COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP
Form 6-K
June 07, 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 June 7, 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 ___X___ 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 ___X___

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 Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

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Company Information / Capital Breakdown

Number of Shares	**Current Quarter**
(Units)	**03/31/2013**
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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ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

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Company Information / Cash Proceeds

Event	**Approval**	**Proceeds**	**Date of Payment**	**Type of Share**	**Class of Share**	**Earnings per Share (Reais / Share)**
Board of Directors' Meeting	03/21/2013	Others	06/21/2013	Common		2.34500

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ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Financial Position - Assets

(R$ thousand)

Code	**Description**	**Current Quarter 03/31/2013**	**Previous Year 12/31/2012**
1	Total Assets	26,999,760	26,476,097
1.01	Current Assets	3,438,300	3,330,598
1.01.01	Cash and Cash Equivalents	2,127,035	1,915,974
1.01.03	Accounts Receivable	1,181,332	1,148,218
1.01.03.01	Trade Accounts Receivable	1,067,729	1,038,945
1.01.03.02	Other Accounts Receivable	113,603	109,273
1.01.03.02.01	Balances with Related Parties	113,603	109,273
1.01.04	Inventories	46,586	53,028
1.01.06	Recoverable Taxes	7,479	118,421
1.01.06.01	Current Recoverable Taxes	7,479	118,421
1.01.08	Other Current Assets	75,868	94,957
1.01.08.03	Other	75,868	94,957
1.01.08.03.01	Restricted Cash	11,151	64,977
1.01.08.03.20	Other Accounts Receivable	64,717	29,980
1.02	Noncurrent Assets	23,561,460	23,145,499
1.02.01	Long-Term Assets	925,195	906,391
1.02.01.03	Accounts Receivable	356,663	335,687
1.02.01.03.01	Trade Accounts Receivable	356,663	335,687
1.02.01.06	Deferred Taxes	166,594	145,302
1.02.01.06.01	Deferred Income Tax and Social Contribution	166,594	145,302
1.02.01.08	Receivables from Related Parties	144,052	153,098
1.02.01.08.03	Receivables from Controlling Shareholders	144,052	153,098
1.02.01.09	Other Noncurrent Assets	257,886	272,304
1.02.01.09.04	Escrow Deposits	55,238	53,158
1.02.01.09.05	ANA – National Water Agency	102,366	108,099
1.02.01.09.20	Other Accounts Receivable	100,282	111,047
1.02.02	Investments	75,061	74,872
1.02.02.01	Shareholdings	21,022	20,826
1.02.02.01.04	Other Shareholdings	21,022	20,826

1.02.02.02	Investment Properties	54,039	54,046
1.02.03	Property, Plant and Equipment	195,286	196,710
1.02.04	Intangible Assets	22,365,918	21,967,526
1.02.04.01	Intangible Assets	22,365,918	21,967,526
1.02.04.01.01	Concession Contracts	7,928,792	8,006,130
1.02.04.01.02	Program Contracts	4,714,798	4,390,263
1.02.04.01.03	Service Contracts	9,658,010	9,568,487
1.02.04.01.04	Software License	64,318	2,646

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

ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Financial Position – Liabilities

(R$ thousand)

Code	**Description**	**Current Quarter 03/31/2013**	**Previous Year 12/31/2012**
2	Total Liabilities	26,999,760	26,476,097
2.01	Current Liabilities	3,390,179	3,758,189
2.01.01	Labor and Pension Plan Liabilities	302,966	267,332
2.01.01.01	Pension Plan Liabilities	18,847	35,188
2.01.01.02	Labor Liabilities	284,119	232,144
2.01.02	Trade Accounts Payable	210,291	295,392
2.01.02.01	Domestic Suppliers	210,291	295,392
2.01.03	Tax Liabilities	139,346	152,710
2.01.03.01	Federal Tax Liabilities	134,887	147,013
2.01.03.01.01	Income Tax and Social Contribution Payable	44,527	0
2.01.03.01.02	PIS-PASEP and COFINS (taxes on revenue) Payable	42,461	46,576
2.01.03.01.03	INSS (social security contribution) Payable	28,310	29,401
2.01.03.01.04	Installment Program - Law 10684/03	9,582	19,011
2.01.03.01.20	Other Federal Taxes	10,007	52,025
2.01.03.03	Municipal Taxes Liabilities	4,459	5,697
2.01.04	Loans and Financing	839,160	1,342,594
2.01.04.01	Loans and Financing	800,857	833,635
2.01.04.01.01	In Domestic Currency	594,386	635,968
2.01.04.01.02	In Foreign Currency	206,471	197,667
2.01.04.02	Debentures	38,303	508,959
2.01.05	Other Liabilities	1,176,188	1,135,078
2.01.05.01	Payables to Related Parties	951	958
2.01.05.01.03	Payables to Controlling Shareholders	951	958
2.01.05.02	Other	1,175,237	1,134,120
2.01.05.02.01	Dividends and Interest on Equity Payable	414,328	414,355
2.01.05.02.04	Services Payable	431,340	389,091
2.01.05.02.05	Refundable Amounts	40,039	42,479
2.01.05.02.06	Program Contracts - Commitments	156,676	148,220

2.01.05.02.07	Private Public Partnership (PPP)	41,925	24,357
2.01.05.02.09	Indemnities	23,824	8,697
2.01.05.02.20	Other Payables	67,105	106,921
2.01.06	Provisions	722,228	565,083
2.01.06.01	Tax, Pension Plan, Labor and Civil Provisions	105,963	112,119
2.01.06.01.01	Tax Provisions	6,449	9,912
2.01.06.01.02	Social Security and Labor Provisions	59,988	59,868
2.01.06.01.04	Civil Provisions	39,526	42,339
2.01.06.02	Other Provisions	616,265	452,964
2.01.06.02.03	Provisions for Environmental	148,486	11,586
2.01.06.02.04	Provisions for Customers	378,311	355,520
2.01.06.02.05	Provisions for Suppliers	89,468	85,858
2.02	Noncurrent Liabilities	11,856,618	11,461,146
2.02.01	Loans and Financing	7,990,403	7,532,661
2.02.01.01	Loans and Financing	4,647,131	4,669,478
2.02.01.01.01	In Domestic Currency	1,607,962	1,651,384
2.02.01.01.02	In Foreign Currency	3,039,169	3,018,094
2.02.01.02	Debentures	3,343,272	2,863,183

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ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Financial Position – Liabilities

(R$ thousand)

Code	**Description**	**Current Quarter 03/31/2013**	**Previous Year 12/31/2012**
2.02.02	Other Payables	3,328,759	3,304,414
2.02.02.02	Other	3,328,759	3,304,414
2.02.02.02.04	Pension Plan Liabilities	2,625,341	2,592,550
2.02.02.02.05	Program Contracts - Commitments	118,868	87,407
2.02.02.02.06	Private Public Partnership – PPP	303,911	331,960
2.02.02.02.07	Indemnities	9,350	17,577
2.02.02.02.08	TAC – Retirees	36,804	36,804
2.02.02.02.09	Deferred COFINS and PASEP	126,682	123,731
2.02.02.02.20	Other Payables	107,803	114,385
2.02.04	Provisions	537,456	624,071
2.02.04.01	Tax, Pension Plan, Labor and Civil Provisions	303,004	292,198
2.02.04.01.01	Tax Provisions	60,056	58,173
2.02.04.01.02	Pension Plan and Labor Provisions	129,934	111,830
2.02.04.01.04	Civil Provisions	113,014	122,195
2.02.04.02	Other Provisions	234,452	331,873
2.02.04.02.03	Provisions for Environmental	21,573	136,839
2.02.04.02.04	Provisions for Customers	181,376	165,735
2.02.04.02.05	Provisions for Suppliers	31,503	29,299
2.03	Equity	11,752,963	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	Support to Projects	108,475	108,475
2.03.02.08	Incentive Reserves	15,780	15,780
2.03.04	Profit Reserve	5,387,634	5,387,634
2.03.04.01	Legal Reserve	616,814	616,814
2.03.04.08	Additional Dividend Proposed	80,201	80,201
2.03.04.10	Reserve for Investments	4,690,619	4,690,619
2.03.05	Retained Earnings/Accumulated Losses	496,201	0
2.03.08	Other Comprehensive Income	-458,815	-458,815

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

ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Income

(R$ thousand)

