

COMPANHIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO-SABESP

Form 6-K

August 31, 2015

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 August 31, 2015
(Commission File No. 1-31317)

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

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

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

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

Form 20-F Form 40-F

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

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

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

Yes No

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

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Company Information / Capital Breakdown

Number of Shares (Units)	Current Quarter 6/30/2015
Paid-in Capital	
Common	683,509,869
Preferred	0
Total	683,509,869
Treasury Shares	
Common	0
Preferred	0
Total	0

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Company Information / Cash Proceeds

Event	Approval Proceeds	Date of Payment	Type of Share	Class of Share	Earnings per share (Reais / Share)
Board of Directors' Meeting	Interest on Shareholders' Equity	3/26/2015	6/29/2015	Common	0.36913

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

Code	Description	Current Quarter	Previous Year
		6/30/2015	12/31/2014
1	Total Assets	31,120,003	30,355,440
1.01	Current Assets	2,463,266	3,215,445
1.01.01	Cash and Cash Equivalents	803,031	1,722,991
1.01.03	Accounts Receivable	1,273,181	1,156,785
1.01.03.01	Trade Accounts Receivable	1,144,774	1,034,820
1.01.03.02	Other Accounts Receivable	128,407	121,965
1.01.03.02.01	Balances with Related Parties	128,407	121,965
1.01.04	Inventories	55,330	66,487
1.01.06	Recoverable Taxes	112,331	148,768
1.01.06.01	Current Recoverable Taxes	112,331	148,768
1.01.08	Other Current Assets	219,393	120,414
1.01.08.03	Other	219,393	120,414
1.01.08.03.01	Restricted Cash	20,171	19,750
1.01.08.03.02	Financial Asset Held for Trading	86,930	0
1.01.08.03.20	Other Accounts Receivable	112,292	100,664
1.02	Noncurrent Assets	28,656,737	27,139,995
1.02.01	Long-Term Assets	1,220,398	780,362
1.02.01.03	Accounts Receivable	165,243	189,458
1.02.01.03.01	Trade Accounts Receivable	165,243	189,458
1.02.01.06	Deferred Taxes	75,100	209,478
1.02.01.06.01	Deferred Income Tax and Social Contribution	75,100	209,478
1.02.01.08	Receivables from Related Parties	689,267	102,018
1.02.01.08.03	Receivables from Controlling Shareholders	689,267	102,018
1.02.01.09	Other Noncurrent Assets	290,788	279,408
1.02.01.09.04	Escrow Deposits	81,614	69,488
1.02.01.09.05	ANA – National Water Agency	127,855	122,634
1.02.01.09.20	Other Accounts Receivable	81,319	87,286
1.02.02	Investments	85,683	75,262
1.02.02.01	Shareholdings	24,134	21,223
1.02.02.01.04	Other Shareholdings	24,134	21,223
1.02.02.02	Investment Properties	61,549	54,039
1.02.03	Property, Plant and Equipment	307,434	304,845
1.02.04	Intangible Assets	27,043,222	25,979,526
1.02.04.01	Intangible Assets	27,043,222	25,979,526
1.02.04.01.01	Concession Contracts	8,653,155	8,650,531
1.02.04.01.02	Program Contracts	6,626,550	6,082,062
1.02.04.01.03	Service Contracts	11,471,117	10,986,386
1.02.04.01.04	Software License	292,400	260,547

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Parent Company's Financial Statements/Statement of Financial Position – Liabilities (R\$ thousands)

Code	Description	Current Quarter	Previous Year
		6/30/2015	12/31/2014
2	Total Liabilities	31,120,003	30,355,440
2.01	Current Liabilities	2,892,090	3,480,576
2.01.01	Labor and Social Security Liabilities	353,717	387,971
2.01.01.01	Social Security Liabilities	27,256	38,427
2.01.01.02	Labor Liabilities	326,461	349,544
2.01.02	Trade Accounts Payable	254,389	323,513
2.01.02.01	Domestic Suppliers	254,389	323,513
2.01.03	Tax Liabilities	70,590	74,138
2.01.03.01	Federal Tax Liabilities	62,739	64,209
2.01.03.01.02	PIS-PASEP and COFINS (taxes on revenue) Payable	17,345	0
2.01.03.01.03	INSS (social security contribution) Payable	35,376	33,324
2.01.03.01.20	Other Federal Taxes	10,018	30,885
2.01.03.02	State Taxes Liabilities	0	48
2.01.03.03	Municipal Taxes Liabilities	7,851	9,881
2.01.04	Loans and Financing	859,871	1,207,126
2.01.04.01	Loans and Financing	493,000	484,064
2.01.04.01.01	In Domestic Currency	215,319	245,384
2.01.04.01.02	In Foreign Currency	277,681	238,680
2.01.04.02	Debentures	357,164	714,065
2.01.04.03	Financing through finance lease	9,707	8,997
2.01.05	Other Liabilities	756,379	862,736
2.01.05.01	Payables to Related Parties	2,423	1,569
2.01.05.01.03	Payables to Controlling Shareholders	2,423	1,569
2.01.05.02	Other	753,956	861,167
2.01.05.02.01	Dividends and Interest on Equity Payable	126,887	214,523
2.01.05.02.04	Services Payable	302,680	318,973
2.01.05.02.05	Refundable Amounts	9,264	16,929
2.01.05.02.06	Program Contract Commitments	201,762	189,551
2.01.05.02.07	Private Public Partnership – PPP	38,977	38,047
2.01.05.02.09	Indemnities	9,875	10,516
2.01.05.02.20	Other Payables	64,511	72,628
2.01.06	Provisions	597,144	625,092
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	122,573	120,003
2.01.06.01.01	Tax Provisions	10,157	8,681
2.01.06.01.02	Social Security and Labor Provisions	44,105	48,340
2.01.06.01.04	Civil Provisions	68,311	62,982
2.01.06.02	Other Provisions	474,571	505,089
2.01.06.02.03		12,724	62,250

	Provisions for Environmental Liabilities and Decommissioning		
2.01.06.02.04	Provisions for Customers	393,907	382,937
2.01.06.02.05	Provisions for Suppliers	67,940	59,902
2.02	Non-Current Liabilities	14,290,019	13,570,461
2.02.01	Loans and Financing	10,231,564	9,578,641
2.02.01.01	Loans and Financing	6,553,578	5,718,135
2.02.01.01.01	In Domestic Currency	1,709,266	1,610,523
2.02.01.01.02	In Foreign Currency	4,844,312	4,107,612
2.02.01.02	Debentures	3,183,949	3,386,913

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Parent Company's Financial Statements/Statement of Financial Position – Liabilities (R\$ thousands)

Code	Description	Current Quarter	Previous Year
		6/30/2015	12/31/2014
2.02.01.03	Financing through finance lease	494,037	473,593
2.02.02	Other Payables	3,679,621	3,396,565
2.02.02.02	Other	3,679,621	3,396,565
2.02.02.02.04	Pension Plan Liabilities	2,810,893	2,729,598
2.02.02.02.05	Program Contract Commitments	41,790	18,208
2.02.02.02.06	Private Public Partnership – PPP	504,378	330,236
2.02.02.02.07	Indemnities	12,184	8,925
2.02.02.02.08	Labor Liabilities	17,223	23,498
2.02.02.02.09	Deferred COFINS and PASEP	131,135	129,351
2.02.02.02.20	Other Payables	162,018	156,749
2.02.04	Provisions	378,834	595,255
2.02.04.01	Tax, Pension Plan, Labor and Civil Provisions	251,263	285,197
2.02.04.01.01	Tax Provisions	48,589	46,873
2.02.04.01.02	Pension Plan and Labor Provisions	159,442	184,893
2.02.04.01.04	Civil Provisions	43,232	53,431
2.02.04.02	Other Provisions	127,571	310,058
2.02.04.02.03	Provisions for Environmental Liabilities and Decommissioning	63,922	163,347
2.02.04.02.04	Provisions for Customers	62,099	141,237
2.02.04.02.05	Provisions for Suppliers	1,550	5,474
2.03	Equity	13,937,894	13,304,403
2.03.01	Paid-Up Capital	10,000,000	10,000,000
2.03.04	Profit Reserve	3,672,149	3,694,151
2.03.04.01	Legal Reserves	758,141	758,141
2.03.04.08	Additional Dividend Proposed	0	22,002
2.03.04.10	Reserve for Investments	2,914,008	2,914,008
2.03.05	Retained Earnings/Accumulated Losses	655,493	0
2.03.06	Equity Valuation Adjustments	-389,748	-389,748

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Parent Company's Financial Statements/Statement of Income (R\$ thousands)

