0</b>	<b>799.2</b>	<b>1.3</b>

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

	Water			Sewage			Water + Sewage		
	1Q07	1Q08	%	1Q07	1Q08	%	1Q07	1Q08	%
Metropolitan	262.2	263.3	0.4	215.9	218.1	1.0	478.1	481.4	0.7
Regional <sup>(1)</sup>	134.5	135.1	0.4	103.3	104.7	1.4	237.8	239.8	0.8
<b>Total retail</b>	<b>396.7</b>	<b>398.4</b>	<b>0.4</b>	<b>319.2</b>	<b>322.8</b>	<b>1.1</b>	<b>715.9</b>	<b>721.2</b>	<b>0.7</b>
Wholesale	66.7	70.6	5.8	6.4	7.4	15.6	73.1	78.0	6.7
<b>Total</b>	<b>463.4</b>	<b>469.0</b>	<b>1.2</b>	<b>325.6</b>	<b>330.2</b>	<b>1.4</b>	<b>789.0</b>	<b>799.2</b>	<b>1.3</b>

(1) Including coastal and interior regions

**4. Costs, administrative and selling expenses**

In 1Q08, costs, administrative and selling expenses grew R\$ 18.6 million, or 2.1% . On the other hand, costs and expenses as a percentage of net revenues dropped from 61.3% in 1Q07 to 59.5% in 1Q08.

	<i>R\$ million</i>			
	1Q07	1Q08	Chg.	%
Payroll and benefits	300.9	319.0	18.1	6.0
Supplies	32.1	30.8	(1.3)	(4.0)
Treatment supplies	35.5	40.0	4.5	12.7
Third-party services	126.7	128.4	1.7	1.3
Electric power	118.2	113.5	(4.7)	(4.0)
General expenses	44.8	68.4	23.6	52.7
Tax expenses	8.7	8.2	(0.5)	(5.7)
<b>Sub-total</b>	<b>666.9</b>	<b>708.3</b>	<b>41.4</b>	<b>6.2</b>
Depreciation and amortization	154.1	150.1	(4.0)	(2.6)
Credit write-offs	76.3	57.5	(18.8)	(24.6)
<b>Costs, administrative and selling expenses</b>	<b>897.3</b>	<b>915.9</b>	<b>18.6</b>	<b>2.1</b>
% over net revenue	61.3%	59.5%		

**4.1. Payroll and benefits**

In 1Q08 payroll and benefits grew R\$ 18.1 million or 6.0%, from R\$ 300.9 million to R\$ 319.0 million, due to the following factors:

- Wage increase of 3.37%, as of May 2007;
- 2% increase in payroll, as of June 2007, as performance evaluation; and
- R\$ 2.6 million increase in provision for pension plan obligations, due to the change in the discount rate used for actuarial calculation from 8% in 2007 to 6.59% in 2008.

The Company expanded its services and increased the connection per employee rate from 689 in 1Q07 to 714 in 1Q08.

**4.2. Supplies**

In 1Q08 dropped R\$ 1.3 million or 4.0%, from R\$ 32.1 million in 1Q07 to R\$ 30.8 million in 1Q08 mainly due to: residential connections maintenance, which generated a R\$ 0.5 million drop, and system maintenance, which

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generated a R\$ 0.7 million drop.

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### 4.3. Treatment supplies

In 1Q08 expenses with chemical products were R\$ 4.5 million or 12.7% higher than in 1Q07, increasing from R\$ 35.5 million in 1Q07 to R\$ 40.0 million in 1Q08.

The lower volume of water produced, as a result of the progress of the Water Loss Reduction Program, partially offset the increase in the use of chemical products due to the decline in abstract water quality.

### 4.4. Third-party services

In 1Q08 this item rose R\$ 1.7 million or 1.3%, from R\$ 126.7 million to R\$ 128.4 million. The main reasons for this increase were:

- Hydrometer reading and bill delivery in the amount of R\$ 2.4 million, due to the expansion of the TACE (external technical sales services) and the increase in the number of connections;
- R\$ 2.2 million increase with surveillance due to the expansion of the area with electronic monitoring;
- Preventive and corrective maintenance at the water and sewage treatment systems in the amount of R\$ 2.0 million; and
- These increases were partially offset by the R\$ 4.9 million due to the booking of expenses related to the software license agreements.

### 4.5. Electric power

Electric power dropped R\$ 4.7 million or 4.0%, from R\$ 118.2 million in 1Q07 to R\$ 113.5 million in 1Q08.

This result was due to the 10.0% drop in the tariff from the captive market, which is responsible for 77.0% of total expenses with electric power, and the 1.1% decrease in electric power consumption between 1Q07 and 1Q08.