Code	**Description**	**YTD Current Year 01/01/2013 to 03/31/2013**	**YTD Previous Year 01/01/2012 to 03/31/2012**
3.01	Revenue from Sales and/or Services	2,645,043	2,577,682
3.02	Cost of Sales and/or Services	-1,536,866	-1,496,439
3.02.01	Cost of Sales and/or Services	-1,050,904	-957,057
3.02.02	Construction Cost	-485,962	-539,382
3.03	Gross Profit	1,108,177	1,081,243
3.04	Operating Income/Expenses	-373,036	-371,065
3.04.01	Selling Expenses	-141,284	-170,777
3.04.02	General and Administrative Expenses	-240,437	-206,991
3.04.04	Other Operating Expenses	10,637	10,607
3.04.04.01	Other Operating Income	11,729	11,906
3.04.04.02	COFINS and PASEP	-1,092	-1,299
3.04.05	Other Operating Expenses	-1,802	-2,144
3.04.05.01	Loss on Write-off of Property, Plant and Equipment Items	-1,666	-939
3.04.05.03	Tax Incentives	-135	-1,189
3.04.05.20	Other	-1	-16
3.04.06	Equity in the Earnings (Losses) of Joint Ventures	-150	-1,760
3.05	Income Before Financial Result and Taxes	735,141	710,178
3.06	Financial Result	27,309	45,010
3.06.01	Financial Income	93,368	87,358
3.06.01.01	Financial Income	93,403	87,607
3.06.01.02	Foreign Exchange Gains	-35	-249
3.06.02	Financial Expenses	-66,059	-42,348
3.06.02.01	Financial Expenses	-195,662	-201,560
3.06.02.02	Foreign Exchange Losses	129,603	159,212
3.07	Profit Before Income Tax	762,450	755,188

3.08	Income Tax and Social Contribution	-266,249	-263,275
3.08.01	Current	-287,541	-263,995
3.08.02	Deferred	21,292	720
3.09	Net Income from Continuing Operations	496,201	491,913
3.11	Net Income/Loss for the Period	496,201	491,913
3.99	Earnings per Share - (Reais / Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common Shares	0.72596	0.71969
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common Shares	0.72596	0.71969

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

ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

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Financial Statements / Statement of Comprehensive Income

(R$ thousand)

Code	**Description**	**YTD Current Year 01/01/2013 to 03/31/2013**	**YTD Previous Year 01/01/2012 to 03/31/2012**
4.01	Net Income for the Period	496,201	491,913
4.03	Comprehensive Income for the Period	496,201	491,213

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ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Cash Flows – Indirect Method

(R$ thousand)

Code	**Description**	**YTD Current Year 01/01/2013 to 03/31/2013**	**YTD Previous Year 01/01/2012 to 03/31/2012**
6.01	Net Cash from Operating Activities	643,326	419,920
6.01.01	Cash from Operations	1,124,566	1,100,676
6.01.01.01	Net Income Before Income Tax and Social Contribution	762,450	755,188
6.01.01.02	Provisions and Inflation Adjustments on Provisions	106,873	126,349
6.01.01.04	Financial Charges from Customers	-48,543	-34,632
6.01.01.05	Income in Write-off of Intangible Assets and Fixed Assets	474	940
6.01.01.06	Depreciation and Amortization	195,165	186,495
6.01.01.07	Interest on Loans and Financing Payable	102,818	105,520
6.01.01.08	Monetary and Foreign Exchange Variation on Loans and Financing	-105,455	-150,699
6.01.01.09	Interest and Monetary Variations on Liabilities	7,535	479
6.01.01.10	Interest and Monetary Variations on Assets	-7,792	-2,144
6.01.01.11	Allowance for Doubtful Accounts	94,054	97,608
6.01.01.12	Provision for Consent Decree (TAC)	5,600	8,878
6.01.01.13	Equity in the Earnings (Losses) of Joint Ventures	150	1,760
6.01.01.14	Provision for Sabesprev Mais	3,123	-2,771
6.01.01.15	Other Provisions/Reversals	-41,333	3,050
6.01.01.16	Transfer of Funds to São Paulo Municipal Government	-6,399	-9,228
6.01.01.17	Gross Margin over Intangible Assets Resulting from Concession Contracts	-9,647	-11,474

6.01.01.18	Pension Plan Liabilities	65,493	25,357
6.01.02	Changes in Assets and Liabilities	-187,652	-328,143
6.01.02.01	Trade Accounts Receivable	-94,730	-86,318
6.01.02.02	Balances and Transactions with Related Parties	11,967	17,715
6.01.02.03	Inventories	6,402	2,799
6.01.02.04	Recoverable Taxes	-9,911	-51,066
6.01.02.05	Other Accounts Receivable	-18,239	-23,397
6.01.02.06	Escrow Deposits	-2,080	1,475
6.01.02.08	Contractors and Suppliers	-31,765	-84,426
6.01.02.09	Payroll, Provisions and Social Contribution	35,634	33,832
6.01.02.10	Pension Plan Liabilities	-32,702	-2,497
6.01.02.11	Taxes and Contributions Payable	-58,196	-17,761
6.01.02.12	Services Received	42,249	-76,006
6.01.02.13	Other Liabilities	-2,889	-14,007
6.01.02.14	Provisions	-36,343	-31,708
6.01.02.15	Deferred COFINS/PASEP	2,951	3,222
6.01.03	Other	-293,588	-352,613

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

ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Cash Flows – Indirect Method

(R$ thousand)

Code	**Description**	**YTD Current Year 01/01/2013 to 03/31/2013**	**YTD Previous Year 01/01/2012 to 03/31/2012**
6.01.03.01	Interest Paid	-171,400	-203,776
6.01.03.02	Income Tax and Social Contribution Paid	-122,188	-148,837
6.02	Net Cash from Investing Activities	-402,169	-397,509
6.02.01	Acquisition of Property, Plant and Equipment	-4,333	-7,084
6.02.02	Acquisition of Intangible Assets	-451,316	-405,222
6.02.03	Increase (Decrease) in Investment	-346	66
6.02.04	Restricted Cash	53,826	14,731
6.03	Net Cash from Financing Activities	-30,096	-153,118
6.03.01	Funding - Loans	1,194,758	810,284
6.03.02	Amortization of Loans	-1,189,451	-963,402
6.03.04	Public-Private Partnership	-10,481	0
6.03.05	Program Contracts - Commitments	-24,922	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	211,061	-130,707
6.05.01	Opening Cash and Cash Equivalents	1,915,974	2,142,079
6.05.02	Closing Cash and Cash Equivalents	2,127,035	2,011,372

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Financial Statements / Statement of Changes in Equity – 01/01/2013 to 03/31/2013

(R$ thousand)

Code	Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	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
5.05	Total Comprehensive Income	0	0	0	496,201	0	496,201
5.05.01	Net income for the Period	0	0	0	496,201	0	496,201
5.07	Closing Balances	6,203,688	124,255	5,387,634	496,201	-458,815	11,752,963

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Version: 1

Financial Statements / Statement of Changes in Equity– 01/01/2012 to 03/31/2012

(R$ thousand)

Code	**Description**	**Paid-in Capital**	**Capital Reserves, Options Granted and Treasury Shares**	**Profit Reserves**	**Retained Earnings/ Accumulated Losses**	**Other Comprehensive Income**	**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
5.05	Total Comprehensive Income	0	0	0	491,913	0	491,913
5.05.01	Net income for the Period	0	0	0	491,913	0	491,913
5.07	Closing Balances	6,203,688	124,255	4,217,953	491,913	-953	11,036,856

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ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Financial Statements / Statement of Value Added

(R$ thousand)

Code	**Description**	**YTD Current Year 01/01/2013 to 03/31/2013**	**YTD Previous Year 01/01/2012 to 03/31/2012**
7.01	Revenue	2,788,784	2,713,407
7.01.01	Sales of Goods, Products and Services	2,318,847	2,189,407
7.01.02	Other Revenue	11,729	11,906
7.01.03	Revenue from the Construction	495,609	550,856
7.01.04	Allowance for/Reversal of Doubtful Accounts	-37,401	-38,762
7.02	Inputs Acquired from Third Parties	-1,077,357	-1,101,055
7.02.01	Costs of Products, Goods and Services Sold	-901,992	-908,639
7.02.02	Materials, Energy, Outsourced Services and Other	-173,563	-190,272
7.02.04	Other	-1,802	-2,144
7.03	Gross Value Added	1,711,427	1,612,352
7.04	Retentions	-195,165	-186,495
7.04.01	Depreciation, Amortization and Depletion	-195,165	-186,495
7.05	Net Value Added Produced	1,516,262	1,425,857
7.06	Value Added Received through Transfer	93,218	85,598
7.06.01	Equity in the Earnings (Losses) of Joint Ventures	-150	-1,760
7.06.02	Financial Income	93,368	87,358
7.07	Total Value Added to Distribute	1,609,480	1,511,455
7.08	Value Added Distribution	1,609,480	1,511,455
7.08.01	Personnel	417,667	365,420
7.08.01.01	Direct Compensation	280,689	243,505
7.08.01.02	Benefits	114,333	98,270
7.08.01.03		22,645	23,645