Code	Description	YTD		Same Quarter	
		Current Quarter	Current Year	Previous Year	YTD Previous Year
		4/1/2015 to 6/30/2015	1/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2014 to 6/30/2014
3.01	Revenue from Sales and/or Services	2,822,852	5,291,493	2,754,153	5,546,083
3.02	Cost of Sales and/or Services	-2,105,409	-3,864,086	-1,830,133	-3,508,850
3.02.01	Cost of Sales and/or Services	-1,220,186	-2,402,487	-1,165,916	-2,324,161
3.02.02	Construction Cost	-885,223	-1,461,599	-664,217	-1,184,689
3.03	Gross Profit	717,443	1,427,407	924,020	2,037,233
3.04	Operating Income/Expenses	-233,241	193,057	-479,678	-880,386
3.04.01	Selling Expenses	-146,971	-331,452	-215,232	-371,829
3.04.02	General and Administrative Expenses	-97,932	479,676	-269,704	-470,378
3.04.04	Other Operating Income	35,186	64,469	21,638	38,145
3.04.04.01	Other Operating Income	39,440	73,526	25,091	42,905
3.04.04.02	COFINS and PASEP	-4,254	-9,057	-3,453	-4,760
3.04.05	Other Operating Expenses	-23,409	-20,635	-16,429	-76,005
	Loss on Write-off of Property, Plant and	-7,539	762		
3.04.05.01	Equipment Items			-6,445	-52,092
3.04.05.03	Tax Incentives	-7,770	-7,770	-7,702	-8,567
3.04.05.04	Surplus Cost of Traded Electricity	-6,086	-11,618	0	0
	Provision for losses - Diadema and	0	0		
3.04.05.06	Saned			-1,967	-14,967
3.04.05.20	Other	-2,014	-2,009	-315	-379
	Equity in the Earnings (Losses) of	-115	999		
3.04.06	Investees			49	-319
	Income Before Financial Result and	484,202	1,620,464		
3.05	Taxes			444,342	1,156,847
3.06	Financial Result	155,392	-830,368	-21,577	5,942
3.06.01	Finance Income	125,390	229,778	84,607	181,115
3.06.01.01	Finance Income	125,342	229,171	84,875	181,727
3.06.01.02	Foreign Exchange Gains	48	607	-268	-612
3.06.02	Finance Expenses	30,002	-1,060,146	-106,184	-175,173
3.06.02.01	Finance Expenses	-178,911	-384,534	-190,409	-376,407
3.06.02.02	Foreign Exchange Losses	208,913	-675,612	84,225	201,234
3.07	Earnings Before Income Tax	639,594	790,096	422,765	1,162,789
3.08	Income Tax and Social Contribution	-302,279	-134,603	-120,343	-382,781
3.08.01	Current	-225	-225	-135,474	-412,191
3.08.02	Deferred	-302,054	-134,378	15,131	29,410
3.09	Net Result from Continued Operations	337,315	655,493	302,422	780,008
3.11	Profit/Loss for the Period	337,315	655,493	302,422	780,008

3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Share	0.49350	0.95901	0.44246	1.14118
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Share	0.49350	0.95901	0.44246	1.14118

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Parent Company's Financial Statements / Statement of Comprehensive Income

(R\$ thousands)

		Current Quarter	YTD Current Year	Same Quarter Previous Year	YTD Previous Year
		4/1/2015 to 6/30/2015	1/1/2015 to 6/30/2015	4/1/2014 to 6/30/2014	1/1/2014 to 6/30/2014
Code	Description				
4.01	Net Income for the Period	337,315	655,493	302,422	780,008
4.03	Comprehensive Income for the Period	337,315	655,493	302,422	780,008

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Parent Company's Financial Statements/Statement of Cash Flows – Indirect Method (R\$ thousands)

Code	Description	YTD Current Year	YTD Previous Year
		1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
6.01	Net Cash from Operating Activities	935,161	1,277,913
6.01.01	Cash from Operations	1,475,712	1,991,784
6.01.01.01	Profit Before Income Tax and Social Contribution	790,096	1,162,789
6.01.01.02	Provision and Inflation Adjustments on Provisions	-171,045	95,467
6.01.01.03	GESP Agreement	-696,283	0
6.01.01.04	Financial Charges from Customers	-111,328	-99,846
6.01.01.05	Residual Value of Written-off Property, Plant and Equipment and Intangible Assets	3,491	1,801
6.01.01.06	Depreciation and Amortization	537,395	482,852
6.01.01.07	Interest on Loans and Financing Payable	232,201	216,351
6.01.01.08	Monetary and Foreign Exchange Change on Loans and Financing	773,054	-139,278
6.01.01.09	Interest and Monetary Change on Liabilities	12,123	10,850
6.01.01.10	Interest and Monetary Change in Assets	-28,367	-5,626
6.01.01.11	Allowance for Doubtful Accounts	47,520	76,328
6.01.01.12	Provision for Consent Decree (TAC)	-43,148	23,986
6.01.01.13	Equity in the Earnings (Losses) of Investees	-999	319
6.01.01.14	Provision for Sabesprev Mais	4,605	3,515
6.01.01.15	Other Provisions/Reversals	-2,298	60,967
6.01.01.16	Transfer of Funds to São Paulo Municipal Government	-3,808	-18,051
6.01.01.17	Gross Margin over Intangible Assets Resulting from Concession Contracts	-31,627	-25,287
6.01.01.18	Pension Plan Liabilities	164,130	144,647
6.01.02	Changes in Assets and Liabilities	-133,788	-18,549
6.01.02.01	Trade Accounts Receivable	-18,269	262,977
6.01.02.02	Balances and Related Party Transactions	13,019	30,566
6.01.02.03	Inventories	11,045	-256
6.01.02.04	Recoverable Taxes	36,437	0
6.01.02.05	Other Accounts Receivable	-12,408	-39,123
6.01.02.06	Escrow Deposits	14,978	10,345
6.01.02.08	Contractors and Suppliers	-15,114	-18,357
6.01.02.09	Payroll, Provisions and Social Contribution	8,894	7,843
6.01.02.10	Pension Plan Liabilities	-82,835	-78,824

6.01.02.11	Taxes and Contributions Payable	11,317	-87,530
6.01.02.12	Services Received	-12,485	28,966
6.01.02.13	Other Liabilities	-16,827	-13,121
6.01.02.14	Provisions	-73,324	-123,598
6.01.02.15	Deferred COFINS/PASEP	1,784	1,563
6.01.03	Other	-406,763	-695,322
6.01.03.01	Interest Paid	-389,020	-307,106
6.01.03.02	Income Tax and Social Contribution Paid	-17,743	-388,216
6.02	Net Cash from Investing Activities	-1,209,437	-1,192,404
6.02.01	Acquisition of Property, Plant and Equipment	-14,784	-52,135
6.02.02	Acquisition of Intangible Assets	-1,196,001	-1,130,122
6.02.03	Increase in Investments	243	-17
6.02.04	Restricted Cash	-421	-10,130
6.02.05	Dividends received	1,526	0

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Parent Company's Financial Statements/Statement of Cash Flows – Indirect Method (R\$ thousands)

Code	Description	YTD Current Year	YTD Previous Year
		1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
6.03	Net Cash from Financing Activities	-645,684	-43,799
6.03.01	Funding – Loans	388,012	795,911
6.03.02	Amortization of Loans	-876,443	-326,390
6.03.03	Payment of Interest on Shareholders' Equity	-106,985	-467,439
6.03.04	Public-Private Partnership (PPP)	-11,333	-9,921
6.03.05	Program Contract Commitments	-38,935	-35,960
6.05	Increase (Decrease) in Cash and Cash Equivalents	-919,960	41,710
6.05.01	Opening Cash and Cash Equivalents	1,722,991	1,782,001
6.05.02	Closing Cash and Cash Equivalents	803,031	1,823,711

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**Parent Company's Financial Statements/Statement of Changes
in Equity - 1/1/2015 to 6/30/2015 (R\$ thousands)**

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Accumulated Losses	Other Comprehensive Income	Total Equity
5.01	Opening Balances	10,000,000	0	3,694,151	0	-389,748	13,304,403
5.03	Opening Balances	10,000,000	0	3,694,151	0	-389,748	13,304,403
5.04	Capital Transactions with Partners	0	0	-22,002	0	0	-22,002
5.04.08	Additional Dividends Approved	0	0	-22,002	0	0	-22,002
5.05	Total Comprehensive Income	0	0	0	655,493	0	655,493
5.05.01	Net Income for the Period	0	0	0	655,493	0	655,493
5.07	Closing Balances	10,000,000	0	3,672,149	655,493	-389,748	13,937,894

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Parent Company's Financial Statements/Statement of Changes in Equity - 1/1/2014 to 6/30/2014 (R\$ thousands)

Code	Description	Paid-up Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings/ Losses	Other Comprehensive Income	Total Equity
5.01	Opening Balances	6,203,688	124,255	6,736,389	0	-133,531	12,930,801
5.03	Opening Balances	6,203,688	124,255	6,736,389	0	-133,531	12,930,801
5.04	Capital Transactions with Partners	0	0	-42,862	0	0	-42,862
5.04.08	Additional Dividends Approved	0	0	-42,862	0	0	-42,862
5.05	Total Comprehensive Income	0	0	0	780,008	0	780,008
5.05.01	Net Income for the Period	0	0	0	780,008	0	780,008
5.06	Internal Changes in the Shareholders' Equity	3,796,312	-124,255	-3,672,057	0	0	0
5.06.04	Capitalization of Reserves	3,796,312	-124,255	-3,672,057	0	0	0
5.07	Closing Balances	10,000,000	0	3,021,470	780,008	-133,531	13,667,947

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Parent Company's Financial Statements/Statement of Value Added (R\$ thousands)

