

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

June 09, 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 May 16, 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 1Q11 results

São Paulo, May 12, 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 first quarter 2011 (1Q11)**.

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\$
47.05/ share
SBS: US\$
58.76
(ADR=2
shares)
Total shares:
227,836,623
Market
Value: R\$
10.7 billion
Closing price:
03/12/2011

1. Financial Highlights

| | 1Q10 | 1Q11 | Chg.(R\$) | % |
|---|---------|---------|-----------|--------|
| (+) Gross operating revenue | 1,844.5 | 1,989.8 | 145.3 | 7.9 |
| (+) Construction revenue | 452.2 | 450.2 | (2.0) | (0.4) |
| (-) COFINS and PASEP taxes | 133.6 | 145.4 | 11.8 | 8.8 |
| (=) Net operating revenue | 2,163.1 | 2,294.6 | 131.5 | 6.1 |
| (-) Costs and expenses | 1,026.6 | 1,428.0 | 401.4 | 39.1 |
| (-) Construction costs | 441.6 | 439.4 | (2.2) | (0.5) |
| (+) Equity Results | (0.1) | (1.0) | (0.9) | - |
| (=) Earnings before financial expenses (EBIT*) | 694.8 | 426.2 | (268.6) | (38.7) |
| (+) Depreciation and amortization | 143.0 | 228.1 | 85.1 | 59.5 |
| (=) EBITDA** | 837.8 | 654.3 | (183.5) | (21.9) |
| (%) EBITDA margin | 38.7 | 28.5 | - | - |
| Earnings per share (R\$) | 1.31 | 0.80 | (116.2) | (38.9) |
| (*) Earnings before interest and taxes | | | | |
| (**) Earnings before interest, taxes, depreciation and amortization | | | | |

In 1Q11, net operating revenue reached R\$ 2.3 billion, a 6.1% growth compared to 1Q10. Costs and expenses, including construction costs, in the amount of R\$ 1.9 billion grew 27.2% versus 1Q10. EBITDA was R\$ 837.8 million in 1Q10 and R\$ 654.3 million in 1Q11, a decrease of 21.9%. EBITDA margin in 1Q11 was 28.5% and 38.7% in the same period of 2010.

EBIT dropped 38.7%, from R\$ 694.8 million in 1Q10 to R\$ 426.2 million in 1Q11.

1Q11 results were particularly affected by the accounting record of R\$ 230.9 million, related to the following factors:

- Complementation of the actuarial liability related to the retirement and pension plan supplementary benefits granted by State Law nº 4819/58 (GO Plan) totaling R\$157.5 million with effect in January 1, 2011; and

- Amortization term adjustment of the intangible asset, between the asset's useful life and the contract effectiveness, whichever is the shortest one, totaling R\$ 73.4 million.

Excluding the effect of complementation of the actuarial liability, the EBITDA would increase from R\$ 654.3 million to R\$ 811.8 million and margin would rise from 28.5% to 35.4%.

Excluding both effects mentioned above, the net income would increase from R\$ 182.8 million to R\$ 388.8 million.

2. Gross operating revenue

Gross operating revenue, including construction revenue, reached R\$ 2.4 billion, a 6.2% increase in comparison to the 1Q10.

Gross operating revenue from water supply and sewage collection grew from R\$ 1.8 billion in 1Q10 to R\$ 2.0 billion in 1Q11, an increase of R\$ 145.3 million or 7.9%. The main factors that led to this variation were: the increase of 2.6% in water billed volume and of 3.1% in sewage billed volume and the tariff adjustment of 4.05% as of September 2010.

The increase in the number of connections, the water supply at the wholesale level for the municipality of Sumaré, the prison unit that became operational in the municipality of Hortolândia, as well as the growth upturn after the 2009 global financial crisis, in the industry category, were the factors that contributed to higher billed volume.

3. Construction revenue

Construction revenue dropped R\$ 2.0 million, or 0.4% when comparing to 1Q10, moving from R\$ 452.2 million to R\$ 450.2 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 1Q10 and 1Q11.

