

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

December 06, 2013

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

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**FORM 6-K**

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

**For December 6, 2013**  
**(Commission File No. 1-31317)**

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

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

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

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

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

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

**Version:**  
**1**

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**Version:  
1**

**Company Information / Capital Breakdown**

<b>Number of Shares</b>	<b>Current Quarter</b>
<b>(Units)</b>	<b>9/30/2013</b>
<b>Paid-in Capital</b>	
<b>Common</b>	683,509,869
<b>Preferred</b>	0
<b>Total</b>	683,509,869
<b>Treasury Shares</b>	
<b>Common</b>	0
<b>Preferred</b>	0
<b>Total</b>	0

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**Version:**  
**1**

**Company Information / Cash Proceeds**

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

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter</b>	<b>Previous Year</b>
		<b>9/30/2013</b>	<b>12/31/2012</b>
1	Total Assets	27,560,792	26,476,097
1.01	Current Assets	3,129,492	3,330,598
1.01.01	Cash and Cash Equivalents	1,828,770	1,915,974
1.01.03	Accounts Receivable	1,152,737	1,148,218
1.01.03.01	Trade Accounts Receivable	1,022,812	1,038,945
1.01.03.02	Other Accounts Receivable	129,925	109,273
1.01.03.02.01	Balances with Related Parties	129,925	109,273
1.01.04	Inventories	45,747	53,028
1.01.06	Recoverable Taxes	15,700	118,421
1.01.06.01	Current Recoverable Taxes	15,700	118,421
1.01.08	Other Current Assets	86,538	94,957
1.01.08.03	Other	86,538	94,957
1.01.08.03.01	Restricted Cash	10,473	64,977
1.01.08.03.20	Other Accounts Receivable	76,065	29,980
1.02	Noncurrent Assets	24,431,300	23,145,499
1.02.01	Long-Term Assets	893,759	906,391
1.02.01.03	Accounts Receivable	374,039	335,687
1.02.01.03.01	Trade Accounts Receivable	374,039	335,687
1.02.01.06	Deferred Taxes	141,625	145,302
	Deferred Income Tax and Social		
1.02.01.06.01	Contribution	141,625	145,302
1.02.01.08	Receivables from Related Parties	126,413	153,098
	Receivables from Controlling		
1.02.01.08.03	Shareholders	126,413	153,098
1.02.01.09	Other Noncurrent Assets	251,682	272,304
1.02.01.09.04	Escrow Deposits	50,537	53,158
1.02.01.09.05	ANA – National Water Agency	104,967	108,099
1.02.01.09.20	Other Accounts Receivable	96,178	111,047
1.02.02	Investments	76,714	74,872

1.02.02.01	Shareholdings	22,675	20,826
1.02.02.01.04	Other Shareholdings	22,675	20,826
1.02.02.02	Investment Properties	54,039	54,046
1.02.03	Property, Plant and Equipment	185,160	196,710
1.02.04	Intangible Assets	23,275,667	21,967,526
1.02.04.01	Intangible Assets	23,275,667	21,967,526
1.02.04.01.01	Concession Contracts	8,094,825	8,006,130
1.02.04.01.02	Program Contracts	5,154,483	4,390,263
1.02.04.01.03	Service Contracts	9,905,339	9,568,487
1.02.04.01.04	Software License	121,020	2,646

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**ITR — Quarterly Information Form – September 30, 2013 – CIA SANEAMENTO BÁSICO  
ESTADO SÃO PAULO**Version:  
1****Parent Company Financial Statements/Statement of Financial Position – Liabilities****(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter</b>	<b>Previous Year</b>
		<b>9/30/2013</b>	<b>12/31/2012</b>
2	Total Liabilities	27,560,792	26,476,097
2.01	Current Liabilities	2,716,136	3,758,189
2.01.01	Labor and Pension Plan Liabilities	354,514	267,332
2.01.01.01	Pension Plan Liabilities	21,963	35,188
2.01.01.02	Labor Liabilities	332,551	232,144
2.01.02	Trade Accounts Payable	217,658	295,392
2.01.02.01	Domestic Suppliers	217,658	295,392
2.01.03	Tax Liabilities	231,167	152,710
2.01.03.01	Federal Tax Liabilities	225,828	147,013
2.01.03.01.01	Income Tax and Social Contribution Payable PIS-PASEP and COFINS (taxes on revenue)	137,749	0
2.01.03.01.02	Payable	40,985	46,576
2.01.03.01.03	INSS (social security contribution) Payable	29,791	29,401
2.01.03.01.04	Installment Program - Law 10684/03	0	19,011
2.01.03.01.20	Other Federal Taxes	17,303	52,025
2.01.03.03	Municipal Taxes Liabilities	5,339	5,697
2.01.04	Loans and Financing	705,971	1,342,594
2.01.04.01	Loans and Financing	655,457	833,635
2.01.04.01.01	In Domestic Currency	429,207	635,968
2.01.04.01.02	In Foreign Currency	226,250	197,667
2.01.04.02	Debentures	50,514	508,959
2.01.05	Other Liabilities	595,962	1,135,078
2.01.05.01	Payables Related Parties	1,772	958
2.01.05.01.03	Payables to Controlling Shareholders	1,772	958
2.01.05.02	Other	594,190	1,134,120
2.01.05.02.01	Dividends and Interest on Equity Payable	130	414,355
2.01.05.02.04	Services Payable	303,688	389,091
2.01.05.02.05	Refundable Amounts	34,893	42,479
2.01.05.02.06	Program Contract Commitments	158,261	148,220