PBRCode	Description	YTD Current Year	YTD Previous Year
		1/1/2015 to 6/30/2015	1/1/2014 to 6/30/2014
7.01	Revenue	5,570,966	5,845,001
7.01.01	Operating Revenue	4,051,734	4,668,448
7.01.02	Other Revenue	73,526	42,905
7.01.03	Revenue from Construction of Own Assets	1,493,226	1,209,976
7.01.04	Allowance for/Reversal of Doubtful Accounts	-47,520	-76,328
7.02	Inputs Acquired from Third Parties	-2,438,564	-2,566,871
7.02.01	Costs of Sales and Services	-2,292,127	-2,079,367
7.02.02	Materials, Energy, Outsourced Services and Other	-125,802	-411,499
7.02.04	Other	-20,635	-76,005
7.03	Gross Value Added	3,132,402	3,278,130
7.04	Retentions	-537,395	-482,852
7.04.01	Depreciation, Amortization and Depletion	-537,395	-482,852
7.05	Net Value Added Produced	2,595,007	2,795,278
7.06	Value Added Received through Transfer	927,060	180,796
7.06.01	Equity in the Earnings (Losses) of Investees	999	-319
7.06.02	Finance Income	229,778	181,115
7.06.03	Other	696,283	0
7.06.03.01	GESP Reimbursement – Benefits Paid	696,283	0
7.07	Total Value Added to Distribute	3,522,067	2,976,074
7.08	Value Added Distribution	3,522,067	2,976,074
7.08.01	Personnel	986,815	959,765
7.08.01.01	Direct Compensation	643,849	631,107
7.08.01.02	Benefits	276,472	254,575
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	66,494	74,083
7.08.02	Taxes and Contributions	630,092	948,275
7.08.02.01	Federal	581,662	897,965
7.08.02.02	State	33,262	35,867
7.08.02.03	Municipal	15,168	14,443
7.08.03	Value Distributed to Providers of Capital	1,249,667	288,026
7.08.03.01	Interest	1,208,167	249,891
7.08.03.02	Rental	41,500	38,135
7.08.04	Value Distributed to Shareholders	655,493	780,008
7.08.04.03		655,493	780,008

Retained Earnings/Accumulated Loss for
the Period

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

	R\$ million							
(+) Gross operating revenue	2,047.2	2,224.0	(176.8)	(7.9)	4,051.7	4,668.4	(616.7)	(13.2)
(+) Construction revenue	904.8	678.7	226.1	33.3	1,493.2	1,210.0	283.2	23.4
(-) COFINS and PASEP taxes	129.1	148.6	(19.5)	(13.1)	253.4	332.3	(78.9)	(23.7)
(=) Net operating revenue	2,822.9	2,754.1	68.8	2.5	5,291.5	5,546.1	(254.6)	(4.6)
(-) Costs and expenses	1,465.1	1,650.8	(185.7)	(11.2)	2,254.3	3,166.4	(912.1)	(28.8)
(-) Construction costs	885.2	664.2	221.0	33.3	1,461.6	1,184.7	276.9	23.4
(+) Equity result	(0.1)	-	(0.1)	-	1.0	(0.3)	1.3	(433.3)
(+) Other operating revenue/expenses, net	11.7	5.2	6.5	125.0	43.8	(37.8)	81.6	(215.9)
(=) Earnings before financial result, income tax and social contribution	484.2	444.3	39.9	9.0	1,620.4	1,156.9	463.5	40.1
(+) Financial result	155.4	(21.6)	177.0	(819.4)	(830.3)	5.9	(836.2)	n.m.
(=) Earnings before income tax and social contribution	639.6	422.7	216.9	51.3	790.1	1,162.8	(372.7)	(32.1)
(-) Income tax and social contribution	302.3	120.3	182.0	151.3	134.6	382.8	(248.2)	(64.8)
Net Income	337.3	302.4	34.9	11.5	655.5	780.0	(124.5)	(16.0)
Earnings per share* (R\$)	0.49	0.44			0.96	1.14		

* Total shares = 683,509,869

Adjusted EBITDA Reconciliation (Non-accounting measures)

	R\$ million							
Net income	337.3	302.4	34.9	11.5	655.5	780.0	(124.5)	(16.0)
(-) Income tax and social contribution	302.3	120.3	182.0	151.3	134.6	382.8	(248.2)	(64.8)
(+) Financial result	(155.4)	21.6	(177.0)	(819.4)	830.3	(5.9)	836.2	n.m.
	(11.7)	(5.2)	(6.5)	125.0	(43.8)	37.8	(81.6)	(215.9)

Adjusted EBITDA Reconciliation (Non-accounting measures)

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(+) Other operating revenues/expenses, net									
(=) Adjusted EBIT*	472.5	439.1	33.4	7.6	1,576.6	1,194.7	381.9	32.0	
(+) Depreciation and amortization	284.1	222.6	61.5	27.6	537.4	482.9	54.5	11.3	
(=) Adjusted EBITDA **	756.6	661.7	94.9	14.3	2,114.0	1,677.6	436.4	26.0	
(%) Adjusted EBITDA margin	26.8	24.0			40.0	30.2			

(*) Adjusted EBIT is net income before: (i) other operating revenues/expenses; (ii) financial result; and (iii) income tax and social contribution.

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

In 2Q15, net operating revenue, including construction revenue, reached R\$ 2.8 billion; a 2.5% increase compared to 2Q14.

Costs and expenses, including construction costs, totaled R\$ 2.4 billion, up by 1.5% compared to R\$ 2.3 billion recorded in 2Q14.

Adjusted EBIT, in the amount of R\$ 472.5 million, grew 7.6% from R\$ 439.1 million recorded in the same quarter of the previous year.

Adjusted EBITDA, in the amount of R\$ 756.6 million, increased 14.3% from R\$ 661.7 million recorded in 2Q14 (R\$ 3,355.1 million in the last 12 months).

The adjusted EBITDA margin was 26.8% in 2Q15, versus 24.0% in 2Q14 (30.6% in the last 12 months). Excluding construction revenues and construction costs, the adjusted EBITDA margin was 38.4% in 2Q15 (31.2% in 2Q14 and 42.4% in the last 12 months).

Net income totaled R\$ 337.3 million, 11.5% higher than R\$ 302.4 million recorded in 2Q14.

2. Gross operating revenue

Gross operating revenue from water and sewage, not including construction revenue, totaled R\$ 2.0 billion, a drop of R\$ 176.8 million or 7.9%, when compared to the R\$ 2.2 billion recorded in 2Q14.

The main factors that led to this variation were:

- Bonus granted within the Water Consumption Reduction Incentive Program, with a R\$ 231.0 million impact in 2Q15, versus the R\$ 88.1 million granted in 2Q14, leading to a decrease of 6.4% in gross operating revenue;
- Decrease of 7.5% in the Company's total billed volume (8.3% in water and 6.3% in sewage); and
- Decrease in the average billed price, due to the migration of clients to lower volume of consumption ranges.

Comments on the Company's Performance

The decline in gross operating revenue was mitigated by the application of contingency tariff, in the amount of R\$123.0 million, and by the application of the following adjustments:

- 6.5% repositioning tariff index since December 2014; and
- 15.2% tariff increase (7.8% ordinary tariff adjustment and 6.9% Extraordinary Tariff Revision) since June 2015, with a 1.5% impact in the quarter.

3. Construction revenue

Construction revenue increased R\$ 226.1 million or 33.3%, when compared to 2Q14. The variation was mainly due to higher investments in 2Q15.

4. Billed volume

The following tables show the water and sewage billed volume, quarter-on-quarter and semester-on-semester, per customer category and region.

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

Residential	358.0	382.0	(6.3)	301.3	319.2	(5.6)	659.3	701.2	(6.0)
Commercial	39.4	42.7	(7.7)	37.5	40.3	(6.9)	76.9	83.0	(7.3)
Industrial	8.0	9.9	(19.2)	9.7	10.9	(11.0)	17.7	20.8	(14.9)
Public	10.7	13.3	(19.5)	8.4	10.3	(18.4)	19.1	23.6	(19.1)
Total retail	416.1	447.9	(7.1)	356.9	380.7	(6.3)	773.0	828.6	(6.7)
Wholesale	52.4	63.1	(17.0)	5.9	6.6	(10.6)	58.3	69.7	(16.4)

Total	468.5	511.0	(8.3)	362.8	387.3	(6.3)	831.3	898.3	(7.5)
Residential	727.0	792.6	(8.3)	609.9	659.5	(7.5)	1,336.9	1,452.1	(7.9)
Commercial	79.9	87.7	(8.9)	75.6	82.3	(8.1)	155.5	170.0	(8.5)
Industrial	16.5	20.1	(17.9)	19.6	22.0	(10.9)	36.1	42.1	(14.3)
Public	21.2	27.1	(21.8)	16.5	20.9	(21.1)	37.7	48.0	(21.5)
Total retail	844.6	927.5	(8.9)	721.6	784.7	(8.0)	1,566.2	1,712.2	(8.5)
Wholesale	105.7	138.5	(23.7)	12.4	13.1	(5.3)	118.1	151.6	(22.1)
Total	950.3	1,066.0	(10.9)	734.0	797.8	(8.0)	1,684.3	1,863.8	(9.6)

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

Metropolitan	267.1	292.8	(8.8)	231.7	251.2	(7.8)	498.8	544.0	(8.3)
Regional ⁽²⁾	149.0	155.1	(3.9)	125.2	129.5	(3.3)	274.2	284.6	(3.7)
Total retail	416.1	447.9	(7.1)	356.9	380.7	(6.3)	773.0	828.6	(6.7)
Wholesale	52.4	63.1	(17.0)	5.9	6.6	(10.6)	58.3	69.7	(16.4)
Total	468.5	511.0	(8.3)	362.8	387.3	(6.3)	831.3	898.3	(7.5)
Metropolitan	535.0	601.9	(11.1)	462.6	514.1	(10.0)	997.6	1,116.0	(10.6)
Regional ⁽²⁾	309.6	325.6	(4.9)	259.0	270.6	(4.3)	568.6	596.2	(4.6)
Total retail	844.6	927.5	(8.9)	721.6	784.7	(8.0)	1,566.2	1,712.2	(8.5)
Wholesale	105.7	138.5	(23.7)	12.4	13.1	(5.3)	118.1	151.6	(22.1)
Total	950.3	1,066.0	(10.9)	734.0	797.8	(8.0)	1,684.3	1,863.8	(9.6)

(1) Unaudited

(2) Including coastal and interior region

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

In 2Q15, costs, administrative and selling expenses, grew 1.5% (R\$ 35.3 million). Excluding construction costs, total costs and expenses dropped 11.2%. As a percentage of net revenue, cost and expenses were 84.1% in 2Q14 and 83.3% in 2Q15.