	Government Severance Indemnity Fund for Employees (FGTS)		
7.08.02	Taxes and Contributions	558,342	536,927
7.08.02.01	Federal	515,563	499,721
7.08.02.02	State	14,387	13,007
7.08.02.03	Municipal	28,392	24,199
7.08.03	Value Distributed to Providers of Capital	137,270	117,195
7.08.03.01	Interest	121,841	101,168
7.08.03.02	Rental	15,429	16,027
7.08.04	Value Distributed to Shareholders	496,201	491,913
7.08.04.03	Retained Earnings/Accumulated Loss for the Period	496,201	491,913

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

ITR - Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BÁSICO ESTADO SÃO PAULO

Version: 1

Comments on Company Performance

1. Financial highlights

R$ million

(+) Operating revenue before construction revenue	2,189.4	2,318.8	129.4	5.9
(+) Construction revenue	550.9	495.6	(55.3)	(10.0)
(=) Gross operating revenue	2,740.3	2,814.4	74.1	2.7
(-) COFINS and PASEP taxes	162.6	169.4	6.8	4.2
(=) Net operating revenue	2,577.7	2,645.0	67.3	2.6
(-) Costs, administrative and selling expenses	1,334.8	1,432.6	97.8	7.3
(-) Construction costs	539.4	486.0	(53.4)	(9.9)
(=) Costs, adm. and selling expenses and construction costs	1,874.2	1,918.6	44.4	2.4
(+) Equity result	(1.8)	(0.1)	1.7	-
(=) Earnings before financial expenses (EBIT*)	701.7	726.3	24.6	3.5
(+) Depreciation and amortization	186.5	195.2	8.7	4.7
(=) Adjusted EBITDA (**)	888.2	921.5	33.3	3.7
(%) EBITDA margin	34.5	34.8		
Net income	491.9	496.2	4.3	0.9
Total shares (thousand)	683,509	683,509		
Earnings per share (R$)	0.72	0.73		

(*) Earnings before interest and taxes

EBITDA Reconciliation (Non-accounting measures)

R$ million

Net income	491.9	496.2	4.3	0.9
Financial result	(45.0)	(27.3)	17.7	(39.3)
Depreciation and amortization	186.5	195.2	8.7	4.7

Income tax and social contribution	263.3	266.2	2.9	1.1
Other operating expenses, net	(8.5)	(8.8)	(0.3)	3.5
(=) EBITDA **	888.2	921.5	33.3	3.7
(%) EBITDA margin	34.5	34.8		

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

In 1Q13, net operating revenue reached R$ 2.6 billion, a 2.6% growth compared to 1Q12.

Costs and expenses, including construction costs, in the amount of R$ 1.9 billion grew 2.4% over 1Q12.

EBIT grew 3.5%, from R$ 701.7 million in 1Q12 to R$ 726.3 million in 1Q13.

Adjusted EBITDA increased 3.7%, from R$ 888.2 million in 1Q12 to R$ 921.5 million in 1Q13.

The adjusted EBITDA margin was 34.8% in 1Q13 in comparison to 34.5% in 1Q12. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 42.4% in 1Q13 (43.3% in 1Q12).

Net income reached R$ 496.2 million in 1Q13, 0.9% higher than in 1Q12.

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Comments on Company Performance

2. Operating revenue before construction revenue

Gross operating revenue from water supply and sewage collection grew from R$ 2.2 billion in 1Q12 to R$ 2.3 billion in 1Q13, an increase of R$ 129.4 million or 5.9%.

The main factors that led to this variation were: the increase of 2.0% in the Company's billed volume (2.1% in water billed volume and 1.9% in sewage billed volume), and the tariff adjustment of 5.15% since September 2012.

3. Construction revenue

In 1Q13, construction revenue decreased R$ 55.3 million or 10.0%, comparing to 1Q12. This variation was mainly due to lower investments in 1Q13.

4. Billed volume

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

BILLED WATER AND SEWAGE VOLUME [1] PER CUSTOMER CATEGORY - million m^3

Residential	384.6	389.0	1.1	315.2	321.2	1.9	699.8	710.2	1.5
Commercial	42.9	43.1	0.5	39.7	40.0	0.8	82.6	83.1	0.6
Industrial	9.6	9.6	-	10.4	10.6	1.9	20.0	20.2	1.0
Public	13.2	12.9	(2.3)	10.1	10.1	-	23.3	23.0	(1.3)
Total retail	**450.3**	**454.6**	**1.0**	**375.4**	**381.9**	**1.7**	**825.7**	**836.5**	**1.3**
Wholesale	73.3	74.5	1.6	6.4	7.3	14.1	79.7	81.8	2.6
Reused water	0.1	5.6	-	-	-	-	0.1	5.6	-
Total	**523.7**	**534.7**	**2.1**	**381.8**	**389.2**	**1.9**	**905.5**	**923.9**	**2.0**

BILLED WATER AND SEWAGE VOLUME [1] PER REGION - million m^3

Metropolitan	293.2	296.8	1.2	248.3	252.3	1.6	541.5	549.1	1.4
Regional [2]	157.1	157.8	0.4	127.1	129.6	2.0	284.2	287.4	1.1
Total retail	**450.3**	**454.6**	**1.0**	**375.4**	**381.9**	**1.7**	**825.7**	**836.5**	**1.3**
Wholesale	73.3	74.5	1.6	6.4	7.3	14.1	79.7	81.8	2.6
Reused water	0.1	5.6	-	-	-	-	0.1	5.6	-
Total	**523.7**	**534.7**	**2.1**	**381.8**	**389.2**	**1.9**	**905.5**	**923.9**	**2.0**

(1) Unaudited

(2) Including coastal and countryside

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5. Costs, administrative, selling and construction expenses

In 1Q13, costs of products and services, administrative, selling and construction expenses grew 2.4% (R$ 44.4 million). Excluding construction costs, total costs and expenses grew 7.3%. As a percentage of net revenue, cost and expenses moved from 72.7% in 1Q12 to 72.5% in 1Q13.

R$ million

Payroll and benefits	406.3	461.8	55.5	13.7
Supplies	40.5	44.3	3.8	9.4
Treatment supplies	44.6	64.9	20.3	45.5
Services	265.0	228.7	(36.3)	(13.7)
Electric power	150.3	144.8	(5.5)	(3.7)
General expenses	167.8	215.4	47.6	28.4
Tax expenses	35.0	40.1	5.1	14.6
Sub-total	**1,109.5**	**1,200.0**	**90.5**	**8.2**
Depreciation and amortization	186.5	195.2	8.7	4.7
Credit write-offs	38.8	37.4	(1.4)	(3.6)
Sub-total	**1,334.8**	**1,432.6**	**97.8**	**7.3**
Construction costs	539.4	486.0	(53.4)	(9.9)
Costs, administrative, selling and construction expenses	**1,874.2**	**1,918.6**	**44.4**	**2.4**
% over net revenue	72.7	72.5		

5.1. Payroll and benefits

In 1Q13 payroll and benefits grew R$ 55.5 million or 13.7%, from R$ 406.3 million to R$ 461.8 million, due to the following:

- 6.17% increase in wages since May 2012, with an impact of approximately R$ 33.0 million;
- Provision for vacation with a R$ 4.3 million impact, due to the increases in wages and headcount;
- R$ 5.0 million increase in overtime pay; and
- R$ 9.3 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions.

5.2. Supplies

In 1Q13, expenses with supplies increased by R$ 3.8 million or 9.4%, when compared to the previous year, from R$ 40.5 million to R$ 44.3 million, mostly due to: (i) preventive and corrective maintenance in water and sewage systems, in the amount of R$ 2.0 million; and (ii) R$ 1.0 million higher spending on property and facility upkeep in administrative and operating areas.

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5.3. Treatment supplies

Treatment supplies expenses in 1Q13 were R$ 20.3 million or 45.5% higher than in 1Q12, from R$ 44.6 million to R$ 64.9 million. The main factors for this variation were:

- Increase of R$ 5.5 million due to the higher consumption of aluminum polychloride, mainly used at the Water Treatment Station of Guaraú, ensuring water quality in maximum flow;

- Higher consumption of activated carbon, with a price increase of approximately 11.73%, leading to an upturn of R$ 3.2 million due to weather and watershed conditions;

- Higher consumption of lime, due to the higher treated volume, associated with the price increase of approximately 7%, leading to a net upturn of R$ 1.7 million;

- Higher consumption of iron chloride, with a net addition of R$ 1.3 million, in order to meet the quality parameters of the treatment of the water resulting from the strong rain in the city of Cubatão; and

- Increase of R$ 8.7 million from the consumption of products, such as: (i) hydrogen peroxide, due to the startup of 2 sewage pumping stations in Guarujá; (ii) sodium hypochlorite as a replacement of chlorine gas, due to the increased efficiency and security related to the use of a less dangerous product; and (iii) chlorine, arising from the increase in turbidity and color at the Guaraú Water Treatment Station.