2.01.05.02.07	Private Public Partnership – PPP	13,759	24,357
2.01.05.02.09	Indemnities	16,640	8,697
2.01.05.02.20	Other Payables	66,819	106,921
2.01.06	Provisions Tax, Social Security, Labor and Civil	610,864	565,083
2.01.06.01	Provisions	109,404	112,119
2.01.06.01.01	Tax Provisions	6,643	9,912
2.01.06.01.02	Social Security and Labor Provisions	64,638	59,868
2.01.06.01.04	Civil Provisions	38,123	42,339
2.01.06.02	Other Provisions	501,460	452,964
2.01.06.02.03	Provisions for Environmental	42,404	11,586
2.01.06.02.04	Provisions for Customers	366,927	355,520
2.01.06.02.05	Provisions for Suppliers	92,129	85,858
2.02	Non-Current Liabilities	12,335,261	11,461,146
2.02.01	Loans and Financing	8,379,212	7,532,661
2.02.01.01	Loans and Financing	5,037,410	4,669,478

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

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

<b>Code</b>	<b>Description</b>	<b>Current Quarter</b>	<b>Previous Year</b>
		<b>9/30/2013</b>	<b>12/31/2012</b>
2.02.01.01.01	In Domestic Currency	1,713,375	1,651,384
2.02.01.01.02	In Foreign Currency	3,324,035	3,018,094
2.02.01.02	Debentures	3,341,802	2,863,183
2.02.02	Other Payables	3,396,421	3,304,414
2.02.02.02	Other	3,396,421	3,304,414
2.02.02.02.04	Pension Plan Liabilities	2,680,300	2,592,550
2.02.02.02.05	Program Contract Commitments	97,880	87,407
2.02.02.02.06	Private Public Partnership – PPP	332,304	331,960
2.02.02.02.07	Indemnities	8,057	17,577
2.02.02.02.08	TAC – Retirees	39,748	36,804
2.02.02.02.09	Deferred COFINS and PASEP	127,944	123,731
2.02.02.02.20	Other Payables	110,188	114,385
2.02.04	Provisions	559,628	624,071
2.02.04.01	Tax, Pension Plan, Labor and Civil Provisions	230,957	292,198
2.02.04.01.01	Tax Provisions	57,785	58,173
2.02.04.01.02	Pension Plan and Labor Provisions	83,988	111,830
2.02.04.01.04	Civil Provisions	89,184	122,195
2.02.04.02	Other Provisions	328,671	331,873
2.02.04.02.03	Provisions for Environmental	138,401	136,839
2.02.04.02.04	Provisions for Customers	159,132	165,735
2.02.04.02.05	Provisions for Suppliers	31,138	29,299

2.03	Equity	12,509,395	11,256,762
2.03.01	Paid-Up Capital	6,203,688	6,203,688
2.03.02	Capital Reserves	124,255	124,255
2.03.02.07	Projects Support	108,475	108,475
2.03.02.08	Incentive Reserves	15,780	15,780
2.03.04	Profit Reserve	5,307,433	5,387,634
2.03.04.01	Legal Reserve	616,814	616,814
2.03.04.08	Additional Dividend Proposed	0	80,201
2.03.04.10	Reserve for Investments	4,690,619	4,690,619
2.03.05	Retained Earnings/Accumulated Losses	1,332,834	0
2.03.08	Other Comprehensive Income	-458,815	-458,815

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

Code	Description	Current	YTD Current	Same Quarter	YTD Previous
		Quarter	Year	Previous Year	Year
		7/1/2013 to	1/1/2013 to	7/1/2012 to	1/1/2012 to
		9/30/2013	9/30/2013	9/30/2012	9/30/2012
	Revenue from Sales and/or				
3.01	Services	2,772,359	8,213,681	2,710,985	7,763,716
3.02	Cost of Sales and/or Services	-1,642,196	-4,911,007	-1,592,348	-4,656,557
3.02.01	Cost of Sales and/or Services	-1,102,743	-3,242,363	-993,171	-2,952,507
3.02.02	Construction Cost	-539,453	-1,668,644	-599,177	-1,704,050
3.03	Gross Profit	1,130,163	3,302,674	1,118,637	3,107,159
3.04	Operating Income/Expenses	-284,880	-1,006,084	-456,398	-1,094,916
3.04.01	Selling Expenses	-171,264	-477,270	-188,892	-528,182
	General and Administrative				
3.04.02	Expenses	-127,092	-552,372	-207,387	-530,417
3.04.04	Other Operating Income	16,531	40,749	14,528	48,009
3.04.04.01	Other Operating Income	19,077	46,095	16,114	53,341
3.04.04.02	COFINS and PASEP	-2,546	-5,346	-1,586	-5,332
3.04.05	Other Operating Expenses	-4,792	-18,667	-74,061	-80,683
	Loss on Write-off of Property,				
3.04.05.01	Plant and Equipment Items	-2,634	-8,067	-73	-1,881
3.04.05.03	Tax Incentives	-2,068	-10,354	-3,730	-8,417
3.04.05.04	Provision for Asset Impairment	0	0	-35,127	-35,127
3.04.05.05	Provision for Inventory Losses	0	0	-35,087	-35,087
3.04.05.20	Other	-90	-246	-44	-171
	Equity in the Earnings				
3.04.06	(Losses) of Subsidiaries	1,737	1,476	-586	-3,643
	Income Before Financial				
3.05	Result and Taxes	845,283	2,296,590	662,239	2,012,243
3.06	Financial Result	-119,936	-299,884	-109,293	-395,657
3.06.01	Finance Income	74,983	269,640	68,232	226,644
3.06.01.01	Finance Income	74,967	269,409	68,282	226,749

3.06.01.02 Foreign Exchange Gains	16	231	-50	-105
3.06.02 Finance Expenses	-194,919	-569,524	-177,525	-622,301
3.06.02.01 Finance Expenses	-108,287	-410,811	-154,450	-476,759
3.06.02.02 Foreign Exchange Losses	-86,632	-158,713	-23,075	-145,542