R\$ million

Payroll and benefits	528.8	551.4	(22.6)	(4.1)	1,063.4	1,048.1	15.3	1.5
Supplies	43.1	46.9	(3.8)	(8.1)	91.7	94.1	(2.4)	(2.6)
Treatment supplies	63.6	64.6	(1.0)	(1.5)	135.9	134.3	1.6	1.2
Services	270.0	351.6	(81.6)	(23.2)	566.0	666.2	(100.2)	(15.0)
Electric power	208.3	144.5	63.8	44.2	367.4	284.5	82.9	29.1
General expenses	48.7	190.0	(141.3)	(74.4)	103.1	342.7	(239.6)	(69.9)
Tax expenses	18.3	17.6	0.7	4.0	38.2	37.3	0.9	2.4
São Paulo state government reimbursement	-	-	-	-	(696.3)	-	(696.3)	-
Sub-total	1,180.8	1,366.6	(185.8)	(13.6)	1,669.4	2,607.2	(937.8)	(36.0)
Depreciation and amortization	284.1	222.6	61.5	27.6	537.4	482.9	54.5	11.3
Credit write-offs	0.2	61.6	(61.4)	(99.7)	47.5	76.3	(28.8)	(37.7)
Sub-total	284.3	284.2	0.1	0.0	584.9	559.2	25.7	4.6
Costs and expenses	1,465.1	1,650.8	(185.7)	(11.2)	2,254.3	3,166.4	(912.1)	(28.8)
Construction costs	885.2	664.2	221.0	33.3	1,461.6	1,184.7	276.9	23.4
Costs, adm., selling and construction expenses	2,350.3	2,315.0	35.3	1.5	3,715.9	4,351.1	(635.2)	(14.6)
% of net revenue	83.3	84.1			70.2	78.5		

5.1. Payroll and benefits

In 2Q15 payroll and benefits dropped R\$ 22.6 million or 4.1%, due to the following:

Adjusted EBITDA Reconciliation (Non-accounting measures)

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- R\$ 15.9 million in provisions for severance payments (TAC); and
- R\$ 10.7 million in expenses related to the Profit Sharing Program, due to a higher reversion of provision in 2Q15, as a result of achievements lower than the targets estimated for the period.

The average wage increase of 6.8%, since May 2014 and of 9.7% since May 2015 were offset by the 4.4% drop in the number of employees, that reduced from 14,799 in 2Q14 to 14,147 this quarter.

5.2. Supplies

In 2Q15, expenses with supplies decreased R\$ 3.8 million or 8.1%, from R\$ 46.9 million to R\$ 43.1 million, mostly due to lower use of materials in preventive and corrective maintenance in several water and sewage systems, thus, resulting in a reduction of R\$ 3.0 million.

5.3. Services

Services expenses, in the amount of R\$ 270.0 million, dropped R\$ 81.6 million or 23.2%, in comparison to R\$351.6 million in 2Q14. The main factors were:

- Advertising campaigns, in the amount of R\$ 38.3 million, mainly due to the intensification in 2Q14, for the rational use of water;
- Estimate of service expenses, totaling R\$ 22.1 million, especially due to the lower expense related to advertising campaigns in 2Q15; and
- Expenses with risk contracts for credit recovery, in the amount of R\$ 7.8 million.

5.4. Electric power

Electric power expenses totaled R\$ 208.3 million, an increase of R\$ 63.8 million or 44.2% in comparison to the R\$ 144.5 million in 2Q14, chiefly due to the following.

- Average increase of 82.0% in the regulated market tariffs (ACR), with a 10.3% decrease in consumption; and
- Average increase of 210.4% in the grid market tariffs (TUSD).

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Comments on the Company's Performance

The regulated market (ACR) accounts for 69.2% of the total electric power consumed by the Company, while the grid market represents 11.5% of total consumption.

5.5. General expenses

General expenses dropped R\$ 141.3 million or 74.4%, totaling R\$ 48.7 million, versus the R\$ 190.0 million recorded in 2Q14 mainly due to:

- R\$ 117.8 million decrease in the provision for lawsuits; and
- Lower provision for the Municipal Fund for Environmental Sanitation and Infrastructure, in the amount of R\$ 13.3 million, as a result of the decrease in revenues with the municipality of São Paulo.

5.6. Depreciation and amortization

R\$ 61.5 million increase or 27.6%, reaching R\$ 284.1 million in comparison to the R\$ 222.6 million recorded in 2Q14, mostly related to the addition intangible assets in operation.

5.7. Credit write-offs

Credit write-offs decreased R\$ 61.4 million, especially due to higher allowance for losses occurred in 2Q14, in municipalities served with water on wholesale basis.

6. Other operating revenues and expenses, net

Other net operational revenues and expenses reported an upturn of R\$ 6.5 million, mainly due to the gain from selling surplus energy in 2Q15, in the amount of R\$ 9.7 million.

7. Financial result

	<i>R\$ million</i>			
Financial expenses, net of revenues	(64.5)	(74.4)	9.9	(13.3)
Net monetary and exchange variation	219.9	52.8	167.1	316.5
Financial result	155.4	(21.6)	177.0	(819.4)

7.1. Financial revenues and expenses

	<i>R\$ million</i>			
Financial expenses				
Interest and charges on international loans and financing	(25.1)	(23.1)	(2.0)	8.7
Interest and charges on domestic loans and financing	(81.0)	(79.9)	(1.1)	1.4
Other financial expenses	(48.9)	(45.3)	(3.6)	7.9
Total financial expenses	(155.0)	(148.3)	(6.7)	4.5
Financial revenues	90.5	73.9	16.6	22.5
Financial expenses net of revenues	(64.5)	(74.4)	9.9	(13.3)

7.1.1. Financial expenses

Financial expenses grew R\$ 6.7 million. The main reasons were:

- R\$ 3.3 million upturn in other financial expenses, mainly due to the increased recognition of interest arising from the startup of a sewage treatment station, financed through leasing; and
- R\$ 2.0 million increase in interest and charges on international loans and financing, especially due to the total debt increase, resulting from new funding.

Comments on the Company's Performance**7.1.2. Financial revenues**

Financial revenues increased R\$ 16.6 million, due to interest mainly over instalment agreement in 2Q15.

7.2. Monetary and exchange rate variation on assets and liabilities

	<i>R\$ million</i>			
Currency exchange variation on loans and financing	208.9	84.2	124.7	148.1
Monetary variation on loans and financing	(41.6)	(28.9)	(12.7)	43.9
Other monetary variations	17.8	(13.1)	30.9	(235.9)
Monetary/exchange rate variation on liabilities	185.1	42.2	142.9	338.6
Monetary/exchange rate variation on assets	34.8	10.6	24.2	228.3
Monetary/exchange rate variation, net	219.9	52.8	167.1	316.5

7.2.1. Monetary/exchange rate variation on liabilities

The effect on the monetary/currency exchange variation on liabilities in 2Q15 was R\$ 142.9 million, higher than in 2Q14, especially due to:

- An increase of R\$ 124.7 million in expenses with exchange rate change on loans and financing, due to a higher depreciation of the US dollar and the Yen versus the Brazilian Real in 2Q15 (3.3% and 5.0%, respectively), when compared to the depreciation recorded in 2Q14 (2.7% and 1.0%, respectively);

- R\$ 30.9 million decrease in other monetary variation expenses, chiefly due to the reversion of R\$ 25.6 million regarding provision for lawsuits in 2T15; and
- An upturn of R\$ 12.7 million in expenses with monetary variation on loans and financing, due to the increase in the IPCA in 2Q15 compared to 2Q14 (2.26% and 1.54%, respectively).

7.2.2. Monetary/Exchange rate variation on assets

R\$ 24.2 million increase, mainly due to the monetary updates on judicial deposits.

8. Income tax and social contribution

Recorded an R\$ 182.0 million upturn, due to the increase in taxable income in 2Q15 and to the impacts of deferred income tax and social contribution, versus 2Q14.

Comments on the Company's Performance**9. Indicators****9.1. Operating**

As a result of the water crisis, there was a substantial reduction in the water production volume, down by 14.6% in the quarter and 18.1% in the semester.

There was also a substantial decline in the index that measures water losses per connection per day (IPDT) which came to 272 liters/connection x day versus 356 liters/connection x day on the same period last year.

This reduction was the result not only of loss control initiatives, but also of the water crisis and the consequent need to reduce the network pressure as a demand management mechanism.

Water connections (1)	8,310	8,100	2.6
Sewage connections (1)	6,753	6,542	3.2
Population directly served - water (2)	25.4	25.1	1.2
Population directly served - sewage (2)	22.6	22.1	2.3
Number of employees	14,147	14,799	(4.4)
Water volume produced - quarter (3)	606	710	(14.6)
Water volume produced - semester (3)	1,219	1,488	(18.1)
IPM - Measured water loss (%)	28.5	30.8	(7.5)
IPDt (liters/connection x day)	272	356	(23.6)

- (1) Total connections, active and inactive, 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
- (*) Unaudited

9.2. Financial

Amplified Consumer Price Index (IPCA) - %	2.26	1.54
Referential Rate (TR) - %	0.40	0.15
Interbank Deposit Certificate (CDI) - %	13.64	10.80
US DOLAR (R\$)	3.1026	2.2025
YEN (R\$)	0.02541	0.0218
(*) Unaudited		

10. Loans and financing

On June 24, 2015, the Company fully redeemed the 16th debenture issue, totaling R\$ 500 million. No premium was paid.