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

| Category | Water | | | Sewage | | | Water + Sewage | | | |
|---------------------|--------------|--------------|---|------------|--------------|--------------|----------------|--------------|--------------|------------|
| | 1Q10 | 1Q11 | % | 1Q10 | 1Q11 | % | 1Q10 | 1Q11 | % | |
| Residential | 364.6 | 373.4 | | 2.4 | 294.1 | 303.6 | 3.2 | 658.7 | 677.0 | 2.8 |
| Commercial | 40.3 | 41.3 | | 2.5 | 37.0 | 38.3 | 3.5 | 77.3 | 79.6 | 3.0 |
| Industrial | 9.0 | 9.4 | | 4.4 | 9.3 | 9.9 | 6.5 | 18.3 | 19.3 | 5.5 |
| Public | 11.2 | 12.2 | | 8.9 | 9.1 | 9.5 | 4.4 | 20.3 | 21.7 | 6.9 |
| Total retail | 425.1 | 436.3 | | 2.6 | 349.5 | 361.3 | 3.4 | 774.6 | 797.6 | 3.0 |
| Wholesale | 72.5 | 74.1 | | 2.2 | 8.1 | 7.5 | (7.4) | 80.6 | 81.6 | 1.2 |
| Reused water | 0.1 | 0.1 | | - | - | - | - | 0.1 | 0.1 | - |
| Total | 497.7 | 510.5 | | 2.6 | 357.6 | 368.8 | 3.1 | 855.3 | 879.3 | 2.8 |

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

| Region | Water | | | Sewage | | | Water + Sewage | | | |
|-------------------------|--------------|--------------|---|------------|--------------|--------------|----------------|--------------|--------------|------------|
| | 1Q10 | 1Q11 | % | 1Q10 | 1Q11 | % | 1Q10 | 1Q11 | % | |
| Metropolitan | 277.2 | 285.3 | | 2.9 | 233.7 | 241.3 | 3.3 | 510.9 | 526.6 | 3.1 |
| Regional ⁽²⁾ | 147.9 | 151.0 | | 2.1 | 115.8 | 120.0 | 3.6 | 263.7 | 271.0 | 2.8 |
| Total retail | 425.1 | 436.3 | | 2.6 | 349.5 | 361.3 | 3.4 | 774.6 | 797.6 | 3.0 |
| Wholesale | 72.5 | 74.1 | | 2.2 | 8.1 | 7.5 | (7.4) | 80.6 | 81.6 | 1.2 |
| Reused water | 0.1 | 0.1 | | - | - | - | - | 0.1 | 0.1 | - |
| Total | 497.7 | 510.5 | | 2.6 | 357.6 | 368.8 | 3.1 | 855.3 | 879.3 | 2.8 |

(1) Unaudited

(2) Including coastal and countryside

5. Costs, administrative and selling expenses

In 1Q11, costs of products and services, administrative and selling expenses grew 27.2% (R\$ 399.2 million). As a percentage of net revenue, costs and expenses moved from 67.9% in 1Q10 to 81.4% in 1Q11.

| | 1Q10 | 1Q11 | Chg. | % | R\$ million |
|----------------------|------|-------|-------|-------|-------------|
| Payroll and benefits | | 357.3 | 556.5 | 199.2 | 55.8 |
| Supplies | | 34.4 | 37.2 | 2.8 | 8.1 |
| Treatment supplies | | 36.1 | 45.6 | 9.5 | 26.3 |
| Services | | 215.4 | 231.4 | 16.0 | 7.4 |
| | | 130.2 | 141.3 | 11.1 | 8.5 |

| | | | | |
|--|----------------|----------------|--------------|-------------|
| Electric power | | | | |
| General expenses | 72.7 | 127.4 | 54.7 | 75.2 |
| Tax expenses | 27.1 | 27.4 | 0.3 | 1.1 |
| Sub-total | 873.2 | 1,166.8 | 293.6 | 33.6 |
| Depreciation and amortization | 143.0 | 228.1 | 85.1 | 59.5 |
| Credit write-offs | 10.4 | 33.1 | 22.7 | 218.3 |
| Sub-total | 1,026.6 | 1,428.0 | 401.4 | 39.1 |
| Construction costs | 441.6 | 439.4 | (2.2) | (0.5) |
| Costs, administrative and selling expenses | 1,468.2 | 1,867.4 | 399.2 | 27.2 |
| % over net revenue | 67.9 | 81.4 | - | - |

