(Convenience Translation into English from the Original Previously Issued in Portuguese)

Saraiva S.A. Livreiros Editores

Interim Financial Statements for the Quarter Ended March 31, 2007 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Board of Directors of
Saraiva S.A. Livreiros Editores
São Paulo - SP

1. We have performed a special review of the accompanying interim financial statements of Saraiva S.A. Livreiros Editores and subsidiary, consisting of the individual (Company) and consolidated balance sheets as of March 31, 2007, the related statements of operations for the quarter then ended and the performance report, all expressed in Brazilian reais and prepared in accordance with Brazilian accounting practices under the responsibility of the Company's management.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiary.

3. Based on our special review, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.

4. The individual (Company) and consolidated statements of cash flows, included as supplementary information, for the quarters ended March 31, 2007 and 2006, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such statements have been subject to the same review procedures described in paragraph 2 and, based on our review, we are not aware of any material modifications that should be made for them to be fairly presented, in all material respects, in relation to the interim financial statements taken as a whole.

5. We had previously audited the individual (Company) and consolidated balance sheets as of December 31, 2006, and reviewed the individual (Company) and consolidated statements of operations for the quarter ended March 31, 2006, presented for comparative purposes, and issued unqualified opinion thereon and unqualified special review report thereon, dated March 9, 2007 and May 12, 2006, respectively.

6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 11, 2007

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

RS0511*.*

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FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 03/31/2007 Corporate Law
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 -CVM CODE	2 - COMPANY NAME	3 -Federal Corporate Taxpayers' Registration Number (CNPJ)
001047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26
64 - State Registration Number (NIRE)		
35300025300		

01.02 - HEAD OFFICE

1 - ADDRESS				2 - SUBURB OR DISTRICT	
Av. Marquês de São Vicente, 1.697				Barra Funda	
3 - POSTAL CODE	4 - MUNICIPALITY				5 - STATE
01139-904	São Paulo				SP
6 - AREA CODE	7 - TELEPHONE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEX	
011	3611-3344	-	-		
11 - AREA CODE	12 - FAX	13 - FAX	14 - FAX		
011	3611-3308	-	-		
15 - E-MAIL					
http:/www.saraiva.com.br					

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME					
João Luís Ramos Hopp					
2 - ADDRESS			3 - SUBURB OR DISTRICT		
Rua Edgar Teotônio Santana, 206			Barra Funda		
4 - POSTAL CODE	5 - MUNICIPALITY				6 - STATE
01140-030	São Paulo				SP
7 - AREA CODE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX	
011	3611-3344				
12 - AREA CODE	13 - FAX	14 - FAX	15 - FAX		
011	3619-3062	-	-		
16 - E-MAIL					
jlhopp@editorasaraiva.com.br					

01.04 - GENERAL INFORMATION / INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2007	12/31/2007	1	01/01/2007	03/31/2007	4	10/01/2006	12/31/2006
9 - INDEPENDENT ACCOUNTANT						10 -CVM CODE	
Deloitte Touche Tohmatsu Auditores Independentes						00385-9	
11 - PARTNER RESPONSIBLE						12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE	
Maurício Pires de Andrade Resende						603.835.426-34	

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1 -CVM CODE	2 - COMPANY	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

01.05 - CAPITAL COMPOSITION

NUMBER OF SHARES (THOUSANDS)	1 - CURRENT QUARTER 03/31/2007	2 - PRIOR QUARTER 12/31/2006	3 - SAME QUARTER IN PRIOR YEAR 03/31/2006
1.1. Paid-up Capital			
1 - Common	9,622	9,622	9,622
2 - Preferred	18,974	18,974	15,974
3 - Total	28,596	28,596	25,596
1.2. Treasury Shares			
4 - Common	0	0	0
5 - Preferred	366	366	366
6 - Total	366	366	366

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY	Commercial, Industrial and Other Companies
2 - SITUATION	Operating
3 - NATURE OF OWNERSHIP	Domestic Private
4 - ACTIVITY CODE	110 - Printing and Publishing Houses
5 - MAIN ACTIVITY	Publishing and printing of books
6 - TYPE OF CONSOLIDATION	Full
7 - TYPE OF REPORT OF INDEPENDENT ACCOUNTANT	Unqualified