11. Capex

In the second quarter of 2015, R\$ 969.6 million were invested, totaling R\$ 1.5 billion investments in the first six months of 2015.

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Notes to the Interim Financial Information

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 and sewage services 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 June 30, 2015, the Company operated water and sewage services in 364 municipalities of the State of São Paulo. Most of these municipalities operations are based on 30-year concession, program and services contracts. The Company has two partial contracts with the municipality of Mogi das Cruzes, however, since most of municipality is serviced by wholesale, it was not included in the 364 municipalities. On June 30, 2015, the Company had 366 contracts.

SABESP is not temporarily operating in some municipalities due to judicial orders. The lawsuits in progress refer to Álvares Florence, Cajobi, Embaúba, Iperó and Macatuba, and the carrying amount of these municipalities' intangible assets was R\$11,328 on June 30, 2015 (R\$11,328 on December 31, 2014).

As of June 30, 2015, 53 concession agreements had expired and are being negotiated. From June 30, 2015 to 2030, 37 concession agreements will expire. Management believes that concession agreements expired and not yet renewed will result in new contracts, disregarding the risk of discontinuity in the provision of municipal water supply and sewage services. By June 30, 2015, 276 program and services contracts were signed (274 contracts on December 31, 2014).

As of June 30, 2015, the carrying amount of the underlying assets used in the 53 concessions of the municipalities under negotiation totaled R\$6,195,595, accounting for 22.91% of the total, and the related gross revenue for the six-month period then ended totaled R\$920,940, accounting for 16.61% of the total.

The Company's operations are concentrated in the municipality of São Paulo, which represents 49.15% of the gross revenues on June 30, 2015 (49.79% on June 30, 2014) and 42.42% of intangible assets (42.29% on December 31, 2014).

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.

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:

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Notes to the Interim Financial Information

- 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 June 30, 2015, the carrying amount of the municipality of Santos' intangible assets was R\$362,367 (R\$205,261 on December 31, 2014) and gross revenue in the six-month period ended June 30, 2015 was R\$132,720 (R\$117,885 on June 30, 2014).

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 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 SBS code, since May 2002. In 2007, SABESP adhered to the Corporate Sustainability Index, or ISE of BM&FBovespa, which reflects the high level of commitment with sustainable development and 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, Attend Ambiental and Paulista Geradora de Energia. 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.

Water shortage – the Company's operations have been influenced by the lowest rainfall and inflow never seen in 85 years, especially at the reservoirs composing the Cantareira System which, under usual conditions, is in charge for direct supply of approximately 8.8 million people. During the rainy season, from October 2014 to January 2015, rainfall remained below average, despite above average from February to March 2015. The expectation was that the water volume stored at the Cantareira System would recover, however, as the levels were already low due to the lack of rainfall during Summer in 2013 and 2014, rainfall index in the region, during the rainy season from October 2014 to March 2015, was not sufficient to recover the reservoirs, whose levels are below than the one seen in the historical series. To face this situation and ensure that the water supply is not interrupted, the Company has been adopting several measures, such as:

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- Using pumps to remove water below the catchment level of the Cantareira System, the so-called “technical reserve”, which had never been used before to supply the population;
- Offering discounts (bonus) to consumers, whose volume consumed is below the average stipulated;
- Using water from other producing systems to serve consumers previously supplied by the Cantareira System;
- Intensifying the advertising campaigns towards the rational use of water;
- Reducing pressure in the distribution network, in order to prevent water losses;
- Reducing the water volume sold to municipalities which operate their own distribution networks;
- Making investments earlier than the planned time to expand water safety; and
- Implementing the contingency tariff for consumers whose volume consumed is above the average stipulated.

The water reservation volume at the reservoirs relies on several factors, such as levels of rain, temperature and atmospheric humidity, as well as the type and humidity of soil in water sources regions.

This scenario of water shortage also had adverse financial effects for the Company. As a result, since 2014 up to date, the Company has taken decisions to minimize these effects, including:

- Rearrangement of investments,
- Expense budget reduction,
- Negotiation of overdue receivables (the Company sent a list of 22 municipalities with unpaid water bills to the State CADIN, including those municipalities served by wholesale);
- Contracting guarantee insurance for escrow deposits; and
- Application of the extraordinary tariff revision since June 2015.

The Company's Management expects that the operating cash generation estimated for 2015 and the lines of credit available for investments will be sufficient to meet its short-term liabilities and not compromise the actions required to overcome the water shortage, thus preserving its consumers' supply.

The interim financial information was approved by the Board of Directors on August 13, 2015.

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2 Basis of preparation and presentation of the financial statements

(i) Presentation of the quarterly financial information

The quarterly financial information as of June 30, 2015, was prepared based on the provisions of CPC 21 (R1) – Interim Financial Information and the international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), applicable to the preparation of Quarterly Information Form– ITR and they are fairly presented consistent with the rules issued by the Brazilian Securities and Exchange Commission (CVM). Therefore, this Interim Financial Information takes into consideration the official letter CVM/SNC/SEP 003 of April 28, 2011, which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. The interim financial information for June 30, 2015, therefore, does not include all the notes and reporting required by the annual financial statements, and accordingly, shall be read jointly with the financial statements as of December 31, 2014, prepared pursuant to the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB and pursuant to the accounting practices adopted in Brazil which observe the pronouncements issued by the Brazilian Accounting Pronouncements Committee- CPC.

3 Accounting policies

The accounting policies used in the preparation of the quarterly financial information for the quarter ended June 30, 2015 are consistent with those used to prepare the Annual Financial Statements for the year ended December 31, 2014. These policies are disclosed in Note 3 to the Annual Financial Statements.

4 Risk Management

4.1 Financial Risk Management

Financial risk factors

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

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

(a) Market risk

Foreign currency risk

SABESP's foreign exchange exposure implies market risks associated with currency fluctuations, since the Company has foreign currency-denominated liabilities, mainly US dollar and yen-denominated short and long-term loans.

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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 in losses due to exchange rate fluctuations that would impact liability balances of foreign currency-denominated loans and financing raised in the market and related financial expenses. The Company does not maintain hedge or swap contracts or any derivative financial instrument to hedge 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 indexed to the U.S. dollar and Yen, in the total amount of R\$5,140,060 on June 30, 2015 (R\$4,363,898 on December 31, 2014). Below, the Company's exposure to foreign exchange risk:

	June 30, 2015		December 31, 2014	
	Foreign currency		R\$ Foreign currency	R\$
Loans and financing– US\$	1,222,531	3,793,025	1,231,188	3,270,282
Loans and financing – Yen	51,854,547	1,317,624	48,066,910	1,068,527
Interest and charges from loans and financing – US\$		20,246		17,703
Interest and charges from loans and financing– Yen		9,165		7,386
Total exposure		5,140,060		4,363,898
Financing cost		(18,067)		(17,606)
Total loans in foreign currency (Note 15)		5,121,993		4,346,292

The 18% increase in foreign currency-denominated debt from December 31, 2014 to June 30, 2015 was mainly due to the following:

- 1) Exchange rate changes, since the US dollar appreciated 16.8% from R\$2.6562 on December 31, 2014 to R\$3.1026 on June 30, 2015. The US dollar-denominated debt accounts for 74% of foreign currency-denominated debts; and

2) An 8% increase in Yen-denominated debt and 14% increase in the Yen.

On June 30, 2015, if the Brazilian real had depreciated or appreciated by 10% against the US dollar and Yen with all other variables held constant, effects on results before taxes on the six-month period ended June 30, 2015 would have been R\$514,006 (R\$436,390 on December 31, 2014), 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 income statements for the next 12 months, considering the projected rates of the U.S. dollar and the Yen. Considering the other variables as remaining constant, the impacts for the next 12 months are shown in scenarios II and III with possible depreciations of 25% and 50%, respectively, in the Brazilian real.

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	Scenario I (Probable) (*)	Scenario II (+25%)	Scenario III (+50%)
Net currency exposure on June 30, 2015 (Liabilities) in US\$	1,222,531	1,222,531	1,222,531
US\$ rate on June 30, 2015	3.1026	3.1026	3.1026
Exchange rate estimated according to the scenario	3.3700	4.2125	5.0550
Difference between the rates	(0.2674)	(1.1099)	(1.9524)
Effect on net financial result in R\$-- (loss)	(326,905)	(1,356,887)	(2,386,870)
Net currency exposure on June 30, 2015 (Liabilities) in Yen	51,854,547	51,854,547	51,854,547
Yen rate on June 30, 2015	0.02541	0.02541	0.02541
Exchange rate estimated according to the scenario	0.02691	0.03363	0.04036
Difference between the rates	(0.00150)	(0.00822)	(0.01495)
Effect on net financial result in R\$ - (loss)	(77,782)	(426,244)	(775,225)
Total effect on net financial result in R\$- (loss)	(404,687)	(1,783,131)	(3,162,095)

(*)The probable scenario in foreign currency (US dollar and Yen) considered the average exchange rate for the 12-month period after June 30, 2015, 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 hedge against this risk; however continually monitors market interest rates, in order to evaluate the possible need to replace its debt.