5.1. Payroll and benefits

In 1Q11 payroll and benefits increased by R\$ 199.2 million or 55.8%, from R\$ 357.3 million to R\$ 556.5 million, due to the following:

- 5.05% increase in wages since May 2010;

- Complementation of the actuarial liability totaling R\$157.5 million, referring to the actuarial calculation made on December 31, 2010 related to G0 Plan; non-recurring for the next quarters; and

- Adjustment in the provision for Profit Sharing in the amount of R\$ 7.2 million due to the reversal of the amounts provisioned in 1Q10.

5.2. Supplies

In 1Q11, expenses with Supplies increased by R\$ 2.8 million or 8.1%, when compared to the same quarter of 2010, from R\$ 34.4 million to R\$ 37.2 million. The main factors for this variation were higher expenses with materials for the maintenance of the equipment, maintenance in the production and of the aqueduct systems, water and sewage treatment station, and the pumping stations in the São Paulo Metropolitan Region (SPMR) in the amount of R\$ 2.5 million.

5.3. Treatment supplies

Between 1Q11 and 1Q10, expenses with treatment supplies increased by R\$ 9.5 million or 26.3%, from R\$ 36.1 million to R\$ 45.6 million, due to the following:

- Addition of R\$ 5.4 million in the consumption of ferric sulphate and aluminum polyvinyl in replacement of aluminum sulphate caused by worsen water quality at the Water Treatment Stations of Alto da Boa Vista, Rio Claro and Botucatu; and

- Increase of R\$ 3.6 million, due to the higher consumption of copper sulphate and activated carbon, which is extremely seasonal varying in accordance with climatic conditions, caused by the proliferation of algae, taste and odor in dams that serve the Alto Tietê production system.

The consumption verified in 1Q10, came below usual level, due to the quality of water at that time, i.e., the trend of treatment material expenses has been broken. Therefore, the comparison with 1Q11 results in an evolvment apparently significant. Excluding this rupture, the evolvment would have been 7.8%. Considering an average inflation of 6.1%, the actual increase would be 1.6%.

5.4. Services

In 1Q11 this item increased R\$ 16.0 million or 7.4%, from R\$ 215.4 million to R\$ 231.4 million. The main factors were:

- Agreement with the municipality of São Paulo

- Increase of R\$ 12.8 million in the provision made in 1Q11 relating to the actions established in the agreement;

- Water loss control actions totaling R\$ 5.9 million mainly due to maintenance of networks, water and sewage connections and reinforced measures to prevent fraud; and

- Addition of R\$ 0.6 million, due to transportation of sediments of lakes Parque do Ibirapuera and Parque da Aclimação;

✦ Expenses with risk contracts for the recovery of credits, in the amount of R\$ 2.2 million, due to collection operations;

✦ Postage and telegraphs in the amount of R\$ 2.0 million related to the delivery of water bills at some Business Units by post, due to judicial request;

✦ Hydrometer reading and bill delivery expenses in the amount of R\$ 2.0 million as a result of the usage of new technologies that allow greater security and agility in the bill issue and reading system at municipalities belonging to the Regional Systems, in addition to the higher number of connections and the intensification of loss control actions at the São Paulo Metropolitan Region; and

✦Freight and truckage were contracted for R\$ 1.0 million for the outsourced transportation of chemical products.

There was a decrease in the following services:

✦Advertising campaigns with a R\$ 8.9 million decrease due to the completion of certain advertising campaign contracts, such as: *Onda Limpa*, *SPTV 2ª Edição*, *Córrego Limpo Fase 2*, among others; and

✦Hiring of consultancy, advisory and specialized services with R\$ 4.5 million decrease due to the completion of certain contracts comprising: organizational restructuring, implementation of value-added management.

5.5. Electric power

In 1Q11 this item increased R\$ 11.1 million or 8.5%, from R\$ 130.2 million to R\$ 141.3 million.

This result is associated with the average weighted tariff increase of approximately 4.5% in the free and captive markets and the 5.7% increase in consumption, which was influenced by the startup of new operating units.