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ESTADO SÃO PAULO**Version:**  
**1****Parent Company Financial Statements / Statement of Income****(R\$ thousand)**

Code	Description	Current Quarter 7/1/2013 to 9/30/2013	YTD Current Year	Same Quarter Previous Year	YTD Previous Year
			1/1/2013 to 9/30/2013	7/1/2012 to 9/30/2012	1/1/2012 to 9/30/2012
3.07	Earnings Before Income Tax	725,347	1,996,706	552,946	1,616,586
3.08	Income Tax and Social Contribution	-250,383	-663,872	-191,182	-470,098
3.08.01	Current	-256,336	-660,195	-240,126	-479,581
3.08.02	Deferred	5,953	-3,677	48,944	9,483
3.09	Net Result from Continued Operations	474,964	1,332,834	361,764	1,146,488
3.11	Profit/Loss for the Period	474,964	1,332,834	361,764	1,146,488
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Share	0.69489	1.94999	0.52927	1.67736
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Share	0.69489	1.94999	0.52927	1.67736

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**1****Parent Company Financial Statements / Statement of Comprehensive Income****(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Current Quarter 7/1/2013 to 9/30/2013</b>	<b>YTD Current</b>		<b>YTD Previous</b>
			<b>Year</b>	<b>Same Quarter Previous 7/1/2012 to 9/30/2012</b>	<b>Year 1/1/2012 to 9/30/2012</b>
4.01	Net Income for the Period	474,964	1,332,834	361,764	1,146,488
4.03	Comprehensive Income for the Period	474,964	1,332,834	361,764	1,146,488

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

<b>Code</b>	<b>Description</b>	<b>YTD Current Year 1/1/2013 to 9/30/2013</b>	<b>YTD Previous Year 1/1/2012 to 9/30/2012</b>
6.01	Net Cash from Operating Activities	2,157,978	1,847,791
6.01.01	Cash from Operations	3,315,346	3,263,693
	Net Income Before Income Tax and Social		
6.01.01.01	Contribution	1,996,706	1,616,586
	Provision and Inflation Adjustments on		
6.01.01.02	Provisions	154,444	231,150
6.01.01.04	Financial Charges from Customers	-167,665	-114,613
	Residual Value of Written-Off Property, Plant and		
6.01.01.05	Equipment	8,067	2,129
6.01.01.06	Depreciation and Amortization	600,309	543,702
6.01.01.07	Interest on Loans and Financing Payable	276,654	306,742
6.01.01.08	Monetary and Foreign Exchange Variation on		
	Loans and Financing	207,776	169,399
6.01.01.09	Interest and Monetary Variation on Liabilities	17,458	1,147
6.01.01.10	Interest and Monetary Variation in Assets	-8,023	-9,919
6.01.01.11	Allowance for Doubtful Accounts	83,924	304,011
6.01.01.12	Provision for Consent Decree (TAC)	17,314	24,482
6.01.01.13	Equity in the Earnings of Subsidiaries	-1,476	3,643
6.01.01.14	Provision for Sabesprev Mais	7,383	-6,522
6.01.01.15	Other Provisions/Reversals	-34,975	1,186
	Transfer of Funds to São Paulo Municipal		
6.01.01.16	Government	-4,612	-4,080
6.01.01.17	Gross Margin over Intangible Assets Resulting		
	from Concession Contracts	-35,170	-36,919
6.01.01.18	Pension Plan Liabilities	197,232	161,355
6.01.01.20	Other Adjustments	0	70,214
6.01.02	Changes in Assets and Liabilities	-376,447	-657,140

6.01.02.01	Trade Accounts Receivable	64,955	-81,138
6.01.02.02	Balances and Transactions with Related Parties	10,623	50,582
6.01.02.03	Inventories	7,034	4,791
6.01.02.04	Recoverable Taxes	0	-27,229
6.01.02.05	Other Accounts Receivable	-28,084	-95,741
6.01.02.06	Escrow Deposits	2,621	-150,326
6.01.02.08	Contractors and Suppliers	-39,694	-28,618
6.01.02.09	Payroll, Provisions and Social Contribution	87,182	48,832
6.01.02.10	Pension Plan Liabilities	-109,482	-98,573
6.01.02.11	Taxes and Contributions Payable	-88,897	-76,930
6.01.02.12	Services Received	-85,403	-4,434
6.01.02.13	Other Liabilities	-28,409	85,326
6.01.02.14	Provisions	-173,106	-285,624
6.01.02.15	Deferred COFINS/PASEP	4,213	1,942
6.01.03	Other	-780,921	-758,762

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

<b>Code</b>	<b>Description</b>	<b>YTD Current Year</b>	<b>YTD Previous Year</b>
		<b>1/1/2013 to 9/30/2013</b>	<b>1/1/2012 to 9/30/2012</b>
6.01.03.01	Interest Paid	-394,918	-471,168
6.01.03.02	Income Tax and Social Contribution Paid	-386,003	-287,594
6.02	Net Cash from Investing Activities	-1,503,878	-1,330,861
6.02.01	Acquisition of Property, Plant and Equipment	-11,560	-12,305
6.02.02	Increase in Intangible Assets	-1,546,449	-1,342,180
6.02.03	Increase (Decrease) in Investment	-373	-5,092
6.02.04	Restricted Cash	54,504	28,716
6.03	Net Cash from Financing Activities	-741,304	-892,696
6.03.01	Funding – Loans	1,391,619	995,442
6.03.02	Amortization of Loans	-1,590,430	-1,350,366
6.03.03	Payment of Interest on Equity	-498,669	-537,772
6.03.04	Public-Private Partnership – PPP	-10,254	0
6.03.05	Program Contract - Commitments	-33,570	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-87,204	-375,766
6.05.01	Opening Cash and Cash Equivalents	1,915,974	2,142,079
6.05.02	Closing Cash and Cash Equivalents	1,828,770	1,766,313