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME

01.08 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - INCOME	5 - BEGINNING OF THE PAYMENT	6 - SHARE TYPE	7 - INCOME PER SHARE
01	AGO	04/26/2007	Interest on Capital	05/31/2007	ON	0.495428100
02	AGO	04/26/2007	Interest on Capital	05/31/2007	PN	0.495428100

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01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2-DATE OF ALTERATION	3 -CAPITAL (In thousands of Brazilian reais - R$)	4 - AMOUNT OF THE ALTERATION (In thousands of Brazilian reais - R$)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (Thousands)	7 - SHARE PRICE ON ISSUE DATE (Reais)

01.10 - INVESTORS RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
14/05/2007	

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02.01 - BALANCE SHEETS - ASSETS (In thousands of Brazilian reais - R$)

Code	Description	03/31/2007	12/31/2006
1	Total assets	368,876	333,994
1.01	Current assets	273,616	244,637
1.01.01	Cash and cash equivalents	140,345	97,094
1.01.02	Receivables	76,369	80,069
1.01.02.01	Trade accounts receivable	69,503	71,054
1.01.02.02	Other accounts receivable	6,866	9,015
1.01.02.02.01	Dividends receivable from subsidiary	1,572	1,572
1.01.02.02.02	Recoverable taxes	2,559	5,311
1.01.02.02.03	Deferred income and social contribution taxes	0	636
1.01.02.02.04	Accounts receivable - sales of fixed assets	2,290	1,145
1.01.02.02.05	Other	445	351
1.01.03	Inventories	56,284	63,427
1.01.04	Other	618	4,047
1.01.04.01	Deferred advertising expenses	0	2,922
1.01.04.02	Prepaid expenses	618	1,125
1.02	Noncurrent assets	95,260	89,357
1.02.01	Long-term assets	13,434	12,813
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Intercompany receivables	6,687	5,008
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	6,687	5,008
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	6,747	7,805
1.02.01.03.01	Escrow deposits	1,316	1,237
1.02.01.03.02	Deferred income and social contribution taxes	761	753
1.02.01.03.03	Accounts receivable - sales of fixed assets	4,580	5,725
1.02.01.03.04	Other	90	90
1.02.02	Permanent assets	81,826	76,544
1.02.02.01	Investments	64,930	58,810
1.02.02.01.01	In affiliates	0	0
1.02.02.01.02	In affiliates - goodwill	0	0
1.02.02.01.03	In subsidiaries	64,522	58,402
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	408	408
1.02.02.02	Property, plant and equipment	12,932	13,516
1.02.02.03	Intangible assets	3,162	3,312
1.02.02.04	Deferred charges	802	906

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02.02 - BALANCE SHEETS - LIABILITIES (In thousands of Brazilian reais - R$)

Code	Description	03/31/2007	12/31/2006
2	Total liabilities and shareholders' equity	368,876	333,994
2.01	Current liabilities	73,255	77,083
2.01.01	Loans and financing	2,457	737
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	22,971	41,452
2.01.04	Taxes payable	21,858	10,331
2.01.04.01	Income tax	15,514	5,141
2.01.04.02	Social contribution tax	5,025	4,592
2.01.04.03	Other taxes	1,319	598
2.01.05	Dividends payable	13,988	13,988
2.01.05.01	Interest on capital	13,988	13,988
2.01.06	Provisions	946	3,600
2.01.07	Intercompany payables	0	0
2.01.08	Other	11,035	6,975
2.01.08.01	Copyright payable	6,902	4,617
2.01.08.02	Management profit sharing	3,600	0
2.01.08.03	Other	533	2,358
2.02	Noncurrent liabilities	23,346	25,475
2.02.01	Long-term liabilities	23,346	25,475
2.02.01.01	Loans and financing	17,856	18,578
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	5,490	6,897
2.02.01.03.01	Reserve for contingencies	112	112
2.02.01.03.02	Deferred income and social contribution taxes	3,330	4,755
2.02.01.03.03	Taxes payable	2,048	2,030
2.02.01.04	Intercompany payables	0	0
2.02.01.05	Advances to future capital increase	0	0
2.02.01.06	Other	0	0
2.02.02	Deferred income	0	0
2.04	Shareholders' equity	272,275	231,436
2.04.01	Capital	147,774	147,774
2.04.02	Capital reserves	0	0
2.04.03	Revaluation reserves	0	0
2.04.03.01	Owned assets	0	0
2.04.03.02	Subsidiaries/affiliates	0	0
2.04.04	Profit reserves	82,425	82,425
2.04.04.01	Legal reserve	12,215	12,215
2.04.04.02	Statutory reserve	0	0
2.04.04.03	Reserve for contingencies	0	0
2.04.04.04	Unrealized profit reserve	0	0
2.04.04.05	Profit retention reserve	0	0
2.04.04.06	Special reserve for undistributed dividends	0	0
2.04.04.07	Other profit reserves	70,210	70,210
2.04.04.07.01	Reserve for capital increase	73,080	73,080
2.04.04.07.02	Treasury stock	(2,870)	(2,870)
2.04.05	Retained earnings/accumulated deficit	42,076	1,237
2.04.06	Advances to future capital increase	0	0