	Share (%)	Average Price (Chg. %)	Weighted Average (%)
Free market	23.0	13.0	3.0
Captive market	77.0	(10.0)	(7.7)
			(4.7)

### 4.6. General expenses

In 1Q08 general expenses moved up R\$ 23.6 million or 52.7%, from R\$ 44.8 million to R\$ 68.4 million, due to:

- New provisions for lawsuits related to clients and expenses with environmental compensation with a R\$ 21.9 million increase; and
- Payment for the use of water in the Piracicaba, Capivari, Jundiaí, Jaguarí, Atibaia and Paraíba do Sul river basins, with a R\$ 1.5 million increase.

### 4.7. Tax expenses

In 1Q08 tax expenses dropped R\$ 0.5 million or 5.7%, as a result of the extinction of the CPMF tax with a R\$ 6.3 million decrease. This drop was, partially, offset by exemption removal of the Municipal Real Estate Tax (IPTU) in the municipality of São Paulo, in the amount of R\$ 5.3 million.

### 4.8. Credit write-offs

In 1Q08 credit write-offs dropped R\$ 18.8 million or 24.6%, from R\$ 76.3 million to R\$ 57.5 million, mainly due to credit recovery resulting from agreements reached with the municipalities of Barueri, São Vicente, Cajamar and Bragança Paulista.



## 5. Financial expenses and revenues

### 5.1. Financial expenses

In 1Q08 financial expenses grew R\$ 5.4 million, or 3.2%, as follows:

	1Q07	1Q08	Var.	<i>R\$ million</i> %
Financial expenses				
Interest and charges on domestic loans and financing	118.2	102.1	(16.1)	(13.6)
Interest and charges on international loans and financing	18.3	15.5	(2.8)	(15.3)
Interest rate over lawsuit indemnity, net of provisions	27.0	39.2	12.2	45.2
Other financial expenses	5.0	17.1	12.1	242.0
<b>Total financial expenses</b>	<b>168.5</b>	<b>173.9</b>	<b>5.4</b>	<b>3.2</b>
Financial revenues	23.4	35.4	12.0	51.3
<b>Financial expenses net of revenues</b>	<b>145.1</b>	<b>138.5</b>	<b>(6.6)</b>	<b>(4.5)</b>

The highlights for domestic financing were:

- The R\$ 16.1 million drop in the amount paid as interest regarding the settlements of the 2<sup>nd</sup> series of the 5<sup>th</sup> debenture in March 2007, and of the 1<sup>st</sup> series of the 6<sup>th</sup> debentures in September 2007.

The highlights for international financing were:

- The R\$ 2.8 million decline in interest due to the settlement of agreements with IDB - Inter-American Development Bank (in January, June, July and December 2007) and with the World Bank (in April 2007).

In 1Q08 the Company recorded an increase of R\$ 12.2 million in interest regarding lawsuits, moving up from R\$ 27.0 million in 1Q07 to R\$ 39.2 million in 1Q08.

Other financial expenses increased by R\$ 12.1 million mainly due to the payment of interest on own capital, referring to the period between March 2004 and December 2006, in the amount of R\$ 7.8 million, as foreseen by the second amendment of the GESP Agreement.

### 5.2. Financial revenues

Financial revenues increased R\$ 12.0 million, moving up from R\$ 23.4 million to R\$ 35.4 million, mainly due to a higher number of installment agreements with customers in 1Q08 versus 1Q07.

## 6. Foreign exchange and indexation

### 6.1. Variation on liability

	1Q07	1Q08	Var.	<i>R\$ million</i> %
Monetary variation over loans and financing	11.9	3.8	(8.1)	(68.1)
Currency exchange variation over loans and financing	(46.9)	11.5	58.4	(124.5)
Other variations	10.7	24.7	14.0	130.8
<b>Variation on liabilities</b>	<b>(24.3)</b>	<b>40.0</b>	<b>64.3</b>	<b>(264.6)</b>

The net effect of the foreign exchange and indexation was R\$ 40.0 million negative in 1Q08 versus R\$ 24.3 million positive in 1Q07, due to:

- The lower appreciation of the Brazilian Real against US dollar in 1Q08 (1.3%), versus 1Q07 (4.1%), despite a 6.0% Brazilian real depreciation against the currency basket in 1Q08 in comparison to 0.43% in 1Q07, generating a net variation of R\$ 58.4 million;
- Drop in the R\$ 8.1 million monetary restatement from the agreement with Banco do Brasil, mainly due to the lower variation of the TR, 0.17% in 1Q08 versus 0.48% in the previous period; as well as the decrease in the debit balance due to the settlement of the installments falling due in the period; and
- R\$ 14.0 million increase from other monetary variation, mainly by:
  - Higher variation of the IGPM Index, 2.38% in 1Q08, versus 1.11% in the previous period with a R\$ 12.7 million increase in monetary restatement over debentures; and
  - Monetary restatement from lawsuit indemnities with a R\$ 1.2 million increase.