5.4. Services

In 1Q13 this item decreased R$ 36.3 million or 13.7%, from R$ 265.0 million in 1Q12 to R$ 228.7 million in 1Q13. The main factors were:

- Decrease of R$ 38.3 million, due to the reversal of the provision for expenses, following the end of the partnership with the São Paulo Municipal Government - PMP.

- Decline of R$ 4.3 million in expenses with risk credit recovery contracts, due to the discontinuation of these contracts in several Business Units; and

- Decrease in paving services and replacement of sidewalks in the amount of R$ 4.2 million, due to the conclusion of the paving contract with the Municipal Government of São Bernardo do Campo, whose services were included in Global Sourcing.

The following services presented increases:

- Preventive and corrective maintenance in the water and sewage systems in the amount of R$ 4.6 million; and

- Increase of R$ 2.0 million due to the new contracts of the Program for the Rational Use of Water – PURA in municipal entities.

5.5. Electric power

In 1Q13, this item decreased R$ 5.5 million, or 3.7%, from R$ 150.3 million in 1Q12 to R$ 144.8 million in 1Q13, due to the average decrease of approximately 25.5% in the tariff for the Use of Distribution System Tariff (TUSD), of the consumption units by the Free Market, as a consequence of Provisional Presidential Decree 579/12 and Law 12783/13.

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5.6. General expenses

In 1Q13 general expenses increased R$ 47.6 million or 28.4%, from R$ 167.8 million in 1Q12 to R$ 215.4 million in 1Q13, due to:

- Increase in the provision for lawsuits, in the amount of R$ 24.6 million;
- Increase of R$ 17.3 million, arising from agreements for environmental compensation; and
- Increase of R$ 5.0 million in the provision for payment to the municipal fund pursuant to the Service Agreement with the Municipal Government of São Paulo.

5.7. Depreciation and Amortization

Depreciation and amortization increased R$ 8.7 million or 4.7%, from R$ 186.5 million in 1Q12 to R$ 195.2 million in 1Q13, due to the higher transfer of works to the operating intangible asset in the period.

5.8. Credit write-off

In 1Q13 credit write-offs decreased R$ 1.4 million or 13.7%, from R$ 38.8 million in 1Q12 to R$ 33.5 million in 1Q13, chiefly due to the lower need for provision.

5.9. Tax expenses

In 1Q13 tax expenses grew R$ 5.1 million or 14.6%, mainly in the municipality of São Paulo, due to: (i) 5.4% adjustment by the São Paulo Municipal Government; and (ii) expansion of the Centro Business Unit.

6. Financial revenues and expenses

R$ million

Financial expenses				
Interest and charges on domestic loans and financing	82.2	82.5	0.3	0.4
Interest and charges on international loans and financing	20.0	18.4	(1.6)	(8.0)
Interest rate over lawsuit	52.5	27.2	(25.3)	(48.2)
Other financial expenses	15.8	14.1	(1.7)	(10.8)
Total financial expenses	**170.5**	**142.2**	**(28.3)**	**(16.6)**
Financial revenues	75.8	64.4	(11.4)	(15.0)
Financial expenses net of revenues	**94.7**	**77.8**	**(16.9)**	**(17.8)**

6.1. Financial expenses

In 1Q13 financial expenses dropped R$ 28.3 million, or 16.6%. The main reason for this result was the lower interest related to lawsuits, mainly regarding corporate clients.

6.2. Financial revenues

Financial revenues decreased by R$ 11.4 million, due to:

• Decrease of R$ 21.8 million in interest from financial investments, due to the gradual reduction in the interest rates and the lower cash availability in the period; and

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- Increase of R$ 6.3 million in interest revenue, related to the period between the date of the 17th debenture issue, in January 2013, and its respective financial settlement in February 2013.

7. Monetary variation on assets and liabilities

R$ million

Monetary variation on loans and financing	8.5	24.1	15.6	183.5
Currency exchange variation on loans and financing	(159.2)	(129.6)	29.6	(18.6)
Other monetary/exchange rate variations	22.5	29.4	6.9	30.7
Variation on Liabilities	**(128.2)**	**(76.1)**	**52.1**	**(40.6)**
Variation on assets	11.5	29.0	17.5	152.2
Net Variation	**(139.7)**	**(105.1)**	**34.6**	**(24.8)**

7.1. Monetary variation on liabilities

The effect on the monetary variation on liabilities in 1Q13 was R$ 52.1 million higher than in 1Q12, specially:

- Increase in the exchange rate variation on loans and financing, in the amount of R$ 29.6 million, due to: (i) the lower appreciation of the Brazilian Real versus the US Dollar in 1Q13 1.4%, compared with 2.9% in 1Q12; and (ii) the 10.0% appreciation of the Brazilian Real versus the Yen in 1Q13 (9.0% appreciation in 1Q12);

- Monetary variation on domestic loans and financing increasing by R$ 15.6 million, mainly due to: (i) the increase in debt following the 17th debenture issue in February 2013; and (ii) the 1.9% IPCA rate variation in 1Q13 compared to the 1.2% variation in the same period in 2012; and

- Expenses relating to lawsuits in the amount of R$ 4.7 million.

7.2. Monetary variation on assets

Monetary variation on assets increased by R$ 17.5 million in 1Q13 over 1Q12, chiefly due to:

- R$ 6.8 million related to the period between the date of the 17th debenture issue (January 2013) and its financial settlement (February 2013); and

- R$ 6.5 million related to the restatement of judicial deposits, arising from the increase in deposits related to lawsuits.

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8. Operating indicators

Regarding the loss index, it remained stable at 25.5%.

It is worth noting that the Corporate Loss Reduction Program was granted an unprecedented financing with JICA in February 2012, in the amount of R$710 million. The funds support the hiring of the actions provided for in the 1st Stage of the Program, scheduled for the second half of 2013, when the drop in the index should resume.

Water connections (1)	7,526	7,726	2.7
Sewage connections (1)	5,965	6,172	3.5
Population directly served - water (2)	24.0	24.3	1.3
Population directly served - sewage (2)	20.6	21.1	2.4
Number of employees	14,725	15,065	2.3
Water volume produced (3)	770	762	(1.0)
Water losses (%)	25.7	25.5	(0.8)

(1) In thousands units at the end of the period.

(2) In millions of inhabitants at the end of the period. It does not include wholesale supply.

(3) In millions of m^3 at the end of the period.

*Unaudited

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(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 March 31, 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 and Macatuba, whose carrying amount of these municipalities' intangible assets was R$16,536 as of March 31, 2013.

On March 31, 2013, a total of 66 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 March 31, 2013, a total of 259 program and metropolitan contracts were signed (258 contracts on December 31, 2012).

On March 31, 2013, the carrying amount of intangible assets used in the 66 concessions of the municipalities under negotiation totaled R$5,801 million, accounting for 25.94% of total, and the related gross revenue totaled R$484 million in the three-month period ended March 31, 2013, accounting for 17.20% of total.

The Company's operations are concentrated in the municipality of São Paulo, which represents 50.57% of the gross revenue in the three months ended on March 31, 2013 (53.47% in the three months ended in March 2012) and 43.19% of intangible assets as of March 31, 2013 (43.51% on December 31, 2012).

On June 23, 2010, the State of São Paulo, the Municipality of São Paulo, the Company and the regulatory agency “Sanitation and Energy Regulatory Agency – ARSESP” 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 city of São Paulo and SABESP signed the “Public service provision agreement of water supply and sewage services”, a 30-year concession agreement 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 City;

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 the companies that formed it. As of March 31, 2013, the carrying amount of the municipality of Santos’ intangible assets was R$332,685 (R$328,693 on December 31, 2012) and gross revenue for the three-month period ended March 31, 2013 was R$55,658 (R$54,393 in March 2012).

Article 58 of Law 11445/07 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 12693 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 8987/95 and 11445/07, 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 May 9, 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 March 31, 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 Financial Information – 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 March 31, 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 March 31, 2013 are consistent with those used to prepare the Annual Financial Statements for the year ended December 31, 2012. These policies are disclosed in Note 3 in the Annual Financial Statements.

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

	December 31, 2012			
	Original	CPC 19(R2) Effects (a)	CPC 33(R1) Effects (b)	After adoption of CPCs
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

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		December 31, 2012		
Liabilities and equity	**Original**	**CPC 19(R2) Effects (a)**	**CPC 33(R1) Effects (b)**	**After adoption of CPCs**
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

(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.