5.6. General expenses

In 1Q11 general expenses increased R\$ 54.7 million or 75.2%, from R\$ 72.7 million to R\$ 127.4 million, mainly due to the R\$ 76.1 million provision 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 Pasesp contributions, calculated from the date of signing of the agreement, that is June 23, 2010.

This increase was partially offset by the lower need for provision for legal contingencies in relation to 1Q10, amounting to R\$ 32.8 million.

5.7. Depreciation and amortization

This item increased R\$ 85.1 million or 59.5%, from R\$ 143.0 million to R\$ 228.1 million, due to the amortization term adjustment between the asset's useful life and the contract effectiveness, whichever is the shortest one.

5.8. Credit write-offs

Credit write-offs increased by R\$ 22.7 million, from R\$ 10.4 million to R\$ 33.1 million, mainly due to the need of complementing the provision for Public Entities Sales, not materialized in 1Q10, as well as in view of the lower credit recovery through the receivable of private customers debts in relation to the same period in 2010.

6. Financial expenses and revenues

| | 1Q10 | 1Q11 | Var. | % | <i>R\$ million</i> |
|---|------|------|-------|------|--------------------|
| Financial expenses | | | | | |
| Interest and charges on domestic loans and financing | | 81.5 | 120.1 | 28.6 | 47.4 |
| Interest and charges on international loans and financing | | 15.7 | 19.3 | 3.6 | 22.9 |

| | | | | |
|---|--------------|--------------|---------------|---------------|
| Interest rate over lawsuit | 106.3 | 28.7 | (77.6) | (73.0) |
| Other financial expenses | 17.5 | 8.4 | (9.1) | (52.0) |
| Total financial expenses | 221.0 | 176.5 | (44.5) | (20.1) |
| Financial revenues | 40.0 | 78.8 | 38.8 | 97.0 |
| Financial expenses net of revenues | 181.0 | 97.7 | (83.3) | (46.0) |

6.1. Financial expenses

In 1Q11 financial expenses dropped R\$ 44.5 million, or 20.1%. The main factors that influenced this result were:

- Decrease in the amount relating to lawsuit in the amount of R\$ 77.6 million, due to the lower need for provision; and

• Increase in interest by R\$ 38.6 million, on domestic loans and financing due to some new funding in the period, such as: (i) the 12th issue of debentures in June 2010, (ii) the 13th issue of debentures in January 2011, and (iii) the payments for financing agreements already signed.

6.2. Financial revenues

Financial revenues increased by R\$ 38.8 million, as a result of higher volume for financial investments due to the increase in cash position.

7. Monetary variation on assets and liabilities

| | <i>R\$ milhões</i> | | | |
|--|--------------------|---------------|---------------|----------------|
| Monetary variation on loans and financing | 26,0 | 19,8 | (6,2) | (23,8) |
| Currency exchange variation on loans and financing | 24,2 | (69,1) | (93,3) | (385,5) |
| Other monetary/exchange rate variations | 11,6 | 14,5 | 2,9 | 25,0 |
| Variation on liabilities | 61,8 | (34,8) | (96,6) | (156,3) |
| Variation on assets | 23,4 | 12,2 | (11,2) | (47,9) |
| Net Variation | 38,4 | (47,0) | (85,4) | (222,4) |

7.1. Monetary variations on liabilities

The effect on the monetary variations on liabilities in 1Q11 was R\$ 96.6 million lower, compared to 1Q10, due to:

• Exchange variation on foreign loans and financing generating a negative impact of R\$ 93.3 million, due to the 2.3% depreciation of the U.S. Dollar in 1Q11 compared to the 2.3% appreciation in 1Q10;

• Monetary variations on domestic loans and financing decreased by R\$ 6.2 million, mainly due to the R\$ 8.3 million decrease due to the positive variation of the IGPM in 1Q11 of 2.43%, compared to a 2.77% variation in 1Q10; and the R\$ 2.1 million increase due to the higher variation of the TR interest rate in 1Q11 of 0.25% compared to 0.08% in 1Q10; and

• Other monetary variations totaling increases of R\$ 2.9 million related to lawsuit.

7.2. Monetary variations on assets

Monetary variations on assets decreased R\$ 11.2 million, mainly due to installment agreements updates and monetary updates of deposits related to lawsuits in 1Q10.