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03.01 - STATEMENTS OF OPERATIONS (In thousands of Brazilian reais - R$)

Code	Description	3-01/01/2007 to 03/31/2007	4-01/01/2007 to 03/31/2007	5-01/01/2006 to 03/31/2006	6-01/01/2006 to 03/31/2006
3.01	Gross revenue from sales and/or services	121,651	121,651	108,583	108,583
3.02	Deductions from gross revenue	(48)	(48)	(104)	(104)
3.03	Net revenue from sales and/or services	121,603	121,603	108,479	108,479
3.04	Cost of sales and/or services	(32,192)	(32,192)	(24,351)	(24,351)
3.05	Gross profit	89,411	89,411	84,128	84,128
3.06	Operating (expenses) income	(29,182)	(29,182)	(32,795)	(32,795)
3.06.01	Selling expenses	(26,744)	(26,744)	(23,783)	(23,783)
3.06.02	General and administrative expenses	(9,523)	(9,523)	(9,947)	(9,947)
3.06.02.01	Management compensation	(946)	(946)	(832)	(832)
3.06.02.02	Other	(8,577)	(8,577)	(9,115)	(9,115)
3.06.03	Financial	2,042	2,042	(699)	(699)
3.06.03.01	Financial income	3,941	3,941	598	598
3.06.03.02	Financial expenses	(1,899)	(1,899)	(1,297)	(1,297)
3.06.04	Other operating income	42	42	89	89
3.06.05	Other operating expenses	(1,119)	(1,119)	(1,377)	(1,377)
3.06.05.01	Depreciation and amortization	(1,117)	(1,117)	(1,360)	(1,360)
3.06.05.02	Other	(2)	(2)	(17)	(17)
3.06.06	Equity in subsidiary	6,120	6,120	2,922	2,922
3.07	Income (loss) from operations	60,229	60,229	51,333	51,333
3.08	Nonoperating income (expenses)	12	12	25	25
3.08.01	Income	12	12	25	25
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	60,241	60,241	51,358	51,358
3.10	Provision for income and social contribution taxes	(19,253)	(19,253)	(17,107)	(17,107)
3.11	Deferred income tax	797	797	729	729

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Code	Description	3-01/01/2007 to 03/31/2007	4-01/01/2007 to 03/31/2007	5-01/01/2006 to 03/31/2006	6-01/01/2006 to 03/31/2006
3.12	Profit sharing/contributions	(946)	(946)	(832)	(832)
3.12.01	Profit sharing	(946)	(946)	(832)	(832)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	40,839	40,839	34,148	34,148

1. OPERATIONS

Saraiva S.A. Livreiros Editores (the "Company" or "Editora") is primarily engaged in publishing elementary and high school textbooks, supplementary textbooks, legal books and economics and management books.

The Company experiences seasonality in its business, with 80% of its sales concentrated in the first and last quarters of the year. This sales concentration is due to two factors: (a) the back-to-school period in the first quarter; and (b) the sale of textbooks to the government in the fourth and first quarters of the year.