### 6.2. Variation on assets

Foreign Exchange and indexation increased R\$ 6.7 million or 65.0%, from R\$ 10.3 million in 1Q07 to R\$ 17.0 million in 1Q08, mainly due to agreements on debt rescheduling.

## 7. Non-operating result

Non-operating result grew R\$ 12.0 million, from a R\$ 1.0 million expense in 1Q07 to a R\$ 11.0 million revenue in 1Q08, due to the following:

### 7.1. Non-operating revenues

Non-operating revenues moved up R\$ 14.9 million, from R\$ 1.3 million in 1Q07 to R\$ 16.2 million in 1Q08, mainly due to the sale of exceeding electric power in the amount of R\$ 8.9 million and the time prescription of amounts to be reimbursed to clients totaling R\$ 1.3 million.

### 7.2. Non-operating expenses

Non-operating expenses climbed R\$ 1.4 million or 70.0% over the same period of the previous year, due to the write-off of discontinued properties, plants and equipments and obsolete projects.



## 8. Operating indicators

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

Operating indicators	1Q07	1Q08	%
Water connections (1)	6,650	6,804	2.3
Sewage connections (1)	5,036	5,198	3.2
Population directly served - water (2)	22.8	23.0	0.9
Population directly served - sewage (2)	18.6	18.9	1.6
Number of employees	16,966	16,804	(1.0)
Number of water and sewage connections per employee	689	714	3.6
Water volume produced	724.5	721.6	(0.4)
Water losses index (%)	31.4	29.1	(7.3)

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

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

## 9. Loans and financing

Sabesp plans to sign, by the end of May, the following loans and financing, which have already been approved by the Board of the respective Banks: R\$ 170 million from BNDES, R\$ 619 million from Caixa Econômica Federal and US\$ 250 million from the IDB. These operations are part of the process in line with 2008 operating plan.

At the table below we present the debt amortization schedule:

INSTITUTION								R\$ million
	2008	2009	2010	2011	2012	2013	2014 and onwards	Total
<b>Local market</b>								
Banco do Brasil	180.8	259.7	282.7	307.7	334.8	364.5	96.0	1,826.2
Caixa Econômica Federal	44.5	62.4	67.0	72.6	78.4	78.5	141.7	545.1
Debentures	-	774.1	329.2	396.9	-	-	-	1,500.2
FIDC - SABESP I	41.7	55.6	55.6	13.8	-	-	-	166.7
BNDES	31.4	41.9	41.9	41.9	36.0	4.0	-	197.1
Others	2.3	5.9	6.4	5.8	-	-	-	20.4
Interest and charges	107.3	18.3	16.3	4.1	-	-	-	146.0
<b>Local market total</b>	<b>408.0</b>	<b>1,217.9</b>	<b>799.1</b>	<b>842.8</b>	<b>449.2</b>	<b>447.0</b>	<b>237.7</b>	<b>4,401.7</b>
<b>International market</b>								
IDB	66.5	66.6	66.6	66.6	66.5	66.5	373.2	772.5
Eurobonds	171.5	-	-	-	-	-	244.9	416.4
JBIC	-	-	-	2.0	4.1	4.1	65.9	76.1
Interest and charges	24.9	-	-	-	-	-	-	24.9
<b>International market total</b>	<b>262.9</b>	<b>66.6</b>	<b>66.6</b>	<b>68.6</b>	<b>70.6</b>	<b>70.6</b>	<b>684.0</b>	<b>1,289.9</b>
<b>Total</b>	<b>670.9</b>	<b>1,284.5</b>	<b>865.7</b>	<b>911.4</b>	<b>519.8</b>	<b>517.6</b>	<b>921.7</b>	<b>5,691.6</b>

## 10. Conference call

### In English

May 20, 2008  
3:30 PM (US EST) / 4:30 PM (Brasília)  
Dial in access: 1 973 935-8893  
Conference ID: 45892672

Replay available until 5/27/2008

Dial in access: 1 706 645-9291  
Replay ID: 45892672

### In Portuguese

May 20, 2008  
1:00 PM (US EST) / 2:00 PM (Brasília)  
Dial in access: 55 11 2188-0188  
Conference ID: Sabesp