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ESTADO SÃO PAULO**Version:  
1****Parent Company Financial Statements/Statement of Changes in Equity – 1/1/2013 to 9/30/2013****(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up Capital</b>	<b>Capital Reserves, Options Granted and Treasury Shares</b>	<b>Profit Reserves</b>	<b>Retained Earnings/ Accumulated Losses</b>	<b>Other Comprehensive Income</b>	<b>Total Equity</b>
5.01	Opening Balances	6,203,688	124,255	5,387,634	0	-458,815	11,256,762
5.03	Restated Opening Balances	6,203,688	124,255	5,387,634	0	-458,815	11,256,762
5.04	Capital Transactions with Partners	0	0	-80,201	0	0	-80,201
5.04.08	Additional Dividends Approved	0	0	-80,201	0	0	-80,201
5.05	Total Comprehensive Income	0	0	0	1,332,834	0	1,332,834
5.05.01	Net Income for the Period	0	0	0	1,332,834	0	1,332,834
5.07	Closing Balances	6,203,688	124,255	5,307,433	1,332,834	-458,815	12,509,395

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**1****Parent Company Financial Statements/Statement of Changes in Equity— 1/1/2012 to 9/30/2012****(R\$ thousand)**

<b>Code</b>	<b>Description</b>	<b>Paid-up Capital</b>	<b>Capital Reserves, Options Granted and Treasury Shares</b>	<b>Profit Reserves</b>	<b>Retained Earnings/ Accumulated Losses</b>	<b>Other Comprehensive Income</b>	<b>Total Equity</b>
5.01	Opening Balances	6,203,688	124,255	4,217,953	0	-953	10,544,943
5.03	Restated Opening Balances	6,203,688	124,255	4,217,953	0	-953	10,544,943
5.04	Capital Transactions with Partners	0	0	-288,143	0	0	-288,143
5.04.08	Additional Dividends Approved	0	0	-288,143	0	0	-288,143
5.05	Total Comprehensive Income	0	0	0	1,146,488	0	1,146,488
5.05.01	Net Income for the Period	0	0	0	1,146,488	0	1,146,488
5.07	Closing Balances	6,203,688	124,255	3,929,810	1,146,488	-953	11,403,288

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

<b>Code</b>	<b>Description</b>	<b>YTD Current</b>	<b>YTD Previous</b>
		<b>Year 1/1/2013 to 9/30/2013</b>	<b>Year 1/1/2012 to 9/30/2012</b>
7.01	Revenue	8,685,531	8,149,228
7.01.01	Operating Revenue	7,019,546	6,500,917
7.01.02	Other Revenue	46,095	53,341
7.01.03	Revenue from the Construction	1,703,814	1,740,969
7.01.04	Allowance for/Reversal of Doubtful Accounts	-83,924	-145,999
7.02	Inputs Acquired from Third Parties	-3,427,063	-3,398,090
7.02.01	Costs of Sales and Services	-2,930,336	-2,818,116
7.02.02	Materials, Energy, Outsourced Services and Other	-478,060	-499,291
7.02.04	Other	-18,667	-80,683
7.03	Gross Value Added	5,258,468	4,751,138
7.04	Retentions	-600,309	-543,702
7.04.01	Depreciation, Amortization and Depletion	-600,309	-543,702
7.05	Net Value Added Produced	4,658,159	4,207,436
7.06	Value Added Received through Transfer	271,116	223,001
7.06.01	Equity in the Earnings (Losses) of Joint Ventures	1,476	-3,643
7.06.02	Finance Income	269,640	226,644
7.07	Total Value Added to Distribute	4,929,275	4,430,437
7.08	Value Added Distribution	4,929,275	4,430,437
7.08.01	Personnel	1,310,712	1,148,828
7.08.01.01	Direct Compensation	876,532	774,184
7.08.01.02	Benefits	355,158	302,641
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	79,022	72,003
7.08.02	Taxes and Contributions	1,501,986	1,241,548
7.08.02.01	Federal	1,429,291	1,176,037

7.08.02.02	State	42,733	38,764
7.08.02.03	Municipal	29,962	26,747
7.08.03	Value Distributed to Providers of Capital	783,743	893,573
7.08.03.01	Interest	733,499	847,571
7.08.03.02	Rental	50,244	46,002
7.08.04	Value Distributed to Shareholders	1,332,834	1,146,488
7.08.04.03	Retained Earnings/Accumulated Loss for the Period	1,332,834	1,146,488

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

	<i>R\$ million</i>							
(+) Gross operating revenue	2,393.2	130.3	5.8	6,500.9	7,019.6	518.7	8.0	-
(+) Construction revenue	551.4	(60.9)	(9.9)	1,741.0	1,703.8	(37.2)	(2.1)	-
(-) COFINS and PASEP taxes	172.2	8.0	4.9	478.2	509.7	31.5	6.6	-
(=) Net operating revenue	2,772.4	61.4	2.3	7,763.7	8,213.7	450.0	5.8	-
(-) Costs and expenses	1,401.0	11.6	0.8	4,011.7	4,272.0	260.3	6.5	-
(-) Construction costs	539.5	(59.7)	(10.0)	1,704.1	1,668.6	(35.5)	(2.1)	-
(+) Equity result	1.7	2.3	(383.3)	(3.6)	1.5	5.1	(141.7)	-
(+) Other operating revenues/expenses	11.7	71.2	(119.7)	(32.7)	22.1	54.8	(167.6)	-
(=) Earnings before financial result, income tax and social contrib.	845.3	183.0	27.6	2,012.2	2,296.7	284.5	14.1	-
(+) Net financial result	(119.9)	(10.6)	9.7	(395.6)	(299.9)	95.7	(24.2)	-
(=) Earnings before income tax and social contribution	725.4	172.4	31.2	1,616.6	1,996.8	380.2	23.5	-
(+) Income tax and social contribution	(250.4)	(59.2)	31.0	(470.1)	(663.9)	(193.8)	41.2	-
Net income	475.0	113.2	31.3	1,146.5	1,332.9	186.4	16.3	-
Earnings per share (R\$)	0.69			1.68	1.95			