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 comprehensive income, not being recorded in income statement. Such accounting method was applied in the quarterly financial information for the quarter ended March 31, 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 is 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:

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	December 31, 2012	**Janua**
Balance of actuarial obligations, according to previous accounting practice - G1	577,169	53
Effect from adoption of CPC 33(R1)	27,663	(103
Balance of actuarial obligations after the change in the accounting practice	604,832	43
Balance of the actuarial obligations according to previous accounting practice - G0	1,547,161	1,51
Effect from the adoption of CPC 33(R1)	440,557	6
Balance from the actuarial obligations after the change in the accounting practice	1,987,718	1,58
Total balance of the actuarial obligations after the change in the accounting practice	2,592,550	2,01

Due to the adjustment described above, arising from the adoption of CPC 33(R1), the balances of "Deferred taxes" in non-current assets, "Other accounts payable" 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 in the statements of income and cash flow presented in this quarterly financial information.

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2.2 Standards, amendments and interpretations of standards to existing standards not effective yet

In addition to the matters disclosed in item 2.1 above, there are no new CPCs/IFRS or interpretations applicable for the first time this quarter to have significant effects on the Company. For more information, see Notes 4.1 and 4.2 of the annual financial statements as of December 31, 2012.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities are exposed to Brazilian economic scenario, expositing to market risk, such as exchange rate, interest rate, credit risk and liquidity risk. The Company’s financial risk management is focused on the unforesseableness of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance.

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

(a) Market risk

Foreign currency 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 mainly 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.

SABESP's specific foreign currency risks are related to exposures caused by its current portion and long-term portion of this denominated in foreign currency.

The management of SABESP's foreign currency 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 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$3,262.238 million on March 31, 2013 (R$3,231,183 million in December 2012). Below is shown, the Company's exposure to foreign currency risk:

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ITR — Quarterly Financial Information - March 31, 2013 – CIA SANEAMENTO BASICO ESTADO SÃO PAULO

Version: 1

Notes to the Financial Statements

	March 31, 2013		**December 31, 2012 (Restated)**	
	Foreign currency	**R$**	**Foreign currency**	**R$**
Loans and financing – US$	1,150,558	2,316,994	1,136,274	2,321,976
Loans and financing – Yen	42,516,382	910,701	37,535,650	890,346
Interest and charges from loans and financing – US$		32,615		12,487
Interest and charges from loans and financing – Yen		1,928		6,374
TOTAL		3,262,238		3,231,183

The chart above details the foreign currency-denominated loans and financing. Including R$16,598 on March 31, 2013 (R$15,422 in December 2012) of funding costs.

As at March 31, 2013, if the Brazilian Real had weakened or strengthened by 10% against the US dollar and Yen with all other variables held constant, effects on results before taxes for the three month period ended March 31, 2013 would have been R$326,223 (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 statement 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 depreciations of 25% and 50%, respectively, in the Brazilian Real.

	Scenario I (Probable) (*)	Scenario II (+25%)	Scenario III (+50%)
Net currency exposure on March 31, 2013 (Liabilities) in US$	1,150,558	1,150,558	1,150,558
US$ rate on March 31, 2013	2.0138	2.0138	2.0138
Exchange rate estimated according to the scenario	2.0500	2.5625	3.0750
Difference between the rates	(0.0362)	(0.5487)	(1.0612)
Effect on net financial result R$ - (loss)	(41,650)	(631,311)	(1,220,972)
Net currency exposure on March 31, 2013 (Liabilities) in Yen	42,516,382	42,516,382	42,516,382
Yen rate on March 31, 2013	0.02142	0.02142	0.02142
Exchange rate estimated according to the scenario	0.02092	0.02615	0.03139
Difference between the rates	0.00050	(0.00473)	(0.00997)
Effect on net financial result in R$ - gain / (loss)	21,258	(201,102)	(423,888)
Total effect on net financial result in R$ - (loss)	(20,392)	(832,413)	(1,644,860)

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(*) The probable scenario in US$ considered the average exchange rate for the 12-month period after March 31, 2013, according to BM&FBovespa. The Yen used an average rate for the next 12 months as of March 31, 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 financial 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 possible need to replace its debt.

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

		December 31, 2012
	March 31, 2013	**(Restated)**
TR[i]	1,927,206	2,019,924
CDI[ii]	1,212,010	1,799,830
TJLP[iii]	824,565	845,913
IPCA[iv]	1,298,801	697,385
LIBOR[v]	1,248,679	1,243,058
Interest and charges	54,648	95,475
Total	6,565,909	6,701,585

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

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

(iii) TJLP (*Taxa de Juros de 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 loans and financing with those of its service revenues. Water supply and sewage services tariffs do not necessarily follow the increases in the interest rates affecting the Company's debt.

As at March 31, 2013, if interest rates on loans and financing denominated in Brazilian *reais* had been 100 basis points higher or lower with all other variables held constant, the effects on profit before taxes for the three-month period ended March 31, 2013 would have been R$65,659 (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 and financing.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to wholesale basis and retail 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.

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The maximum exposure to credit risk at the reporting date are the carrying amounts 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).

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 internal policy of market risk management:

	March 31, 2013	**December 31, 2012 Restated**
Cash at bank and short-term bank deposits		
AAA(bra)	2,124,329	1,913,893
Others (*)	2,706	2,081
	2,127,035	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 follow:

Counterparty	Fitch	Moody's	Standard Poor's
Banco do Brasil S.A.	AAA (bra)	Aaa.br	brAAA
Banco Santander Brasil S.A.	AAA (bra)	Aaa.br	brAAA
Brazilian 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, given that the client base is dispersed.

(c) Liquidity risk

The Company's liquidity is primarily reliant upon cash provided by operating activities, borrowings 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 financial assets and liabilities of the Company, into relevant maturities, including the installment of principal and interest to be paid according to the agreement.

	April to December 2013	2014	2015	2016	2017
As of March 31, 2013					
Liabilities					
Loans and financing	933,750	938,245	1,425,257	1,300,913	984,047
Accounts payable to suppliers and contractors	210,291	-	-	-	-
Services payable	431,340	-	-	-	-
Pension plan liabilities	172,055	235,667	242,192	249,770	257,442
Public-private partnership (PPP)	31,443	41,925	41,925	41,925	41,925
Program contract commitments	167,106	36,227	76,052	4,222	1,911
Other liabilities	131,919	153,957	-	-	-

	2013	2014	2015	2016	2017	2018 onwards
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
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
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	-	-	-	-

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.

(d) Sensitivity analysis on interest rate risk

The table below shows the sensitivity analysis of the financial instruments, prepared in accordance with CVM Rule 475/2008 in order to evidence the balances of main financial assets and liabilities, calculated at a rate projected until the final settlement of each contract, considering a probable scenario (scenario I), appreciation of 25% (scenario II) and 50% (scenario III).

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The purpose of the sensitivity analysis is measure the changes in the market over the financial instruments of the Company, considering constant all other variables. In the time of settlement the amounts can be different from those presented above, due to the estimates used in the measurement.

	March 31, 2013			
		Scenario I	Scenario II	Scenario III
Indicators	Exposure	(Probable) (i)	(+ 25%)	(+ 50%)
Assets				
CDI	2,037,459	8.5000%(*)	10.6250%	12.7500%
Financial income		173,184	216,480	259,776
Liabilities				
CDI	1,212,010	8.5000%(*)	10.6250%	12.7500%
Interest to be incurred		(103,021)	(128,776)	(154,531)
Net exposure - CDI		70,163	87,704	105,245
TR	1,927,206	0.2030%(*)	0.2538%	0.3045%
Expense to be incurred		(3,912)	(4,891)	(5,868)
TJLP	824,565	5.0000%(*)	6.2500%	7.5000%
Interest to be incurred		(41,228)	(51,535)	(61,842)
IPCA	1,298,801	5.6800%(*)	7.1000%	8.5200%
Expense to be incurred		(73,771)	(92,214)	(110,658)
LIBOR	1,248,679	0.3510%(**)	0.4388%	0.5266%
Interest to be incurred		(4,382)	(5,479)	(6,575)
Total net expenses to be incurred		(53,130)	(66,415)	(79,698)

(*) Source: Focus Report – BACEN, March 28, 2013
(**) Source: Bloomberg

(i) Refers to the scenario of interest to be incurred for the 12 months as of March 31, 2013 or until the maturity of the contracts, whichever is shorter.

3.2 Capital management

The Company's objectives when managing capital are ensure its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital based on the leverage ratio. This ratio corresponds to net debt divided by total capital. Net debt corresponds to total loans and financing less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

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	March 31, 2013	December 31, 2012 Restated
Total loans and financing	8,829,563	8,875,255
Less: cash and cash equivalents	(2,127,035)	(1,915,974)
Net debt	6,702,528	6,959,281
Total equity	11,752,963	11,256,762
Total capital	18,455,491	18,216,043
Leverage ratio	36%	38%

On March 31, 2013, the leverage ratio decreased to 36% versus 38% on December 31, 2012, due to the increase in equity arising from the income for the period.

3.3 Fair value estimates

We assume that balances from trade accounts receivable (current) and accounts payable to suppliers by carrying amount approximate their fair values, considering the short maturity. Long-term trade accounts receivable also approximate their fair values, as they will be adjusted by inflation and/or will bear contractual interest rates over time.