Replay available until 5/27/2008

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

Live webcast at [www.sabesp.com.br](http://www.sabesp.com.br)

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## Income Statement

<b>Corporate Law Method (Law No. 6,404/76)</b>	<b>R\$ '000</b>		
	<b>1Q08</b>	<b>1Q07</b>	<b>%</b>
<b>Gross Revenue from Sales and Services</b>	<b>1,658,617</b>	<b>1,583,224</b>	<b>4.8</b>
Water Supply - Retail	854,058	821,077	4.0
Water Supply - Wholesale	77,056	69,674	10.6
Sewage Collection and Treatment	697,585	665,405	4.8
Sewage Collection and Treatment - Wholesale	4,825	1,260	-
Other Services	25,093	25,808	(2.8)
Taxes on Sales and Services - COFINS and PASEP	(118,548)	(118,617)	(0.1)
<b>Net Revenue from Sales and Services</b>	<b>1,540,069</b>	<b>1,464,607</b>	<b>5.2</b>
Costs of Sales and Services	(664,753)	(652,919)	1.8
<b>Gross Profit</b>	<b>875,316</b>	<b>811,688</b>	<b>7.8</b>
Selling Expenses	(138,613)	(150,180)	(7.7)
Administrative Expenses	(112,476)	(94,265)	19.3
<b>Operating Income before Financial Expenses and Foreign Exchange gain (loss), net</b>	<b>624,227</b>	<b>567,243</b>	<b>10.0</b>
Financial Income and Expenses, net	(150,190)	(157,143)	(4.4)
Foreign Exchange gain (loss), net	(11,298)	46,698	(124.2)
<b>Operating Income</b>	<b>462,739</b>	<b>456,798</b>	<b>1.3</b>
<b>Non-Operating Expenses (Income)</b>			
Non-Operating Income	14,385	997	1,342.8
Non-Operating Expense	(3,428)	(2,009)	70.6
<b>Income (loss) before Taxes on Income</b>	<b>473,696</b>	<b>455,786</b>	<b>3.9</b>
<b>Income and Social Contribution Taxes</b>			
Current Income Tax/Social Contribution	(192,297)	(181,077)	6.2
Deferred Income Tax/Social Contribution	22,326	18,171	22.9
<b>Income (loss) before Extraordinary Item</b>	<b>303,725</b>	<b>292,880</b>	<b>3.7</b>
Extraordinary item, net of income taxes and social contribution	-	-	-
<b>Net Income (loss)</b>	<b>303,725</b>	<b>292,880</b>	<b>3.7</b>
<b>Registered common shares (thousand of shares)</b>	<b>227,836</b>	<b>28,479,577</b>	<b>-</b>
<b>Earnings per shares R\$ (per thousand shares in 2007)</b>	<b>1.33</b>	<b>10.28</b>	<b>-</b>
<b>Depreciation and Amortization</b>	<b>(150,126)</b>	<b>(154,109)</b>	<b>(2.6)</b>

<b>EBITDA</b>	<b>774,353</b>	<b>721,352</b>	<b>7.3</b>
% over net revenue	50.3%	49.3%	

## Balance Sheet

<b>Brazilian Corporate Law</b>		<b>R\$ '000</b>	
<b>ASSETS</b>	<b>03/31/2008</b>	<b>12/31/2007</b>	
Cash and Cash Equivalents	380,225	464,997	
Accounts Receivable, net	1,226,632	1,207,885	
Accounts Receivable from Shareholders	117,727	338,506	
Inventory	45,436	53,141	
Taxes and contributions	2,934	9,414	
Other Receivables	67,726	41,782	
Deferred income tax and social contribution	93,822	108,792	
<b>Total Current Assets</b>	<b>1,934,502</b>	<b>2,224,517</b>	
Long Term Assets:			
Accounts Receivable, net	296,956	278,787	
Accounts Receivable from Shareholders	1,042,144	986,988	
Indemnities Receivable	148,794	148,794	
Judicial Deposits	22,880	19,806	
Taxes and contributions	379,364	357,226	
Other Receivables	76,519	75,202	
	1,966,657	1,866,803	
Permanent Assets:			
Investments	720	720	
Permanent Assets	14,123,586	14,060,073	
Intangible Assets	562,075	507,789	
Deferred Assets	2,641	3,474	
	14,689,022	14,572,056	
<b>Total Permanent Assets</b>	<b>16,655,679</b>	<b>16,438,859</b>	
<b>Total Assets</b>	<b>18,590,181</b>	<b>18,663,376</b>	