**Adjusted EBITDA Reconciliation (Non-accounting measures)**

**R\$ million**

Net income	361.8	475.0	113.2	31.3	1,146.5	1,332.9	186.4	16.3
(+) Income tax and social contribution	191.2	250.4	59.2	31.0	470.1	663.9	193.8	41.2
(+) Net financial result	109.3	119.9	10.6	9.7	395.6	299.9	(95.7)	(24.2)
(+) Other operating revenues/expenses	59.5	(11.7)	(71.2)	(119.7)	32.7	(22.1)	(54.8)	(167.6)
(=) Earnings before financial result (EBIT)	721.8	833.6	111.8	15.5	2,044.9	2,274.6	229.7	11.2
(+) Depreciation and amortization	180.2	208.4	28.2	15.6	543.7	600.3	56.6	10.4
(=) Adjusted EBITDA*	902.0	1,042.0	140.0	15.5	2,588.6	2,874.9	286.3	11.1
(%) Adjusted EBITDA margin	33.3	37.6			33.3	35.0		

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

In 3Q13, net operating revenue reached R\$ 2.8 billion, a 2.3% growth compared to 3Q12.

Costs and expenses, including construction costs, dropped 2.4%, from R\$ 2.0 billion in 3Q12 to R\$ 1.9 billion in 3Q13.

EBIT grew 15.5%, from R\$ 721.8 million in 3Q12 to R\$ 833.6 million in 3Q13.

Adjusted EBITDA increased 15.5%, from R\$ 902.0 million in 3Q12 to R\$ 1,042.0 million in 3Q13.

The adjusted EBITDA margin moved from 33.3% in 3Q12 to 37.6% in 3Q13. Excluding construction revenues and construction costs, the adjusted EBITDA margin was 46.4% in 3Q13 (42.4% in 3Q12).

Net income grew 31.3%, from R\$ 361.8 million in 3Q12 to R\$ 475.0 million in 3Q13.

## 2. Gross operating revenue

Gross operating revenue from water supply and sewage collection grew from R\$ 2.3 billion in 3Q12 to R\$ 2.4 billion in 3Q13, an increase of R\$ 130.3 million or 5.8%.

The main factors that led to this variation were:

- Tariff adjustment of 5.15% since September 2012;
- The tariff repositioning index of 2.35% applied since April 2013; and
- Increase of 2.0% in the Company's total billed volume (1.9% in water and 2.1% in sewage).

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The less-than-expected growth was due to the conclusion of the implementation of TACE<sup>1</sup> services in municipalities in the interior region in 2Q12, which led to a decline in the number of days of unbilled water, decreasing the revenue estimated for June 2012. This reduced estimate caused a smaller reversal in July 2012, significantly affecting the variations presented in the periods analyzed.

Disregarding the non-recurring facts mentioned above, operating revenue increased approximately 10.0%.

**3. Construction revenue**

Construction revenue decreased R\$ 60.9 million or 9.9%, when compared to 3Q12. Despite the decrease recorded in the quarter over quarter comparison, year to date comparison recorded a slight 2.1% drop.

**4. Billed volume**

The following tables show the water and sewage billed volume per customer category and region in 3Q12, 3Q13, 9M12 and 9M13.

**WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER CUSTOMER CATEGORY - million m<sup>3</sup>**

Residencial	380.3	387.2	1.8	314.6	322.2	2.4	694.9	709.4	2.1
Commercial	43.6	43.8	0.5	40.4	40.7	0.7	84.0	84.5	0.6
Industrial	9.5	10.0	5.3	10.8	11.0	1.9	20.3	21.0	3.4
Public	14.4	13.8	(4.2)	11.2	10.7	(4.5)	25.6	24.5	(4.3)
<b>Total retail</b>	<b>447.8</b>	<b>454.8</b>	<b>1.6</b>	<b>377.0</b>	<b>384.6</b>	<b>2.0</b>	<b>824.8</b>	<b>839.4</b>	<b>1.8</b>
Wholesale	74.8	74.5	(0.4)	7.5	7.9	5.3	82.3	82.4	0.1

Reused water	0.1	3.2	-	-	-	-	0.1	3.2	-
<b>Total</b>	<b>522.7</b>	<b>532.5</b>	<b>1.9</b>	<b>384.5</b>	<b>392.5</b>	<b>2.1</b>	<b>907.2</b>	<b>925.0</b>	<b>2.0</b>
Residencial	1,136.4	1,159.9	2.1	936.9	962.1	2.7	2,073.3	2,122.0	2.3
Commercial	129.1	130.6	1.2	119.9	121.5	1.3	249.0	252.1	1.2
Industrial	28.4	29.3	3.2	31.7	33.3	5.0	60.1	62.6	4.2
Public	41.6	40.7	(2.2)	32.3	31.6	(2.2)	73.9	72.3	(2.2)
<b>Total retail</b>	<b>1,335.5</b>	<b>1,360.5</b>	<b>1.9</b>	<b>1,120.8</b>	<b>1,148.5</b>	<b>2.5</b>	<b>2,456.3</b>	<b>2,509.0</b>	<b>2.1</b>
Wholesale	221.8	223.5	0.8	21.0	22.7	8.1	242.8	246.2	1.4
Reused water	0.3	11.8	-	-	-	-	0.3	11.8	-
<b>Total</b>	<b>1,557.6</b>	<b>1,595.8</b>	<b>2.5</b>	<b>1,141.8</b>	<b>1,171.2</b>	<b>2.6</b>	<b>2,699.4</b>	<b>2,767.0</b>	<b>2.5</b>