3.4 Financial instruments

The estimated fair values of financial instruments are as follows:

	March 31, 2013		December 31, 2012 Restated	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	2,127,035	2,127,035	1,915,974	1,915,974
Restricted cash	11,151	11,151	64,977	64,977
Trade accounts receivable	1,424,392	1,424,392	1,374,632	1,374,632
Accounts receivable from related parties	257,655	257,655	262,371	262,371
Agência Nacional de Água – ANA	102,366	102,366	108,099	108,099
Other accounts receivable	164,999	164,999	141,027	141,027
Financial liabilities				
Loans and financing (i) to (vii)	8,829,563	9,297,403	8,875,255	9,201,317
Accounts payable to suppliers and contractors	210,291	210,291	295,392	295,392
Services payable	431,340	431,340	389,091	389,091
Program contracts - commitments	275,544	275,544	235,627	235,627
Public-Private Partnership - PPP	345,836	345,836	356,317	356,317

To obtain fair value of loans and financing, the following criteria have been adopted:

(i) Agreements with Banco do Brasil and CEF (Brazilian Federal Savings Bank) were projected until final maturity, at contractual rates (projected TR + spread) and discounted at present value by TR x DI, both rates were obtained from BM&F.

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(ii) Debentures were projected up to the final mature date according to contractual rates (IPCA, DI, TJLP or TR), and discounted to present value considering the future interest rate published by ANBIMA in the secondary market, or equivalent market rates, or the Company's share traded in the Brazilian market.

(iii) BNDES loans are financial instruments valued at carrying amount plus contractual interest rate till mature date, and are indexed by long term interest rate – TJLP.

These loans have specific characteristics and the conditions defined in the loan agreements with BNDES between independent parties, and reflect the conditions for those types of loan. In Brazil, a consolidated market of long-term debts does not exist with the same characteristics of BNDES loans, the offering of credit to the entities in general, with this long-term characteristic, usually is restricted to BNDES.

(iv) Other financing in local currency are considered by carrying amount plus contractual interest rate till mature date, discounted to present value considering a future interest rate published by BM&FBovespa.

(v) Agreements with IDB, IBRD, were projected until final maturity in origin currency, applying interest rates contracted, discounted at present value at Libor futures rate, obtained from Bloomberg. Eurobonds were priced at market value through quotes published by Bloomberg. All the amounts obtained were translated into Brazilian *reais* at the exchange rate of March 31, 2013.

(vi) Agreements with JICA, were projected until final maturity in origin currency, using interest rates contracted and discounted at present value, at Tibor futures rate obtained from Bloomberg. The amounts obtained were translated into Brazilian reais at the exchange rate of March 31, 2013.

(vii) Leasing is an instrument considered by face value restated until maturity date, whose characteristic is the indexation by fixed contractual rate, which is a specific type, not compared to any other market rate. Thus, the Company discloses as fair value, the amount recorded on March 31, 2013.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes when compared to the Annual Financial Statements for the year ended December 31, 2012, according to Note 5.

5. CASH AND CASH EQUIVALENTS

	March 31, 2013	**December 31, 2012 Restated**
Cash and banks	89,576	119,397
Cash equivalents	2,037,459	1,796,577
	2,127,035	1,915,974

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Cash and cash equivalents include cash, bank deposits and high-liquidity short-term investments, mainly represented by purchase commitments (remunerated at CDI), deposited in Banco do Brasil, with maturities lower than three months, which are promptly convertible into a known cash amount and subject to an insignificant risk of change in value.

The average yield of financial investments corresponds to 100.5% of CDI in March (100.01% in December 2012).

6. RESTRICTED CASH

As of March 31, 2013, the restricted cash totaled R$11,151, referring mainly to the default in the municipality of São Paulo, where the Company transfers 7.5% of the Municipality's revenue to the Municipal Fund (R$64,977 in December 2012).

The variation occurred in the period from January to March 2013, when compared to the Financial Statements as at December 31, 2012, mainly refers to the removal of restriction on use of funds by the Municipal Government of São Paulo.

7. TRADE ACCOUNTS RECEIVABLE

(a) Balance sheet balances

	March 31, 2013	December 31, 2012 Restated
Private sector:		
General and special customers (i) (ii)	945,709	949,800
Agreements (iii)	265,244	249,470
	1,210,953	1,199,270
Government entities:		
Municipal	619,170	610,779
Federal	4,073	3,150
Agreements (iii)	173,809	181,271
	797,052	795,200
Wholesale customers – Municipal governments: (iv)		
Guarulhos	602,195	578,314
Mauá	293,006	281,398
Mogi das Cruzes	15,189	15,202
Santo André	638,832	620,276
São Caetano do Sul	4,358	2,072
Diadema	188,198	180,465
Total wholesale customers – Municipal governments	1,741,778	1,677,727
Unbilled receivables	470,298	425,843
Subtotal	4,220,081	4,098,040
Allowance for doubtful accounts	(2,795,689)	(2,723,408)
Total	1,424,392	1,374,632
Current	1,067,729	1,038,945
Noncurrent (v)	356,663	335,687
	1,424,392	1,374,632

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From January to March 2013, there were no relevant changes when compared with the operations reported in the financial statements as at December 31, 2012.

(i) General customers - residential and small and mid-sized companies.

(ii) Special customers - large consumers, commercial, industries, condominiums and special billing consumers (industrial waste, wells, etc.).

(iii) Agreements - installment payments of past-due receivables, plus monetary restatement and interest.

(iv) Wholesale basis customers - municipal governments - This balance refers to the sale of treated water to municipalities, which are responsible for distributing to, billing and charging final customers. Some of these municipalities are questioning in court the tariffs charged by SABESP, which have full allowance for doubtful accounts. Additionally, the overdue amounts are included in the allowance for doubtful account and are classified in noncurrent assets.

	Three-month period ended March 31, 2013	Twelve-month period ended December 31, 2012 Restated

Balance at the beginning of period	1,677,727	1,486,342
Billing for services rendered	103,158	394,922
Collections – current year's services	(16,165)	(165,967)
Collections – previous years' services	(22,942)	(37,570)
Balance at the end of the period	1,741,778	1,677,727
Current	34,481	33,924
Non-current	1,707,297	1,643,803

(v) The noncurrent portion consists of trade accounts receivable that are past due and renegotiated with customers and amounts past due related to wholesale basis to municipal governments, and the amounts are net of allowance for doubtful account.

(b) The aging of trade accounts receivable is as follows

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	March 31, 2013	December 31, 2012 Restated
Falling due	1,107,045	1,091,834
Past-due:		
Up to 30 days	221,652	197,936
From 31 to 60 days	94,682	97,426
From 61 to 90 days	69,222	61,527
From 91 to 120 days	54,721	50,729
From 121 to 180 days	92,520	89,297
From 181 to 360 days	154,018	139,788
Over 360 days	2,426,221	2,369,503
Total past-due	3,113,036	3,006,206
Total	4,220,081	4,098,040

(c) Allowance for doubtful accounts

	March 31, 2013	March 31, 2012 Restated
Balance at beginning of period	2,723,408	2,436,428
Private sector/government entities	21,588	33,672
Recoveries	(5,960)	(10,287)
Wholesale customers	56,653	58,846
Additions for the period	72,281	82,231

Balance at end of period	2,795,689	2,518,659
Current	1,269,932	1,171,918
Noncurrent	1,525,757	1,346,741

Reconciliation of provision for losses in profit or loss	**Three-month period ended March 31, 2013**	**Three-month period ended March 31, 2012 Restated**
Losses (write-off)	21,232	15,377
Provision for state entities (related parties)	541	-
Provision for private sector/government entities	21,588	33,672
Recoveries	(5,960)	(10,287)
Balance	37,401	38,762

The Company does not have customers representing 10% or more of its revenue.

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8. RELATED-PARTY BALANCES AND TRANSACTIONS

The Company is a party to transactions with its controlling shareholder, the State Government, and companies related to it.

(a) Accounts receivable, interest on shareholders equity, revenue and expenses with the São Paulo State Government

	March 31, 2013	December 31, 2012 Restated
Accounts receivable		
Current:		
Water and sewage services	115,458	113,027
Allowance for losses	(48,072)	(47,531)
Reimbursement for pension plan benefits paid - Gesp Agreement	35,278	35,278
Reimbursement for pension benefits paid - monthly flow	10,939	8,499
Total current	113,603	109,273
Noncurrent:		
Reimbursement of additional retirement and pension benefits – GESP Agreement	144,052	153,098

Total noncurrent	144,052	153,098
Total receivables from shareholders	257,655	262,371
Water and sewage services	67,386	65,496
Reimbursement of additional retirement and pension benefits	190,269	196,875
Total	257,655	262,371
Interest on shareholders equity payable to related parties	228,214	228,214

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	March 31, 2013	**March 31, 2012 Restated**
Gross revenue from sales and services		
Water supply	54,500	54,476
Sewage services	48,181	48,124
Payments received from related parties	(100,893)	(108,698)
Financial income	32,448	54,609
Collection of GESP reimbursement referring to Law 4819/58	23,099	24,027

From January to March 2013, there were no significant changes in the operations reported in the financial statements as at December 31, 2012. Further details and explanations on the nature of related-party transactions are included in Note 9 of the Financial Statements as at December 31, 2012.