<b>LIABILITIES</b>	<b>03/31/2008</b>	<b>12/31/2007</b>	
Suppliers and Constructors	106,953	165,267	
Loans and Financing	980,119	742,114	
Salaries and Payroll Charges	185,201	166,797	
Taxes and contributions payable	171,085	127,735	
Taxes and contributions	74,531	75,249	
Interest on Own Capital Payable	279,515	680,339	
Provision for Judicial Pendencies	247,816	290,172	
Services Payable	175,525	156,987	
Other Payables	49,357	50,077	
<b>Total Current Liabilities</b>	<b>2,270,102</b>	<b>2,454,737</b>	
Long Term Liabilities:			



Loans and Financing	4,711,501	4,943,121
Taxes and Contributions Payable	189,740	197,635
Deferred Taxes and Contributions	126,384	159,865
Provision for Contingencies	700,709	655,084
Pension Fund Obligations	378,630	365,234
Other Payables	122,284	103,694
	6,229,248	6,424,633
Future Results:		
Donations	3,100	-
	3,100	-
<b>Total Non Current Liabilities</b>	<b>6,232,348</b>	<b>6,424,633</b>
Capital Stock	3,403,688	3,403,688
Capital Reserves	124,255	124,255
Revaluation Reserves	2,318,144	2,339,829
Profit Reserves	3,916,234	3,916,234
Accrued income	325,410	-
<b>Shareholder's Equity</b>	<b>10,087,731</b>	<b>9,784,006</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>18,590,181</b>	<b>18,663,376</b>

## Cash Flow

<b>Brazilian Corporate Law</b>	<b>R\$ '000</b>	
<b>Description</b>	<b>Jan-Mar/08</b>	<b>Jan-Mar/07</b>
<b>Cash flow from operating activities</b>		
Net income for the period	303,725	292,880
<b>Adjustments for reconciliation of net income</b>		
Deferred income tax and social contribution	(22,326)	(18,002)
Provisions for contingencies	91,958	47,299
Reversion of provision for losses	(226)	-
Other provisions	117	-
Liabilities related to pension plans	17,514	14,595
Loss in the write-off of property, plant and equipment	3,236	1,960
Deferred asset write-offs	-	801
Depreciation and Amortization	150,126	154,109
Interest calculated on loans and financing payable	118,965	138,038
Foreign exchange loss on loans and financing	38,013	(25,022)
Monetary variation on interest on own capital	7,338	-
Passive monetary exchange variation and interest	2,593	3,305
Active monetary exchange variation and interest	(6,141)	(4,416)
Provisions for bad debt	57,468	76,303
<b>(Increase) decrease in assets:</b>		
Clients	(93,120)	(105,717)
Accounts receivable from shareholders	169,292	15,341
Inventories	7,931	6,972
Recoverable Taxes	6,480	(2,190)
Other accounts receivable	(26,844)	(11,091)
Judicial deposits	(8,043)	(1,973)
<b>Increase (decrease) in liabilities:</b>		
Accounts payable to suppliers and contractors	(34,080)	(102,502)
Salaries and payroll charges	18,404	(29,597)
Taxes and contributions	13,821	81,837
Services payable	(10,495)	(37,116)
Other accounts payable	813	(9,146)
Contingencies	(82,929)	(8,836)
Pension plan	(4,118)	(3,832)
<b>Net cash from operating activities</b>	<b>719,472</b>	<b>474,000</b>
<b>Cash flow from investing activities:</b>		
Acquisition of property, plant and equipment	(218,029)	(104,135)
Increase in intangible assets	(14,634)	(1,786)
<b>Net cash used in investing activities</b>	<b>(232,663)</b>	<b>(105,921)</b>
<b>Cash flow from financing activities</b>		
<b>Loans and Financing - long term</b>		

Funding	38,821	32,812
Payments	(202,240)	(275,364)
<b>Interest on own capital payment</b>	(408,162)	(2)
<b>Net cash used in financing activities</b>	<b>(571,581)</b>	<b>(242,554)</b>
Net increase (decrease) in cash equivalents	<b>(84,772)</b>	<b>125,525</b>
Cash and cash equivalents at the beginning of the period	464,997	328,206
Cash and cash equivalents at the end of the period	380,225	453,731
Change in Cash	<b>(84,772)</b>	<b>125,525</b>
Additional information on cash flow:		
Interest and taxes over loans and financing	96,260	120,089
Capitalization of interest and financial charges	12,826	(2,671)
Payable income tax and social contribution	145,037	87,744
Property, plant and equip. received as donation and/or paid in stocks	3,100	6,718
COFINS and PASEP taxes payable	178,731	114,461
Liabilities from agreements	45,973	-