8. Operating indicators

In the last 12 months, the water loss ratio remained stable in 26%, due to interruption in the water network maintenance services provided by third parties and contractual transition problems. On the second half of 2010 the works resumed their normal courses, which will turn the ratio back to the planned path. However, as this ratio is an average between the last 12 months, it did not show these impacts.

| Operating indicators* | 1Q10 | 1Q11 | % |
|-----------------------|------|------|---|
|-----------------------|------|------|---|

| | | | |
|--|--------|--------|-------|
| Water connections ⁽¹⁾ | 7,161 | 7,332 | 2.4 |
| Sewage connections ⁽¹⁾ | 5,563 | 5,758 | 3.5 |
| Population directly served - water ⁽²⁾ | 23.4 | 23.7 | 1.3 |
| Population directly served - sewage ⁽²⁾ | 19.7 | 20.1 | 2.0 |
| Number of employees | 15,165 | 15,153 | (0.1) |
| Water volume produced ⁽³⁾ | 732 | 755 | 3.2 |
| Water losses (%) | 25.7 | 26.2 | 1.9 |

(1) In thousand units

(2) In millions inhabitants. Not including wholesale

(3) In millions of cubic meters

* Unaudited

9. Loans and financing

The final maturity of the Receivables Securitization Fund –FIDC occurred in March 2011. This fund, created in 2006, totaling R\$ 250 million, was amortized in 54 monthly equal installments.

On April 15, BNDES and BNDESPAR, fully subscribed the 14th issue of debentures in the total amount of R\$ 275.3 million. This was the second issue conducted within the 3 issue program with the BNDES, in the amount of approximately R\$ 830 million. The proceeds obtained from this issue will be used in programs such as water supply systems, sewage collection and treatment and loss reduction.

The final maturity of the 8th issue of debentures will take place in June 2011, with the amortization of the 2nd series, totaling R\$ 465 million, with funds already secured by the Company through the issue, on December 2010, of the 2020 Eurobonds in the amount of US\$ 350 million, as announced to the market.

| INSTITUTION | | | | | | | | <i>R\$ million</i> |
|-----------------------------|--------------|----------------|----------------|--------------|--------------|--------------|------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and onwards | Total |
| Local market | | | | | | | | |
| Banco do Brasil | 240.5 | 345.4 | 375.9 | 99.0 | - | - | - | 1,060.8 |
| Caixa Econômica Federal | 69.5 | 102.5 | 103.9 | 65.2 | 43.0 | 41.6 | 429.1 | 854.8 |
| Debentures | 510.1 | 833.8 | 547.2 | 313.1 | 313.1 | - | 45.4 | 2,562.7 |
| Debentures BNDES | - | 2.0 | 35.2 | 35.2 | 35.2 | 35.2 | 138.8 | 281.6 |
| Debentures FI FGTS | - | - | - | 22.7 | 45.4 | 45.4 | 340.7 | 454.2 |
| BNDES | 33.8 | 71.3 | 43.4 | 39.2 | 39.2 | 39.2 | 230.7 | 496.8 |
| Others | 2.1 | 0.8 | 0.5 | 0.5 | 0.6 | 0.6 | 1.2 | 6.3 |
| Interest and charges | 130.2 | - | - | - | - | - | - | 130.2 |
| Local market total | 986.2 | 1,355.8 | 1,106.1 | 574.9 | 476.5 | 162.0 | 1,185.9 | 5,847.4 |
| International market | - | - | - | - | - | - | - | - |
| BID | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 185.1 | 556.5 |
| Eurobonds | - | - | - | - | - | 227.4 | 562.9 | 790.3 |
| | 11.3 | 22.6 | 22.6 | 22.6 | 22.6 | 22.6 | 293.8 | 418.1 |