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Notes to the Interim Financial Information

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

	June 30, 2015	December 31, 2014
TR ⁽ⁱ⁾	1,632,987	1,578,250
CDI ⁽ⁱⁱ⁾	1,117,191	1,712,010
TJLP ⁽ⁱⁱⁱ⁾	1,064,772	1,059,074
IPCA ^(iv)	1,572,117	1,492,320
LIBOR ^(v)	2,259,826	1,953,989
Interest and charges	96,630	133,776
Total	7,743,523	7,929,419

(i) TR – Interest Benchmark Rate

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

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

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

(v) LIBOR - London Interbank Offered Rate

As of June 30, 2015, if interest rates on loans and financing denominated in Brazilian reais had been 1% higher or lower with all other variables held constant, the effects on profit for the six-month period ended June 30, 2015, before taxes would have been R\$77,435 (R\$79,294 on December 31, 2014) lower or higher.

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

(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 and accounts receivable from related parties. Credit risk exposure to customers is mitigated by sales to a dispersed base.

The maximum exposures to credit risk on June 30, 2015 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 additional information in Notes 6, 7, 8 and 9.

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

	June 30, 2015	December 31, 2014
Cash at bank and short-term bank deposits		
AAA(bra)	802,414	1,722,347
Other (*)	617	644
	803,031	1,722,991

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

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

Banks	Fitch	Moody's	Standard Poor's
Banco do Brasil S.A.	AAA (bra)	Aaa.br	-
Banco Santander Brasil S.A.	AAA (bra)	Aaa.br	brAAA
Brazilian Federal Savings Bank	AAA (bra)	Aaa.br	brAAA
Banco Bradesco S.A.	AAA (bra)	Aaa.br	brAAA
Itaú Unibanco Holding S.A.	AAA (bra)	Aaa.br	brAAA

(c) **Liquidity risk**

(c) Liquidity risk

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

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

The table below shows the financial liabilities of the Company, into relevant maturities, including the installment of principal and future interest to be paid according to the agreement.

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As of June 30, 2015	July to December 2015	2016	2017	2018	2019	2020 onwards
Liabilities						
Loans and financing	508,194	1,780,852	1,860,473	1,421,382	1,475,028	7,878,918
Accounts payable to suppliers and contractors	254,389	-	-	-	-	-
Services payable	302,680	-	-	-	-	-
Public-private partnership – PPP (*)	23,019	46,038	46,038	285,104	285,104	4,658,234
Program contract commitments	180,788	52,583	11,082	622	832	17,185

(*)The Company also considered future commitments (construction not yet performed) not yet recognized in the financial statements related to São Lourenço PPP, due to the relevance of future cash flows, the impacts on its operations and the fact the Company already has formalized this commitment through an agreement signed by the parties.

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 base dates above.

Cross default

The Company has loan and financing agreements including cross default clauses, i.e., the early maturity of any debt may imply the early maturity of these agreements. The indicators are continuously monitored in order to avoid the execution of this clause.

(d) Other price risks

The Company is exposed to the price risk of investment in equity instruments of Companhia de Transmissão de Energia Elétrica Paulista – CTEEP, solely held for trading purposes in the short term.

Sensitivity analysis of equity instruments price

The sensitivity analysis was determined based on the exposure to the equity instruments price at the end of the reporting period.

If the equity instrument price were 10% lower, the profit for the quarter ended June 30, 2015 would decrease by R\$5,737, net of taxes.

(e) 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).

The purpose of the sensitivity analysis is to measure the impact of 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.

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Indicators	June 30, 2015			
	Exposure	Scenario I (Probable) (i)	Scenario II 25%	Scenario III 50%
Assets				
CDI	740,479	13.2100%(*)	16.5125%(***)	19.8150%
Financial income		97,817	122,272	146,726
Liabilities				
CDI	(1,117,191)	13.2100%(*)	16.5125%(***)	19.8150%
Interest to be incurred		(147,581)	(184,476)	(221,371)
CDI net exposure	(376,712)	(49,764)	(62,204)	(74,645)
Liabilities				
TR	(1,632,987)	0.0198%(*)	0.0248%	0.0297%
Expenses to be incurred		(323)	(405)	(485)
IPCA	(1,572,117)	5.5000%(*)	6.8750%	8.2500%
Expenses to be incurred		(86,466)	(108,083)	(129,700)
TJLP	(1,064,772)	6.0000%(*)	7.5000%	9.0000%
Interest to be incurred		(63,886)	(79,858)	(95,829)
LIBOR	(2,259,826)	0.4913%**)	0.6141%	0.7369%
Interest to be incurred		(11,103)	(13,878)	(16,653)
Total net expenses to be incurred		(211,542)	(264,428)	(317,312)

(*) Source: Focus Report – BACEN, June 30, 2015

(**) Source: Bloomberg

(***) Scenario with a 25% and 50% increase, as the Company's net exposure in CDI is negative

(i) Refers to the scenario of interest to be incurred for the 12 months as of June 30, 2015 or until the maturity of the agreements, whichever is shorter.

4.2 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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	June 30, 2015	December 31, 2014
Total loans and financing (Note 15)	11,091,435	10,785,767
(-)Cash and cash equivalents (Note 6)	(803,031)	(1,722,991)
Net debt	10,288,404	9,062,776
Total equity	13,937,894	13,304,403
Total capital	24,226,298	22,367,179
Leverage ratio	42%	41%

The leverage ratio increased from the 41% as of December 31, 2014 to 42% on June 30, 2015, due to the increased in foreign-currency denominated loans and financing as a result of the foreign exchange rate variation in 2015.

4.3 Fair value estimates

It is assumed that balances from trade accounts receivable (current) and accounts payable to suppliers by carrying amount, less impairment, 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.

4.4 Financial Instruments

As of December 31, 2014 the Company had neither financial assets classified as held to maturity, available for sale and fair value through profit or loss nor financial liabilities classified as fair value through profit or loss. In the second quarter of 2015, the Company received CTEEP's shares, which were classified as financial asset held for trading and

are recognized at fair value through profit or loss. This is the only change in financial instruments classifications when compared to the year ended December 31, 2014. The Company's financial instruments included in the loans and receivables category comprise cash and cash equivalents, trade accounts receivable, balances with related parties, other accounts receivable, balances receivable from the Water National Agency – ANA, and the financial instruments under other liabilities category are comprised of balance payable to contractors and suppliers, loans and financing, balances payable deriving from the Public Private Partnership-PPP and program contract commitments, which are non-derivative financial assets and liabilities with fixed or determinable payments, not quoted in an active market.

The estimated fair values of financial instruments are as follows:

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Financial assets

	June 30, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	803,031	803,031	1,722,991	1,722,991
Restricted cash	20,171	20,171	19,750	19,750
Trade accounts receivable	1,310,017	1,310,017	1,224,278	1,224,278
Water National Agency – ANA	127,855	127,855	122,634	122,634
Financial asset held for trading	86,930	86,930	-	-
Other accounts receivable	193,611	193,611	187,950	187,950

Additionally, SABESP has financial instrument assets receivable from related parties, in the amount of R\$817,674 as of June 30, 2015 (R\$223,983 as of December 31, 2014), which were calculated in accordance with the conditions negotiated between related parties. The conditions and additional information referring to these financial instruments are disclosed in Note 9 to this interim financial information and in Note 10 to the annual financial statements as of December 31, 2014. Part of this balance, totaling R\$747,111 (R\$155,493 on December 31, 2014), refers to reimbursement from additional retirement and pension plan - G0 which is indexed by IPCA plus simple interest of 0.5% p.m. This interest rate approximates that one practiced by federal government bonds (NTN-b) with terms similar to those of related-party transactions.

Financial liabilities

	June 30, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and financing	11,091,435	10,706,227	10,785,767	10,641,611
Accounts payable to suppliers and contractors	254,389	254,389	323,513	323,513
Services payable	302,680	302,680	318,973	318,973
Program contract commitments	243,552	243,552	207,759	207,759
Public-private partnership - PPP	543,355	543,355	368,283	368,283

The criteria adopted to obtain the fair values of loans and financing, in preparing the interim financial information as of June 30, 2015, are consistent with those adopted in the Annual Financial Statements for the fiscal year ended December 31, 2014. In the Annual Financial Statements, these criteria are disclosed in Note 5.4.

Considering the nature of other financial instruments, assets and liabilities of the Company, the balances recognized in the statement of financial position approximate the fair values, taking into account the maturities close to the end of the reporting period, comparison of contractual interest rates with market rates in similar operations at the end of the reporting periods, their nature and maturity terms.

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Notes to the Interim Financial Information**5 Critical 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.

The main accounting estimates and judgments are disclosed in Note 6 to the Annual Financial Statements as of December 31, 2014.

6 Cash and Cash Equivalents

	June 30, 2015	December 31, 2014
Cash and banks	62,552	118,226
Cash equivalents	740,479	1,604,765
	803,031	1,722,991

Cash and cash equivalents include cash, bank deposits and high-liquidity short-term financial investments, mainly represented by repurchase agreements (accruing CDI interest rates), deposited at Banco do Brasil, whose original maturities are lower than three months, which are convertible into a cash amount and subject to an insignificant risk of change in value.

The average yield of financial investments corresponds to 99.30% of CDI in June 2015 (99.68% in December 2014).

7 Restricted cash

	June 30, 2015	December 31, 2014
Agreement with the municipal government of São Paulo (i)	9,759	9,176
Funds raised with BNDES (ii)	6,737	6,433
Other	3,675	4,141
	20,171	19,750

(i) Agreement with the municipal government of São Paulo where the Company transfers 7.5% of the Municipal revenue to the Municipal Fund;

(ii) Refers to funds raised with the Brazilian Development Bank– BNDES, awaiting the authorization for use.