**WATER AND SEWAGE BILLED VOLUME <sup>(1)</sup> PER REGION - million m<sup>3</sup>**

Metropolitan	296.6	300.9	1.4	252.9	257.0	1.6	549.5	557.9	1.5
Regional <sup>(2)</sup>	151.2	153.9	1.8	124.1	127.6	2.8	275.3	281.5	2.3
<b>Total retail</b>	<b>447.8</b>	<b>454.8</b>	<b>1.6</b>	<b>377.0</b>	<b>384.6</b>	<b>2.0</b>	<b>824.8</b>	<b>839.4</b>	<b>1.8</b>
Wholesale	74.8	74.5	(0.4)	7.5	7.9	5.3	82.3	82.4	0.1
Reused water	0.1	3.2	-	-	-	-	0.1	3.2	-
<b>Total</b>	<b>522.7</b>	<b>532.5</b>	<b>1.9</b>	<b>384.5</b>	<b>392.5</b>	<b>2.1</b>	<b>907.2</b>	<b>925.0</b>	<b>2.0</b>
Metropolitan	880.0	896.6	1.9	748.9	764.5	2.1	1,628.9	1,661.1	2.0
Regional <sup>(2)</sup>	455.5	463.9	1.8	371.9	384.0	3.3	827.4	847.9	2.5
<b>Total retail</b>	<b>1,335.5</b>	<b>1,360.5</b>	<b>1.9</b>	<b>1,120.8</b>	<b>1,148.5</b>	<b>2.5</b>	<b>2,456.3</b>	<b>2,509.0</b>	<b>2.1</b>
Wholesale	221.8	223.5	0.8	21.0	22.7	8.1	242.8	246.2	1.4
Reused water	0.3	11.8	-	-	-	-	0.3	11.8	-
<b>Total</b>	<b>1,557.6</b>	<b>1,595.8</b>	<b>2.5</b>	<b>1,141.8</b>	<b>1,171.2</b>	<b>2.6</b>	<b>2,699.4</b>	<b>2,767.0</b>	<b>2.5</b>

(1) Unaudited

(2) Including coast and countryside

<sup>1</sup> TACE (External Commercial Service Technician) – allows the metering and issuing of water and sewage bills immediately at the client's door. Consumers can ask questions more conveniently. The technician can also issue a copy of the bill, request repairs, provide water saving tips and make changes to the clients' registration.

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

In 3Q13, costs, administrative, selling and construction expenses, dropped 2.4% (R\$ 48.1 million). Excluding construction costs, total costs and expenses grew 0.8%. As a percentage of net revenue, cost and expenses decreased from 73.4% in 3Q12 to 70.0% in 3Q13.

	<i>R\$ million</i>							
Payroll and benefits	426.7	489.1	62.4	14.6	1,276.6	1,442.9	166.3	13.0
Supplies	46.1	48.8	2.7	5.9	129.8	142.4	12.6	9.7
Treatment supplies	39.1	63.6	24.5	62.7	135.1	183.7	48.6	36.0
Services	261.5	285.0	23.5	9.0	779.1	808.9	29.8	3.8
Electric power	144.8	133.1	(11.7)	(8.1)	442.8	410.9	(31.9)	(7.2)
General expenses	209.7	134.0	(75.7)	(36.1)	501.2	535.8	34.6	6.9
Tax expenses	10.7	11.3	0.6	5.6	56.8	63.2	6.4	11.3
<b>Sub-total</b>	<b>1,138.6</b>	<b>1,164.9</b>	<b>26.3</b>	<b>2.3</b>	<b>3,321.4</b>	<b>3,587.8</b>	<b>266.4</b>	<b>8.0</b>
Depreciation and amortization	180.2	208.4	28.2	15.6	543.7	600.3	56.6	10.4
Credit write-offs	70.6	27.7	(42.9)	(60.8)	146.0	83.9	(62.1)	(42.5)
<b>Sub-total</b>	<b>250.8</b>	<b>236.1</b>	<b>(14.7)</b>	<b>(5.9)</b>	<b>689.7</b>	<b>684.2</b>	<b>(5.5)</b>	<b>(0.8)</b>
<b>Costs and expenses</b>	<b>1,389.4</b>	<b>1,401.0</b>	<b>11.6</b>	<b>0.8</b>	<b>4,011.1</b>	<b>4,272.0</b>	<b>260.9</b>	<b>6.5</b>
Construction costs	599.2	539.5	(59.7)	(10.0)	1,704.1	1,668.6	(35.5)	(2.1)
<b>Costs, adm., selling and construction expenses</b>	<b>1,988.6</b>	<b>1,940.5</b>	<b>(48.1)</b>	<b>(2.4)</b>	<b>5,715.2</b>	<b>5,940.6</b>	<b>225.4</b>	<b>3.9</b>
% of net revenue	73.4	70.0			73.6	72.3		

## 5.1. Payroll and benefits

In 3Q13 payroll and benefits grew R\$ 62.4 million or 14.6%, from R\$ 426.7 million to R\$ 489.1 million, due to the following:

- 8.0% increase in wages since May 2013 and the implementation of the Company's new career and wage plan, with an impact of approximately R\$ 27.8 million;
- Provision referring to TAC (Conduct Adjustment Term) of retirees increased by R\$ 9.8 million, mainly due to the 8.0% wage adjustments since May 2013, and changes in the period;
- R\$ 9.7 million upturn in the provision for the Defined Benefit Plan, arising from changes in actuarial assumptions;
- R\$ 3.2 million increase in meal expenses, mainly due to the 13.6% adjustment on meal voucher in May 2013, settled in the collective bargaining agreement; and
- R\$ 2.4 million increase referring to the Profit Sharing Program, chiefly due to salary adjustment in May 2013, settled in the collective bargaining agreement, connected with the implementation of the Company's new job and salary plan.