JBIC

| | | | | | | | | |
|-----------------------------------|----------------|----------------|----------------|--------------|--------------|--------------|----------------|----------------|
| JICA | 10.2 | 20.3 | 20.3 | 20.3 | 20.3 | 20.3 | 263.9 | 375.6 |
| BID 1983AB | 39.0 | 38.7 | 38.7 | 38.7 | 38.7 | 38.7 | 171.8 | 404.3 |
| Interest and charges | 31.1 | - | - | - | - | - | - | 31.1 |
| International market total | 153.5 | 143.5 | 143.5 | 143.5 | 143.5 | 370.9 | 1,477.4 | 2,575.8 |
| Total | 1,139.7 | 1,499.3 | 1,249.6 | 718.4 | 620.0 | 532.9 | 2,663.3 | 8,423.2 |

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10. Conference Calls

In Portuguese

May 13, 2011

2:00pm (Brasília) / 1:00pm (US EST)

Dial in access: (55 11) 3127-4971

Conference ID: Sabesp

Replay available until 05/20/2011

Dial in access: (55 11) 3127-4999

Replay ID: 93119233

Teleconferência em Inglês

May 13, 2011

4:00pm (Brasília) / 3:00pm (US EST)

Dial in access: 1(412) 317-6776

Conference ID: Sabesp

Replay available until 05/24/2011

Dial in access: 1(412) 317-0088

Replay ID: 450798#

[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)

| | | | |
|---|------------------|------------------|------------------|
| Gross revenue from sales and services | 2,440,003 | 2,296,740 | 2,441,062 |
| Water supply - retail | 1,038,906 | 966,276 | 1,039,502 |
| Water supply - wholesale | 42,164 | 45,699 | 42,164 |
| Sewage collection and treatment | 863,029 | 795,909 | 863,461 |
| Sewage collection and treatment - wholesale | 6,237 | 5,933 | 6,237 |
| Construction revenue - water | 207,206 | 226,116 | 207,213 |
| Construction revenue - sewage | 242,968 | 226,116 | 242,975 |
| Other services | 39,493 | 30,691 | 39,510 |
| | | | |
| Taxes on sales and services - COFINS and PASEP | (145,380) | (133,605) | (145,372) |
| | | | |
| Net revenue from sales and services | 2,294,623 | 2,163,135 | 2,295,690 |
| | | | |
| Costs of sales and services | (1,367,777) | (1,154,896) | (1,368,424) |
| | | | |
| Gross profit | 926,846 | 1,008,239 | 927,266 |
| | | | |
| Operating expenses | | | |
| Selling | (178,222) | (116,510) | (178,249) |
| Administrative | (321,482) | (196,771) | (322,851) |
| Other operating revenue (expenses), net | 3,185 | 3,445 | 3,213 |
| | | | |
| Operating income before shareholdings | 430,327 | 698,403 | 429,379 |
| Equity result | (966) | (117) | - |
| | | | |
| Earnings before financial results, net | 429,361 | 698,286 | 429,379 |
| Financial income and expenses, net | (114,813) | (195,166) | (114,869) |
| Foreign exchange gain (loss), net | 64,179 | (24,230) | 64,179 |
| | | | |
| Earnings before income tax and social contribution | 378,727 | 478,890 | 378,689 |
| | | | |
| Income tax and social contribution | | | |
| Current | (209,314) | (236,931) | (209,314) |
| Deferred | 13,380 | 57,086 | 13,418 |
| | | | |
| Net income (loss) for the period | 182,793 | 299,045 | 182,793 |
| | | | |
| Registered common shares ('000) | 227,836 | 227,836 | 227,836 |

| | | | |
|--|------------------|------------------|------------------|
| Earnings per shares - R\$ (per share) | 0,80 | 1,31 | 0,80 |
| Depreciation and amortization | (228,093) | (143,028) | (228,100) |
| EBITDA | 654,269 | 837,869 | 654,266 |
| % over net revenue | 28,5% | 38,7% | 28,5% |

Balance Sheet

Brazilian corporate law

Current

| | | | |
|----------------------------------|------------------|------------------|------------------|
| Cash and cash equivalents | 2,397,072 | 1,988,004 | 2,399,844 |
| Accounts receivable from clients | 969,335 | 971,047 | 969,812 |
| Related party balance | 140,303 | 137,772 | 140,303 |
| Inventory | 34,878 | 36,090 | 34,888 |
| Restricted cash | 292,369 | 302,570 | 292,369 |
| Recoverable taxes | 57,544 | 108,675 | 57,652 |
| Other receivables | 241,223 | 30,716 | 254,748 |
| Total current assets | 4,132,724 | 3,574,874 | 4,149,616 |