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Notes to the Interim Financial Information**8 Trade Accounts Receivable****(a) Financial position balances**

	June 30, 2015	December 31, 2014
Private sector:		
General and special customers (i) (ii)	931,132	852,815
Agreements (iii)	293,605	291,367
	1,224,737	1,144,182
Government entities:		
Municipal	545,361	533,984
Federal	6,665	4,671
Agreements (iii)	189,738	192,253
	741,764	730,908
Wholesale customers – Municipal governments: (iv)		
Guarulhos	833,103	776,674
Mauá	390,706	366,515
Mogi das Cruzes	2,149	2,092
Santo André	821,936	787,305
São Caetano do Sul	1,871	1,779
Diadema (*)	222,671	224,433
Total wholesale customers – Municipal governments	2,272,436	2,158,798
Unbilled supply	389,549	354,678
Subtotal	4,628,486	4,388,566
Allowance for doubtful accounts	(3,318,469)	(3,164,288)
Total	1,310,017	1,224,278

Current	1,144,774	1,034,820
Noncurrent	165,243	189,458
	1,310,017	1,224,278

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(*)On March 18, 2014, the State of São Paulo, the municipality of Diadema and SABESP entered into a “Water Supply and Sewage Public Utility Services Agreement” in the municipality of Diadema. Through this contract, the State of São Paulo and the municipality of Diadema have ensured to SABESP (or subsidiary) exclusive rights to render services for a 30-year term.

On this same date, judicial settlements were signed in lawsuits filed by SABESP against the municipality of Diadema and Saned – a municipal company. Through these settlements, SABESP, the municipality of Diadema and Saned agree to suspend the execution of suits to collect receivables related to water supply at wholesale and collection of indemnity debt. The debts will progressively decrease throughout a 30-year period, under the condition that there is a full compliance with the agreements and provision of services contract.

This balance is fully accrued as losses.

Additionally, in compliance with the judicial settlements signed between SABESP and the Municipality of Diadema on March 25, 2015, SABESP and Saned entered into a Share Purchase Agreement with Empresa de Água e Esgoto de Diadema S.A. (“EAED”) – a wholly-owned subsidiary of Saned.

On June 4, 2015, SABESP acquired the total shares of EAED, resulting in the write-off of trade accounts receivable and allowance for doubtful accounts with the municipality of Diadema, totaling R\$1,762. Additionally, SABESP’s quarterly information comprises the net balance of assets and liabilities acquired from EAED in the amount of R\$975, basically referring to property, plant and equipment, and liabilities related to employees. As these assets have no independent operating activity and were used to settle Diadema’s commitments with the Company, they are not characterized as business acquisition, as per Technical Pronouncement CPC 15 (R1) – Business Combinations, but an extension of services rendered by SABESP, without capacity to generate future economic benefits, decision-making power and operational autonomy, which also does not require the need to apply CPC 36 (R3) Consolidated Financial Statements.

From January to June 2015, there were no relevant changes in relation to the operations presented in the financial statements as of December 31, 2014.

(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 accounts.

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Below, the breakdown of trade accounts receivable at wholesale:

	Six-month period ended	Twelve-month period ended
	June 30, 2015	December 31, 2014
Balance at the beginning of the period	2,158,798	1,917,859
Services provided	164,150	375,294
Receipts	(50,512)	(134,355)
Balance at the end of the period	2,272,436	2,158,798

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

	June 30, 2015	December 31, 2014
Current	1,050,564	992,800
Past-due:		
Up to 30 days	161,757	136,666
From 31 to 60 days	78,299	93,534
From 61 to 90 days	66,971	62,276
From 91 to 120 days	66,937	54,725
From 121 to 180 days	92,454	96,079
From 181 to 360 days	206,734	202,024

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

Over 360 days	2,904,770	2,750,462
Total past-due	3,577,922	3,395,766
Total	4,628,486	4,388,566

The increase in the balance overdue is mainly due to accounts receivable at wholesale, where municipalities are challenging in court the tariffs charged by SABESP. These amounts are fully covered by the allowance for doubtful accounts.

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Notes to the Interim Financial Information**(c) Allowance for doubtful accounts**

	June 30, 2015	June 30, 2014
Balance at the beginning of the period	3,164,288	2,856,684
Private sector/government entities	53,643	34,927
Recoveries	(18,061)	(22,075)
Wholesale customers	117,042	169,228
Additions for the period	152,624	182,080
Write-off in the period referring to the bad debt	1,557	(129)
Balance at the end of the period	3,318,469	3,038,635

Reconciliation of provision for losses of income	April to June 2015	January to June 2015	April to June 2014	January to June 2014
Losses (write-off)	26,487	30,147	10,697	20,086
Provision for state entities (related parties)	-	2,399	795	795
Provision for private sector/government entities	(4,320)	53,643	17,862	34,926
Provision for wholesale supply	(18,157)	(20,608)	42,596	42,596
Recoveries	(3,833)	(18,061)	(10,315)	(22,075)
Amount recorded as selling expenses	177	47,520	61,635	76,328

Wholesale sales losses were recorded as revenue reduction, R\$72,486 in the second quarter of 2015 and R\$137,650 in the first half of 2015 (R\$29,261 in the second quarter of 2014 and R\$125,525 in the first half of 2014).

The Company does not have customers accounting for 10% or more of its revenues.

Notes to the Interim Financial Information**9 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 payable, revenue and expenses with the São Paulo State Government

	June 30, 2015	December 31, 2014
Accounts receivable		
Current:		
Water and sewage services	99,138	96,162
Allowance for losses	(47,732)	(45,333)
Reimbursement for pension benefits (G0):		
- Monthly flow	14,122	9,753
- GESP Agreement – 2008	43,722	43,722
“Se Liga na Rede” (Connect to the Network Program) (m)	19,157	17,661
Total current	128,407	121,965
Noncurrent:		
Reimbursement for pension benefits (G0):		
- GESP Agreement – 2008	80,157	102,018
- GESP Agreement – 2015 (b)	609,110	-
Total noncurrent	689,267	102,018

Total receivables from shareholder	817,674	223,983
Assets:		
Water and sewage services	51,406	50,829
Reimbursement of additional retirement and pension benefits (G0)	747,111	155,493
“ <i>Se Liga na Rede</i> ” (Connect to the Network Program) (m)	19,157	17,661
Total	817,674	223,983
Liabilities:		
Interest on shareholders’ equity payable to related parties	126,805	107,784
Others (h)	2,423	1,569

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	April to June 2015	January to June 2015	April to June 2014	January to June 2014
Revenue from water and sewage services				
Water supply	47,678	89,907	56,772	116,701
Sewage services	40,407	78,973	50,202	103,268
Payments received from related parties	(82,716)	(160,502)	(113,589)	(220,923)
Receipt of GESP reimbursement referring to Law 4819/58	(23,516)	(56,716)	(28,001)	(59,337)

(b) Agreement with the State Government of São Paulo “GESP”

The first 24 installments of the agreement signed on March 18, 2015 were settled by transferring to SABESP 2,221,000 preferred shares issued by Companhia de Transmissão de Energia Elétrica Paulista - CTEEP, totaling R\$87,174, based on the share closing price on March 17, 2015.

On May 12, 2015, the transfer of shares issued by CTEEP to SABESP was concluded in order to settle the first 24 installments of the agreement signed with the State government on March 18, 2015. As of June 30, CTEEP’s shares were recorded under “Financial assets held for trading”, for R\$86,930, due to a reduction in its fair value, from thirty-nine reais and twenty-five centavos (R\$39.25) on March 18, 2015 to thirty-nine reais and fourteen centavos (R\$39.14) on June 30, 2015. The effect of this decrease was recorded under financial expenses and totaled R\$244.

On June 8, 2015, SABESP received dividends referring to the 2,221,000 shares, corresponding to R\$0.686875 per share, totaling R\$1,525.

See additional information in Note 9 (b) to the interim financial information for the first quarter of 2015.

(c) Contingent assets - GESP (not recorded)

SABESP had contingent assets with GESP, not recorded in assets referring to the additional retirement and pension paid (Law 4,819/58), as follows:

	June 30, 2015	December 31, 2014
Disputed amounts receivable	815,175	783,422
Undisputed amount referring to the transfer of two reservoirs at Alto Tietê System to SABESP (Note 9 (b))	-	696,283
Total	815,175	1,479,705

(d) Use of reservoirs – EMAE

Empresa Metropolitana de Águas e Energia S.A. - EMAE plans to receive for the credit and to obtain financial compensation for the use of water from the Guarapiranga and Billings reservoirs, which SABESP uses in its operations, as well as the reimbursement of damages related to the failure to pay appropriately.

The Company understands that no amounts are due for the use of these reservoirs given the grants already made. Should these reservoirs not be available for use to the Company, there could be the need to collect water in more distant places. There is a risk of not properly rendering services in the region, besides increasing water supply cost.

Several lawsuits were filed by EMAE. Currently, an arbitration proceeding is in progress related to the Guarapiranga reservoir and a lawsuit related to Billings reservoir, both pleading for financial compensation due to SABESP's water collect for public supply, alleging that this conduct has been causing permanent and growing loss in the capacity of generating electricity of Henry Borden hydroelectric power plant with financial losses.

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SABESP understands that the expectation for all cases is of possible losses, and for the time being, it is not feasible to estimate the amounts involved, since they were not determined.