## 5.2. Supplies

In 3Q13, expenses with supplies increased by R\$ 2.7 million or 5.9%, when compared to the previous year, from R\$ 46.1 million to R\$ 48.8 million, mostly due to preventive maintenance in several water and sewage systems, in the amount of R\$ 2.6 million.

## 5.3. Treatment supplies

Treatment supplies expenses in 3Q13 were R\$ 24.5 million or 62.7% higher than in 3Q12, from R\$ 39.1 million to R\$ 63.6 million. The main factors for this variation were:

- Increase of R\$ 6.9 million due to the higher consumption of activated carbon in the Taiaçupeba Water Treatment Station - WTS, due to the proliferation of algae in the system's reservoirs;

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- Increase of R\$ 6.2 million in expenses with aluminum polychloride and ammonium nitrate, mainly due to price adjustments;
- Increase of R\$ 2.0 million in the consumption of iron sulfate, especially at the Rio Grande WTS, due to higher turbidity seen in raw water;
- Higher consumption of hydrogen peroxide, increasing R\$ 1.7 million, as a result of the increase in consumption at the Taiaçupeba and Jundiaí WTS due to the proliferation of algae; and
- Higher chlorine consumption, with R\$ 1.5 million increase, mainly due to a greater need of disinfecting raw water in Baixo Cotia and Rodolfo WTSs, combined with adjustment made in the product price.

**5.4. Services**

In 3Q13 this item grew R\$ 23.5 million or 9.0%, from R\$ 261.5 million to R\$ 285.0 million. The main factors were:

- Increase of R\$ 12.5 million due to the reversion of provision with expenses in 3Q12, regarding the conclusion of the agreement settled with the Municipal Government of São Paulo; and
- Maintenance in the water and sewage network connections, in the amount of R\$ 6.6 million, due to the intensification of services in several areas of operation of the Company.

**5.5. Electric power**

This item decreased R\$ 11.7 million, or 8.1%, from R\$ 144.8 million in 3Q12 to R\$ 133.1 million in 3Q13, mainly due to the average decrease of 22.7% in the Tariff for the Use of Distribution System (TUSD), as a consequence of Provisional Presidential Decree 579/12 and Law 12,783/13.

## **5.6. General expenses**

R\$ 75.7 million or 36.1% decrease, from R\$ 209.7 million in 3Q12 to R\$ 134.0 million in 3Q13 chiefly due to the additional provision for labor risks in 3Q12, totaling R\$ 27.9 million referring to reversals made in 3Q13, provisions for environmental risks totaling R\$ 19.7 million and provision for civil risks totaling R\$ 14.8 million.

## **5.7. Depreciation and Amortization**

Depreciation and amortization increased R\$ 28.2 million or 15.6%, from R\$ 180.2 million in 3Q12 to R\$ 208.4 million in 3Q13, due to the transfer of works to the operating intangible asset, with a net increase of R\$ 2.1 billion.

## **5.8. Credit write-offs**

Credit write-offs decreased R\$ 42.9 million or 60.8%, from R\$ 70.6 million in 3Q12 to R\$ 27.7 million in 3Q13, chiefly due to the additional provision held in 3Q12, in the amount of R\$ 41.2 million.

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1****Comments on the Company's Performance****6. Other operating revenues/expenses**

Other operating revenues/expenses recorded a positive variation of R\$ 71.2 million, chiefly due to:

R\$ 69.3 million decrease in other operating expenses, chiefly due to: (i) indication of intangible assets recoverable value losses in 3Q12, totaling R\$ 35.1 million; and (ii) provision for intangible asset inventory losses in 3Q12, totaling R\$ 35.1 million.

**7. Net Financial expenses**

	<i>R\$ million</i>			
Financial expenses, net of revenues	(84.1)	(45.0)	39.1	(46.5)
Net monetary variation	(25.2)	(74.9)	(49.7)	197.2
<b>Net financial</b>	<b>(109.3)</b>	<b>(119.9)</b>	<b>(10.6)</b>	<b>9.7</b>

**7.1. Financial expenses, net of revenues**

	<i>R\$ million</i>			
Financial expenses				
Interest and charges on domestic loans and financing	75.0	63.0	(12.0)	(16.0)
Interest and charges on international loans and financing	22.5	18.7	(3.8)	(16.9)

Other financial expenses	41.2	22.9	(18.3)	(44.4)
<b>Total financial expenses</b>	<b>138.7</b>	<b>104.6</b>	<b>(34.1)</b>	<b>(24.6)</b>
Financial revenues	54.6	59.6	5.0	9.2
<b>Financial expenses, net of revenues</b>	<b>84.1</b>	<b>45.0</b>	<b>(39.1)</b>	<b>(46.5)</b>

### 7.1.1. Financial expenses

In 3Q13 financial expenses dropped R\$ 34.1 million, or 24.6%. The main reasons for this result were:

- Other financial expenses: decrease of R\$ 18.3 million due to the reversion of interest over provisions for lawsuits; and
- Decrease in R\$ 12.0 million in interest and charges on domestic loans and financing, due to the change in debt (issue of the 17<sup>th</sup> debenture in February 2013 and anticipation of the amortization of the 11<sup>th</sup> debenture balance).