(b) Contingent assets – GESP (not recorded)

On March 31, 2012 and December 31, 2012, SABESP had off-balance contingent assets with GESP relating to the complementary retirement and pension paid (Law 4819), as follows:

	March 31, 2
Amounts in controversy receivable	668,
Undisputed reimbursement relating to the transfer to SABESP of Alto Tietê system reservoirs	696,

Total	1,364,

From January to March 2013, there were no relevant changes in the progress of lawsuits. Further details and explanations on the nature of these contingent assets are included in Note 9 (vii) of the Financial Statements as at December 31, 2012.

(c) Agreements for the use of reservoirs

EMAE – Empresa Metropolitana de Águas e Energia S.A. claims the collection of payment and financial compensation for the use of water from Guarapiranga and Billings reservoirs, used by SABESP in its operations, as well as the reimbursement of damages related to the failure of SABESP to pay appropriately.

The Company understands that no amounts are due for the use of these reservoirs but it is responsible for their maintenance and operating costs. Should these reservoirs not be available for use to the Company, there could be the need to collect water in more distant places and there would be the risk of making services in the region unfeasible and increasing sourcing cost.

Three proceedings were filed, two of them are writs of prevention to toll statute of limitation and another one to file arbitration commitment, by force of an arbitration clause in the agreement entered into between the São Paulo State Government and former Light, in 1958.

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The plaintiff understands that diverging opinions between it and SABESP should be resolved at the Court of Arbitration, which was disputed by SABESP, which in turn claims it is not bound to an agreement in which its predecessor only participated as intervening party.

In February 2012, the decision to submit to arbitration was established by the judge during the first hearing, which is subject to appeal. Notwithstanding, if an arbitration proceeding is filed, we will take all available judicial actions to defend our position. The Company's management assessed this risk as possible loss and considers that it is not possible to estimate the total amount involved in this process since the extent was not determined.

(d) Agreements with reduced tariffs with State and Municipal Government Entities that joined the Water Rational Use Program (PURA)

The Company has signed agreements with government entities related to the State Government and municipalities where it operates that benefit from a reduction of 25% in the tariff of water supply and sewage services when they are not in default. These agreements provide for the implementation of the rational water use program, which takes into consideration the reduction in the consumption of water.

(e) Guarantees

The State Government provides guarantees for some loans and financing of the Company and does not charge any fee with respect to such guarantees.

(f) Personnel assignment agreement among entities related to the State Government

The Company has personnel assignment agreements with entities related to the State Government, under which the expenses are fully passed on and monetarily reimbursed. On March 31, 2013, the expenses related to personnel assigned by SABESP to other state government entities amounted to R$2,761 (R$2,750 as of March 2012).

No expenses related to personnel assigned by other entities to SABESP were recorded on March 31, 2013 and December 31, 2012.

(g) Services obtained from state government entities

As of March 31, 2013 and December 31, 2012, SABESP had an outstanding amount payable of R$951 and R$958, respectively, for services rendered by São Paulo State Government entities.

(h) Non-operating assets

As of March 31, 2013 and December 31, 2012, the Company had an amount of R$969 related to free land lent to DAEE (Water and Electricity Department).

(i) SABESPREV

The Company sponsors a private defined benefit pension plan, which is operated and administered by Fundação Sabesp de Seguridade Social - SABESPREV. The net actuarial liability recognized as of March 31, 2013 amounted to R$623,531 (R$604,832 as of December 2012, including the effect of CPC 33(R1)).

(j) Management’s Compensation

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Expenses related to the compensation of members of the Board of Directors and Board of Executive Officers was R$750 and R$756, respectively, from January to March 2013 and 2012, and refers to short-term benefits. An additional amount of R$141 referring to the Executive Officers' bonus program was recorded in the period between January and March 2013 (from January to March 2012 – R$274).

(j) Loan agreement through credit facility

The Company holds interest in certain Special Purpose Entities (SPE), not holding the majority interest but with cast vote and power of veto in some issues. Therefore, these SPEs are considered for accounting purposes as jointly-owned subsidiaries.

The Company entered into a loan agreement through credit facility with the SPEs Águas de Andradina S.A., Águas de Castilho S.A. and Aquapolo Ambiental S.A. to finance the operations of these companies, until the loans and financing required to banks is cleared.

The contracts signed on January 19, 2012 with Águas de Andradina and Águas de Castilho were settled in July 2012, according to the agreement's provisions. On July 18, 2012, new agreements were signed with both companies, pursuant to the conditions in the table below. The agreement signed with Aquapolo Ambiental on March 30, 2012 remains with the same characteristics, according to the table below:

SPE	Credit limit	Principal disbursed amount	Interest balance	Interest rate	Maturity
Águas de Andradina	3,467	1,427	13	SELIC + 3.5 % p.a.	07/17/2013

Águas de Castilho	675	403	4	SELIC + 3.5 % p.a.	07/17/2013
Aquapolo Ambiental	5,629	5,629	135	CDI + 1.2% p.a.	04/30/2016
Aquapolo Ambiental	19,000	19,000	433	CDI + 1.2% p.a.	04/30/2015
Total	28,771	26,459	585		

The amount disbursed is recognized in Assets under “Other Receivables” and mounts to R$1,830 for principal and R$44 for interest recognized in Current Assets and R$24,629 for principal and R$2,163 for interest in Noncurrent Assets. As of March 31, 2013, the balance of principal and interest rates of these contracts is R$28,666. From January to March 2013, financial income was impacted by R$585 (R$16 from January to March 2012).

9. INVESTMENTS

The Company holds interest in the following investees: Sesamm – Serviços de Saneamento de Mogi Mirim S/A, Águas de Andradina, Águas de Castilho, Saneaqua Mairinque, Aquapolo Ambiental and Attend Ambiental which were consolidated by the equity accounting method. The accounting policies of its investees are consistent with the accounting policies adopted by the Company.

Although SABESP has no majority shares of its investees, the shareholders’ agreement provides for the power of veto in certain management issues, indicating participating shared control (joint venture – CPC 19).

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Information on these companies' activities is included in Note 2.1 of the Financial Statements as at December 31, 2012. During the quarter ended March 31, 2013, there were no significant changes in operations of these investees.

See below a summary of financial information of the joint-controlled entities:

Company	Investments		Equity in the earnings (losses) of investees		Interest percentage		Equity		Profit (loss) for the period	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Sesamm	6,028	5,760	268	393	36%	36%	16,744	15,999	745	1,092
Águas de Andradina	803	751	52	(170)	30%	30%	2,677	2,503	172	(567)
Águas de Castilho	534	474	60	48	30%	30%	1,780	1,580	200	160
Saneaqua Mairinque	743	722	21	(60)	30%	30%	2,477	2,407	70	(200)
Attend Ambiental	4,145	4,379	(232)	(1,802)	45%	45%	9,211	9,731	(516)	(4,004)
Aquapolo Ambiental	8,220	8,538	(319)	(169)	49%	49%	16,775	17,424	(651)	(345)
Total	20,473	20,624	(150)	(1,760)			49,664	49,644	21	(3,864)
Other investments	549	203								
Total	21,022	20,826								

	Sesamm 36%	Águas de Andradina 30%	Águas de Castilho 30%	Saneaqua Mairinque 30%	Aquapolo Ambiental 49%	Attend Ambiental 45%	TOTAL
Current assets	983	1,806	336	375	20,551	927	24,978
Noncurrent assets	19,478	4,169	1,001	879	178,625	3,517	207,669
Current liabilities	582	4,615	702	478	17,574	299	24,250
Noncurrent liabilities	13,851	557	101	33	173,382	-	187,924
Equity	6,028	803	534	743	8,220	4,145	20,473

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	December 31, 2012						
	Sesamm	**Águas de Andradina**	**Águas de Castilho**	**Saneaqua Mairinque**	**Aquapolo Ambiental**	**Attend Ambiental**	
	36%	**30%**	**30%**	**30%**	**49%**	**45%**	**TOTAL**
Current assets	875	2,199	404	414	15,247	1,976	21,115
Noncurrent assets	19,609	3,934	904	858	181,749	2,570	209,624
Current liabilities	822	4,827	757	535	31,411	167	38,519
Noncurrent liabilities	13,902	555	77	15	157,047	-	171,596
Equity	5,760	751	474	722	8,538	4,379	20,624