On April 10, 2014, we issued a Notice to the Market including the information about any future agreement. However, no adjustment was confirmed and no agreement was executed by either party up to date.

(e) 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 water consumption.

(f) 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.

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

The Company has personnel assignment agreements with entities related to the State Government, whose expenses are fully passed on and monetarily reimbursed. From April to June 2015 and 2014, the expenses related to personnel

(d) Use of reservoirs – EMAE

assigned by SABESP to other state government entities amounted to R\$2,469 and R\$2,571, respectively. From January to June 2015 and 2014, expenses totaled R\$5,431 and R\$5,065, respectively.

From April to June 2015 and 2014, expenses related to personnel assigned by other entities to SABESP totaled R\$179 and R\$113, respectively, while from January to June 2015 and 2014 totaled R\$231 and R\$209, respectively.

(h) Services obtained from state government entities

On June 30, 2015 and December 31, 2014, SABESP had an outstanding amounts payable of R\$2,423 and R\$1,569, respectively, for services rendered by São Paulo State Government entities.

(i) Non-operating assets

As of June 30, 2015 and December 31, 2014, the Company had an amount of R\$969 related to a free land lent to DAEE (Water and Electricity Department).

(j) Sabesprev

The Company sponsors a private defined benefit pension plan, which is operated and administered by Sabesprev. The net actuarial liability recognized until June 30, 2015 amounted to R\$704,413 (R\$676,071 on December 31, 2014), as pension plan liabilities, according to Note 19 (b).

(k) Compensation of Management Key Personnel

Expenses related to the compensation to the members of its Board of Directors, Fiscal Council and Officers amounted to R\$975 from April to June 2015 (R\$837 from April to June 2014). From January to June 2015, these expenses totaled R\$1,952 (R\$1,749 from January to June 2014). An additional amount of R\$144, related to the Officers' bonus program, was recorded from April to June 2015 (R\$113 from April to June 2014). In the first half of 2015, said bonus amounted to R\$285 (R\$253 from January to June 2014).

(I) Loan agreement through credit facility

The Company holds interest in certain Special Purpose Entities (SPEs), not holding the majority interest but with cast vote and power of veto in some issues, with no ability to use such power of veto in a way to affect returns over investments. Therefore, these SPEs are considered for accounting purposes as jointly-owned subsidiaries.

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The Company entered into a loan agreement through credit facility with the SPEs Aquapolo Ambiental S/A and Attend Ambiental S/A to finance the operations of these companies, until the loans and financing requested with financial institutions is cleared.

The agreements executed with Aquapolo Ambiental S/A, on March 30, 2012 and Attend Ambiental S/A, on May 9, 2014, have the following characteristics:

SPE	Principal disbursed amount	Interest balance	Total	Interest rate	Maturity
Attend Ambiental	5,400	1,063	6,463	SELIC + 3.5 % p.a.	(i)
Aquapolo Ambiental	5,629	3,660	9,289	CDI + 1.2% p.a.	4/30/2016
Aquapolo Ambiental	19,000	11,389	30,389	CDI + 1.2% p.a.	10/30/2015
Total	30,029	16,112	46,141		

(i) The loan agreement with SPE Attend Ambiental S/A matures within 180 days, from the date when the respective amount is available in the borrower's account, renewable for the same period. A portion of the loan has been overdue since May 11, 2015 and is subject to contractual charges (inflation adjustment considering the IGP-M variation, 2% fine and default interest of 1% p.m.). The agreement is being renegotiated between the parties.

The amount disbursed is recognized in current assets under "Other Receivables" and amounts to R\$30,029 for principal and R\$16,112 for interest. As of June 30, 2015, the balance of principal and interest rates of these agreements is R\$46,141 (R\$40,366 on December 31, 2014). In the period between January and June 2015, financial income recognized was R\$5,775 (R\$2,580 from January to June 2014).

(m) Se Liga na Rede (Connect to the Network Program)

(m) Se Liga na Rede (Connect to the Network Program)

The State Government enacted the State Law n° 14,687/12, creating the pro-connection program, destined to financially subsidize the execution of household branches necessary to connect to the sewage collecting networks, in low-income households, which agreed to adhere to the program. The program expenditures, except for indirect costs, construction margin and borrowing costs are financed with 80% of funds deriving from the State Government and the remaining 20% invested by SABESP, which is also liable for the execution of works. On June 30, 2015, the program total amount was R\$78,127 (R\$67,576 on December 31, 2014), R\$19,157 (R\$17,661 on December 31, 2014) recorded in balances receivable from related parties, the amount of R\$33,917 (R\$24,862 on December 31, 2014) recorded in the group of intangible assets and R\$25,053 (R\$25,053 on December 31, 2014) reimbursed by GESP.

10 Water National Agency - ANA

Refers to agreements executed within the scope of the Hydrographic Basin Depollution Program (PRODES), also known as "Treated Sewage Purchase Program".

This program does not finance works or equipment, remunerates by results achieved, i.e., by effectively treated sewage. In this program, the Water National Agency (ANA) makes available funds, which are restricted to a specific current account and applied in investment funds at the Caixa Econômica Federal - Federal Savings Banks (CEF), until the fulfillment of treated sewage volume is evidenced, as well as, the reduction of polluting cargoes of each agreement.

When resources are made available, liabilities are recorded until funds are released by ANA. After the evidence of targets stipulated in each contract, the revenue deriving from these funds is recognized, but if these targets are not met, funds will return to the National Treasury with the appropriate funds earnings. On June 30, 2015, the balances of assets and liabilities were R\$127,855 (R\$122,634 on December 31, 2014), and the liabilities are recorded under "Other liabilities" of noncurrent liabilities.

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11 Investments

The Company holds interest in certain Special Purpose Entities (SPE). Although SABESP has no majority shares of its investees, the shareholders' agreement provides for the power of veto in certain management issues, with no ability to use such power of veto in a way to affect returns over investments, indicating participating shared control (joint venture – CPC 19 (R2)).

The Company measures investments under the equity method.

See information on the operations of each investee in Note 12 to the Annual Financial Statements as of December 31, 2014.

Events in the second quarter of 2015:

(a) Paulista Geradora de Energia S/A

On April 13, 2015, the Company acquired shares of Empresa Paulista Geradora de Energia S/A - PGE, jointly with Servtec Investimentos e Participações Ltda ("Servtec") and Tecniplan Engenharia e Comércio Ltda ("Tecniplan"), with operational purpose is implementation and commercial exploration of water potential in small hydroelectric power plants (PCHs), located at the Guaraú and Vertedouro Cascata Water Treatment Stations.

As of June 30, 2015, the capital stock of Paulista Geradora de Energia totaled R\$8,679, and was represented by 8,679,040 registered common shares without a par value. SABESP holds 25% of its equity interest.

As of June 30, 2015, operations had not started yet.

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Company	Equity		Accrued Dividends	Profit (loss) for the period	
	June 30, 2015	December 31, 2014	June 30, 2015	June 30, 2015	June 30, 2014
Sesamm	29,806	26,788	(92)	3,110	2,373
Águas de Andradina	5,189	4,582	(228)	835	124
Águas de Castilho	2,966	2,866	(190)	290	360
Saneaqua Mairinque	2,898	2,697	(282)	483	134
Attend Ambiental	1,854	(111)	-	1,965	(1,627)
Aquapolo Ambiental	13,297	16,220	-	(2,924)	(1,278)
Paulista Geradora de Energia	8,603	-	-	(20)	-
Total	64,613	53,042	(792)	3,739	86

Company	Investments		Distributed dividends	Equity in the earnings of subsidiaries		Interest percentage	
	June 30, 2015	December 31, 2014	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2015	December 31, 2014
Sesamm	10,731	9,644	(33)	1,120	854	36%	36%

Águas de Andradina	1,557	1,375	(69)	251	37	30%	30%
Águas de Castilho	890	860	(57)	87	108	30%	30%
Saneaqua Mairinque	868	809	(85)	144	40	30%	30%
Attend Ambiental	834	-	-	834	(732)	45%	45%
Aquapolo Ambiental	6,516	7,948	-	(1,432)	(626)	49%	49%
Paulista Geradora de Energia	2,151	-	-	(5)	-	25%	-
Total	23,547	20,636	(244)	999	(319)		
Other investments	587	587					
Overall total	24,134	21,223					

12 Investment properties

On June 30, 2015, the balance of “Investment properties” is R\$61,549 (R\$54,039 on December 31, 2014). On June 30, 2015 and December 31, 2014, the market value of these properties is approximately R\$415,000 and R\$350,000, respectively.

	December 31, 2014	Transfers	Write-offs and disposals	Depreciation	June 30, 2015
Investment properties	54,039	10,592	(1,320)	(1,762)	61,549
Total	54,039	10,592	(1,320)	(1,762)	61,549

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Notes to the Interim Financial Information**13 Intangible Assets****(a) Balance sheet balances**

	June 30, 2015			December 31, 2014		
	Accumulated			Accumulated		
	Cost	amortization	Net	Cost	amortization	Net
Intangible right arising from:						
Agreements – equity value	8,971,893	(1,644,910)	7,326,983	8,983,492	(1,614,221)	7,369,271
Concession agreements – economic value	1,760,584	(434,412)	1,326,172	1,679,042	(397,782)	1,281,260
Program contracts	7,993,548	(2,118,694)	5,874,854	7,338,985	(1,959,832)	5,379,153
Program contracts– commitments	871,266	(119,570)	751,696	808,662	(105,753)	702,909
Services contracts– São Paulo	13,640,819	(2,169,702)	11,471,117	12,916,939	(1,930,553)	10,986,386
Software licenses	379,518					