Non-current

Long term assets:

| | | | |
|---|----------------|----------------|----------------|
| Accounts receivable from clients | 361,343 | 352,839 | 361,343 |
| Related party balance | 218,634 | 231,076 | 218,634 |
| Indemnities receivable | 146,213 | 146,213 | 146,213 |
| Judicial deposits | 39,391 | 43,543 | 39,391 |
| Deferred income tax and social contribution | 91,340 | 77,913 | 91,953 |
| National Water Agency - ANA | 64,010 | 62,540 | 64,010 |
| Other receivables | 25,893 | 47,884 | 27,348 |
| | 946,824 | 962,008 | 948,892 |

| | | | |
|---------------------------------|-------------------|-------------------|-------------------|
| Investments | 17,900 | 8,262 | - |
| Intangible assets | 18,751,827 | 18,541,522 | 18,759,209 |
| Permanent assets | 205,178 | 206,384 | 259,620 |
| | 18,974,905 | 18,756,168 | 19,018,829 |
| Total non-current assets | 19,921,729 | 19,718,176 | 19,967,721 |

| | | | |
|---------------------|-------------------|-------------------|-------------------|
| Total assets | 24,054,453 | 23,293,050 | 24,117,337 |
|---------------------|-------------------|-------------------|-------------------|

Current

| | | | |
|--|-----------|-----------|-----------|
| Contractors and suppliers | 156,295 | 142,634 | 158,161 |
| Current portion of long term loans | 1,276,350 | 1,239,716 | 1,276,352 |
| Salaries and payroll charges | 250,555 | 246,325 | 250,898 |
| Income tax and social contribution payable | 81,457 | - | 81,457 |
| Other taxes and contributions payable | 119,483 | 157,768 | 119,670 |
| Interest on own capital payable | 354,254 | 354,254 | 354,272 |
| Provisions | 780,801 | 766,603 | 780,801 |
| Other accounts payable | 438,083 | 378,256 | 438,083 |

| | | | |
|---|-------------------|-------------------|-------------------|
| Other payables | 215,823 | 216,230 | 215,823 |
| Total current liabilities | 3,673,101 | 3,501,786 | 3,675,517 |
| Non-current | | | |
| Loans and financing | 7,146,874 | 6,969,576 | 7,207,142 |
| Other taxes and contributions payable | 44,627 | 53,045 | 44,627 |
| Deferred income tax and social contribution | - | - | - |
| Deferred Cofins/Pasep taxes | 113,613 | 112,962 | 113,613 |
| Provisions | 699,828 | 693,227 | 699,828 |
| Pension plan obligations | 1,999,253 | 1,804,038 | 1,999,253 |
| Other payables | 512,564 | 476,616 | 512,764 |
| Total non current liabilities | 10,516,759 | 10,109,464 | 10,577,227 |
| Shareholders' equity | | | |
| Capital stock | 6,203,688 | 6,203,688 | 6,203,688 |
| Capital reserve | 124,255 | 124,255 | 124,255 |
| Income reserve and accrued earnings | 3,536,650 | 3,353,857 | 3,536,650 |
| Total shareholders' equity | 9,864,593 | 9,681,800 | 9,864,593 |
| Total liabilities and shareholders' equity | 24,054,453 | 23,293,050 | 24,117,337 |

Cash Flow

Brazilian corporate law

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Cash flow from operating activities