	March 31, 2013						
	Sesamm	**Águas de Andradina**	**Águas de Castilho**	**Saneaqua Mairinque**	**Aquapolo Ambiental**	**Attend Ambiental**	
	36%	**30%**	**30%**	**30%**	**49%**	**45%**	**TOTAL**
Operating revenue	303	1,043	375	685	9,706	59	12,171
Operating expenses	(596)	(1,023)	(321)	(666)	(10,052)	(312)	(12,970)
Financial income, net	561	32	6	2	27	21	649
Profit (loss) for the period	268	52	60	21	(319)	(232)	(150)

March 31, 2012

	Sesamm	**Águas de Andradina**	**Águas de Castilho**	**Saneaqua Mairinque**	**Aquapolo Ambiental**	**Attend Ambiental**	
	36%	**30%**	**30%**	**30%**	**49%**	**45%**	**TOTAL**
Operating revenue	5,823	4,046	895	652	-	-	11,416
Operating expenses	(5,482)	(4,259)	(855)	(719)	(1,802)	(287)	(13,404)
Financial income, net	52	43	8	7	-	118	228
Profit (loss) for the period	393	(170)	48	(60)	(1,802)	(169)	(1,760)

10. INVESTMENT PROPERTIES

As of March 31, 2013, “Investment Properties” totaled R$54,039 (R$54,046 in December 2012). As of December 31, 2013, the market value of these properties was R$295,538 (R$295,538 in December 2012).

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11. INTANGIBLE ASSETS

(a) Balances

	March 31, 2013			**December 31, 2012 Restated**		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Ne
Intangible arising from:						
Agreements – equity value	8,241,070	(1,438,550)	6,802,520	8,408,007	(1,511,813)	6,896,19
Concession contracts – economic value	1,430,263	(303,991)	1,126,272	1,402,854	(292,918)	1,109,93
Program contracts	5,706,278	(1,614,786)	4,091,492	5,288,541	(1,469,369)	3,819,17
Program contracts – commitments	685,599	(62,293)	623,306	627,989	(56,898)	571,09
Service contract – São Paulo	10,788,910	(1,130,900)	9,658,010	10,604,942	(1,036,455)	9,568,48
Software licenses (vi)	119,648	(55,330)	64,318	55,615	(52,969)	2,64
Total	26,971,768	(4,605,850)	22,365,918	26,387,948	(4,420,422)	21,967,52

(b) Changes

	December 31, 2012 Restated	Additions	Contract renewal	Transfer	Write-offs and disposals	Amortiza
Intangibles arising from:						
Agreements – equity value	6,896,194	83,409	(148,704)	253	(407)	(28,
Concession agreements – economic value	1,109,936	27,517	-	-	-	(11,
Program contracts	3,819,172	171,829	148,704	(212)	(2)	(47,
Program contracts – commitments	571,091	57,609	-	-	-	(5,

Service contract – São Paulo	9,568,487	183,877	-	-	(18)	(94,
Software licenses	2,646	64,033	-	-	-	(2,
Total	21,967,526	588,274	-	41	(427)	(189,

On March 19, 2013, the Company renewed the agreement with Presidente Prudente municipality for 30 years.

(c) Construction services

		March 31, 2013	
	Water supply	**Sewage services**	**Total**
Construction cost incurred	208,518	277,444	485,962
Recognition of construction revenue	212,296	283,313	495,609

		March 31, 2012	
	Water supply	**Sewage services**	**Total**
Construction cost incurred	236,102	303,280	539,382
Recognition of construction revenue	240,571	310,285	550,856

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(d) General information

During the quarter ended March 31, 2013, there were no significant changes in criteria used to record intangible assets and types of agreements. Further information is included in Note 11 of the Financial Statements as at December 31, 2012.

The Company has obligations recorded in "Program Contracts – Commitments" under current liabilities (R$156,676 and R$148,220 on March 31, 2013 and December 31, 2012, respectively) and noncurrent liabilities (R$118,868 and R$87,407 on March 31, 2013 and December 31, 2012, respectively).

(vi) Software license

Software licenses are capitalized based on costs incurred to acquire software and make them ready for use. In the first quarter of 2013, the Company started implementing the corporate integrated management solution (ERP system).

On March 31, 2013 and December 31, 2012, the balances was R$64,318 and R$2,646, respectively.

(e) Disposal of concession intangible underlying assets

In the first quarters of 2013 and 2012, the Company wrote off intangible underlying assets items totaling R$427 and R$905, respectively, due to obsolescence, theft, misplacements, unproductive wells and projects considered economically unfeasible.

(f) Capitalization of interest and other financial charges

In the first quarter of 2013, the Company capitalized interest and inflation adjustment, including related foreign currency exchange effects, in concession intangible assets during the construction period of the qualifying asset totaling R$57,659 with an average rate of 1.27%. In the first quarter of 2012, R$60,929 was capitalized with an average rate of 1.14%), during the period of the construction.

(g) Construction margin

The Company acts as a primary responsible to construct and install the infrastructure related to the concession, using own efforts or hiring outsourcing services, receiving the risks and benefits.

However, the Company recognizes revenue from construction service corresponding to the cost of construction increased by margin. Generally, the constructions related to the concessions are performed by third parties, in such case, the margin of the Company is lower, normally, to cover eventual administration costs, and the responsibility of the primary risk. In the first quarters of 2013 and 2012, the margin was 2.3%.

Construction margins for the first quarters of 2013 and 2012 were R$9,647 and R$11,474, respectively.

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(h) Expropriations

As a result of the construction of priority projects related to water and sewage systems, the Company was required to expropriate or establish rights of way in third-parties' properties, and the owners of these properties will be compensated either amicably or through courts.

The assets received as a result of expropriations are recorded as concession intangible assets after the transaction is completed. On March 31, 2013, the total amount related to expropriations was R$3,832 (R$1,646 in March 2012).

(i) Assets pledged as guarantee

On March 31, 2013 and December 31, 2012, the Company had underlying physical assets totaling R$249,034 offered as guarantee to the request for the PAES (tax debt refinancing program) (Note 14).

(j) Public-Private Partnership (PPP)

The Company and CAB-Sistema Produtor Alto Tietê S.A., special purpose entity, formed by Galvão Engenharia S.A. and Companhia Águas do Brasil – Cab Ambiental, signed in June 2008 the contract of public-private-partnership of Alto Tietê production system.

The contract last 15 years which purpose is to expand the capacity of treated water of Taiaçupeba from 10 thousand to 15 thousand of liters per second, whose operation began in October 2011.

On March 31, 2013 and December 31, 2012, the amount recognized as intangible asset related to this PPP was R$410,134 and R$426,791, respectively.

(k) Works in progress

The amount of R$5.3 billion is recorded as intangible assets from works in progress on March 31, 2013 (R$5.1 billion on December 31, 2012).

(l) Amortization of intangible assets

The amortization average rate was 4.0% on March 31, 2013 (4.1% in March 2012).

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12. PROPERTY, PLANT AND EQUIPMENT

(a) Balances

	March 31, 2013			December 31, 2012 Restated		
	Cost	**Accumulated depreciation**	**Net**	**Cost**	**Accumulated depreciation**	**Net**
Land	88,328	-	88,328	88,328	-	88,328
Buildings	56,339	(31,106)	25,233	56,339	(30,778)	25,561
Equipment	193,642	(126,100)	67,542	191,202	(121,569)	69,633
Transportation equipment	14,606	(7,033)	7,573	13,882	(7,267)	6,615
Furniture and fixtures	16,332	(10,089)	6,243	16,203	(10,016)	6,187
Other	1,048	(681)	367	1,109	(723)	386
	370,295	(175,009)	195,286	367,063	(170,353)	196,710

(b) Changes

December 31, 2012	Write-offs and	March 31, 2013

	Restated	Additions	Transfer	disposals	Depreciation	
Land	88,328	-	-	-	-	88,328
Buildings	25,561	-	-	-	(328)	25,233
Equipment	69,633	2,880	(36)	(22)	(4,913)	67,542
Transportation equipment	6,615	1,157	45	-	(244)	7,573
Furniture and fixtures	6,187	296	(38)	(25)	(177)	6,243
Other	386	-	(12)	-	(7)	367
	196,710	4,333	(41)	(47)	(5,669)	195,286

(c) Depreciation

The Company revises annually the estimated useful lives of: buildings - 2%; equipment - 5%; transportation equipment - 10% and furniture and fixture - 6.7%. Land is not depreciated.

The depreciation average rate in the first quarters of 2013 and 2012 were 10.8% and 10.8%, respectively.

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13. LOANS AND FINANCING

Outstanding balance of loans and financing

	March 31, 2013			December 31, 2012 Restated		
Financial institutions	**Current**	**Noncurrent**	**Total**	**Current**	**Noncurrent**	**Total**
DOMESTIC CURRENCY						