### 7.1.2. Financial revenues

Financial revenues increased by R\$ 5.0 million due to the interest over installment agreements, and income from financial investment.

## 7.2. Monetary variation on assets and liabilities

	<i>R\$ million</i>			
Monetary variation on loans and financing	0.3	0.3	-	-
Currency exchange variation on loans and financing	23.1	86.7	63.6	275.3
Other monetary/exchange rate variation	15.4	3.4	(12.0)	(77.9)
<b>Monetary variation on liabilities</b>	<b>38.8</b>	<b>90.4</b>	<b>51.6</b>	<b>133.0</b>
Monetary variation on assets	13.6	15.5	1.9	14.0
<b>Net monetary variation</b>	<b>25.2</b>	<b>74.9</b>	<b>49.7</b>	<b>197.2</b>



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**Comments on the Company's Performance**

**7.2.1. Monetary variation on liabilities**

The effect on the monetary variation on liabilities in 3Q13 was R\$ 51.6 million higher than in 3Q12, specially:

- Increase of R\$ 63.6 million in exchange rate variation over loans and financing, mainly deriving from lower capitalization of these expenses in the intangible assets in 2013; and
- Decrease in other monetary/exchange variation in the amount of R\$ 12.0 million due to a higher provision for lawsuits in 3Q12, resulting in a decrease of R\$ 13.2 million in the period.

**7.2.2. Monetary variation on assets**

Monetary variation on assets increased by R\$ 1.7 million in 3Q13, chiefly due to updates on installments agreements.

**8. Income tax and social contribution**

Income tax and social contribution expenses increased by R\$ 59.2 million, due to increase in the tax basis in the period.

## 9. Operating indicators

The water loss ratio continues dropping and ended 3Q13 at 25%. It is worth mentioning that out of funds raised with JICA in early 2012, totaling approximately R\$ 1.5 billion, nearly R\$ 1 billion referring to the execution of services and Program management are in the final phase of contract. The remaining R\$ 500 million referring to the works will be used as of 2015.

Water connections <sup>(1)</sup>	7,627	7,833	2.7
Sewage connections <sup>(1)</sup>	6,073	6,278	3.4
Population directly served - water <sup>(2)</sup>	24.2	24.5	1.2
Population directly served - sewage <sup>(2)</sup>	20.9	21.3	1.9
Number of employees	14,666	15,097	2.9
Water volume produced <sup>(3)</sup>	2,285	2,273	(0.5)
Water losses (%)	25.8	25.0	(3.1)

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

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

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

(\*) Unaudited

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*(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, in a sustainable and competitive manner, with excellence in customer service.

On September 30, 2013, the Company operated water and sewage services in 364 municipalities of the State of São Paulo. The municipality of Mogi das Cruzes has two partial concession agreements, one agreement was renewed and the other one will expire. Most of these municipalities operations are based on 30-year concession agreements.

SABESP is not temporarily operating in some municipalities due to judicial orders under ongoing lawsuits: Iperó, Cajobi, Álvares Florense, Macatuba and Embaúba, whose carrying amount of these municipalities' intangible assets was R\$11,352 on September 30, 2013.

On September 30, 2013, a total of 62 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 September 30, 2013, a total of 265 program and metropolitan contracts were signed (258 contracts on December 31, 2012).

On September 30, 2013, the carrying amount of intangible assets used in the 62 concessions of the municipalities under negotiation totaled R\$5,893,872, accounting for 25.32% of total, and the related gross revenue totaled R\$1,394,501 in the nine-month period ended September 30, 2013, accounting for 15.99% of total.

The Company's operations are concentrated in the municipality of São Paulo, which represents 51.56% of the gross revenue on September 30, 2013 (51.39% in September 2012) and 42.56% of intangible assets (43.51% in December 2012).

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

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

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

In the municipality of Santos, in the Santos coast region, which has a significant population, the Company operates under an authorization by public deed, a situation similar to other municipalities in that region and in the Ribeira valley, where the Company started to operate after the merger of companies composing it. As of September 30, 2013 the carrying amount of the municipality of Santos’ intangible assets was R\$335,469 (R\$328,693 in December 2012) and gross revenue for the nine-month period ended September 30, 2013 was R\$182,983 (R\$165,512 in September 2012).

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

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

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

The Company's shares have been listed in the *Novo Mercado* (New Market) segment of BM&FBovespa (the São Paulo Stock Exchange) under the ticker symbol SBSP3 since April 2002 and on the New York Stock Exchange (NYSE) as American Depositary Receipts ("ADRs") Level III, under the ticker symbol SBS since May 2002. In 2007, SABESP joined the BM&FBovespa's Corporate Sustainability Index (ISE), which evidences its high level of commitment to the sustainable development and the social practices.

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 November 14, 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 September 30, 2013 was prepared based on CPC 21 – Interim Financial Reporting and the international standard IAS 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB), applicable to the preparation of the Quarterly Information Form– ITR, which are consistently presented with the standards issued by CVM. Therefore, this ITR considers the Circular Official Letter CVM/SNC/SEP 003 of April 28, 2011 which allows that entities report selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. The quarterly financial information for the period ended September 30, 2013, therefore, does not include all the notes and reporting required by the CPC (“Brazilian Accounting Pronouncements Committee”) for the annual financial statements and, accordingly, must be read together with the financial statements under CPC and IFRS for the year ended December 31, 2012.

**2.1 Accounting policies**

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

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

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

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

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

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

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

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

(b) Adoption of CPC 33 (R1)

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

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

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

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

standard:

	<b>December 31, 2012</b>	<b>Janu</b>
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 of 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

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