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Earnings before income tax and social contribution | 378,727 | 478,890 | 378,689 | 478,890 |
| Depreciation and amortization | 228,093 | 143,028 | 228,100 | 143,028 |
| Losses from the sale of fixed and intangible assets | 642 | 1,324 | 642 | 1,324 |
| Provisions for bad debt | 83,283 | 51,536 | 83,283 | 51,536 |
| Provisions for contingencies | 44,750 | 176,411 | 44,750 | 176,411 |
| Provisions for the Term of Adjustment of Conduct - TAC | 11,220 | (16,516) | 11,220 | (16,516) |
| Liabilities related to pension plans | 198,749 | 40,817 | 198,749 | 40,817 |
| Interest calculated on loans and financing payable | 141,298 | 97,942 | 141,223 | 97,942 |
| Monetary and exchange variation on loans and financing | (35,206) | 50,246 | (35,206) | 50,246 |
| Variation on liabilities and interest | 817 | 1,155 | 824 | 1,155 |
| Variation on assets and interest | (4,675) | (10,239) | (4,697) | (10,239) |
| Fair value margin on intangible assets from concession agreements | (10,759) | (10,615) | (10,759) | (10,615) |
| Equity result | 966 | 117 | - | 117 |
| São Paulo municipal government transfers | 74,111 | - | 74,111 | - |
| Other write-offs | 4,758 | (211) | 4,758 | (211) |
| Adjusted net income (generated by operating activities) | 1,116,774 | 1,003,885 | 1,115,687 | 1,003,885 |
| Variation on assets and liabilities | (339,747) | (130,737) | (339,394) | (130,737) |
| (Increase) decrease in assets: | | | | |
| Accounts receivable from clients | (88,974) | (38,220) | (89,180) | (38,220) |
| Balances and transactions with related parties | 12,455 | 11,390 | 12,455 | 11,390 |
| Inventories | 1,329 | 5,388 | 1,325 | 5,388 |
| Recoverable taxes | (95,878) | (2,201) | (96,034) | (2,201) |
| Indemnities receivable | - | - | - | - |
| Judicial deposits | 13,379 | (513) | 13,379 | (513) |
| Other accounts receivable | (193,598) | (12,901) | (193,753) | (12,901) |
| Increase (decrease) in liabilities: | | | | |
| Contractors and suppliers | 11,225 | (43,015) | 11,682 | (43,015) |
| Other suppliers | 59,827 | (1,717) | 59,827 | (1,717) |
| Salaries and payroll charges | (6,990) | 12,365 | (6,789) | 12,365 |
| Other taxes and contributions payable | 33,937 | (23,586) | 33,842 | (23,586) |
| Taxes on revenues | 651 | (5,445) | 651 | (5,445) |
| Liabilities related to pension plans | (3,534) | (4,183) | (3,534) | (4,183) |
| Other accounts payable | (50,118) | 31,763 | (49,807) | 31,763 |
| Contingencies | (33,458) | (59,862) | (33,458) | (59,862) |
| Others | (263,017) | (298,376) | (263,017) | (298,376) |
| Interest paid | (200,712) | (92,700) | (200,712) | (92,700) |
| Income tax and contributions paid | (62,305) | (205,676) | (62,305) | (205,676) |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Net cash generated from operating activities | 514,010 | 574,772 | 513,276 | 574,772 |
| Cash flow from investing activities: | | | | |
| Restricted cash | 10,201 | (24,062) | 10,201 | (24,062) |
| Increase in investment | (10,604) | - | - | - |
| Acquisition of property, plant and equipment | (3,671) | - | (14,898) | - |
| Acquisition of intangible assets | (344,449) | (374,628) | (346,517) | (375,000) |
| Income from the sale of fixed assets | - | - | - | - |
| Net cash used in investing activities | (348,523) | (398,690) | (351,214) | (399,000) |
| Cash flow from financing activities | | | | |
| Funding | 976,132 | 153,260 | 983,579 | 153,260 |
| Amortizations | (732,551) | (247,211) | (734,976) | (247,211) |
| Payment of interest on own capital | - | - | - | - |
| Net cash generated (invested) in financing activities | 243,581 | (93,951) | 248,603 | (93,951) |
| Increase (decrease) in cash and equivalents | 409,068 | 82,131 | 410,665 | 81,819 |
| Cash and cash equivalents at the beginning of the period | 1,988,004 | 769,433 | 1,989,179 | 771,000 |
| Cash and cash equivalents at the end of the period | 2,397,072 | 851,564 | 2,399,844 | 852,819 |
| Changes in cash and cash equivalents | 409,068 | 82,131 | 410,665 | 81,819 |

SIGNATURE

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

Date: May 16, 2011

Companhia de Saneamento Básico do Estado de São Paulo - SABESP

By: **/s/ Rui de Britto Álvares Affonso**

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

FORWARD-LOOKING STATEMENTS

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