Livraria e Papelaria Saraiva S.A. ("Livraria"), a subsidiary of the Company, is engaged in retail sale of books, DVDs, music, stationery, and computer and electro-electronic products. Distribution is conducted through an Internet-based sales platform and a chain of 30 stores, of which 15 are megastores and 15 are conventional stores.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The individual and consolidated financial statements of the Company have been prepared and are presented in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM). These financial statements reflect the changes introduced by Accounting Standard and Procedure (NPC) No. 27, "Presentation and Disclosures", and NPC No. 22, "Provisions, Liabilities, Contingent Liabilities and Contingent Assets", both issued by the Brazilian Institute of Independent Auditors (IBRACON) on October 3, 2005, and approved by CVM Resolutions No. 488 and No. 489, respectively, on the same date. The main changes resulting from applying these standards are as follows:

- Presentation of the group "Noncurrent" in assets and liabilities.
- Presentation of the account "Intangible assets", classified in the group "Noncurrent assets".
- Reclassification of escrow deposits, previously classified in assets, to liabilities, as a reduction of the account "Reserve for contingencies", when applicable

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of deferred tax assets and liabilities, provisions and contingent liabilities, considering the best available evidence and assumptions at the balance sheet dates. Actual results could differ from those estimates.

3. SIGNIFICANT ACCOUNTING PRACTICES

a) General principles

Results of operations are determined on the accrual basis of accounting. Sales revenues and the corresponding costs are recorded upon the transfer of risks and benefits.

b) Current and long-term assets

- Temporary cash investments

  Stated at cost plus income earned through the balance sheet dates.

- Allowance for doubtful accounts

  Recorded in an amount considered sufficient to cover potential losses on the realization of trade accounts receivable. Uncollectible receivables are charged directly to income.

- Inventories

  Stated at average acquisition or production cost, less provision for write-down to market value, when market value is lower.

- Other noncurrent assets

  Stated at net realizable value.

- Investments

  Investment in subsidiary is accounted for using the equity method, and other investments are stated at cost less valuation allowance.

- Property, plant and equipment

  Recorded at acquisition or construction cost plus monetary restatement through December 31, 1995. Depreciation and amortization are computed under the straight-line method based on the useful lives of the assets.

- Deferred charges

  Stated at cost, less amortization, and include unamortized goodwill, preoperating costs and expenses incurred before the start-up of the subsidiary’s stores opened through 2001. Beginning 2002, expenses incurred before the start-up of Livraria’s new stores are recorded directly in income for the current year.

  Preoperating expenses are amortized beginning upon the start-up of stores’ commercial operations, over five years or according to the provisions of the properties’ lease contracts.

  Goodwill resulting from the acquisition of investments is based on the projected earnings capacity of the acquired business over the estimated period for return on investment and is amortized using the straight-line method in 60 monthly installments.

c) Current and noncurrent liabilities

- Copyrights

  Calculated and recognized as operating expenses when sales are made and, in some cases, as production cost when the work is published.

- Other current and noncurrent liabilities

  Stated at known or estimated amounts plus charges and monetary or exchange variations incurred through the balance sheet dates.

d) Income and social contribution taxes

Taxes on income include current and deferred amounts.

Income tax is calculated at the rate of 15% on taxable income, plus a 10% surtax, and social contribution tax is calculated at the rate of 9% on taxable income.

Deferred income and social contribution taxes are recorded in current and noncurrent assets and current and noncurrent liabilities, as stated in Note 14.a), to reflect future tax effects on temporary differences between the carrying amount and the tax basis of assets and liabilities, and tax loss carryforwards.

Deferred tax assets are based on expected future taxable income at the tax rates in effect at the balance sheet dates, and are reviewed annually and adjusted to reflect any substantial change in expected profits.

e) Earnings per share

Calculated based on the number of shares outstanding at the balance sheet dates.

4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of the Company and Livraria, in which the Company has equity interest of 99.91%. The financial statements of Livraria as of the same date and prepared in accordance with the accounting practices described in Note 3 were used in the preparation of the consolidated financial statements.

The consolidated financial statements comprise the following procedures:

- Elimination of intercompany balances and transactions.

- Elimination of the Company’s investment against the subsidiary’s shareholders’ equity.

- Minority interest in shareholders’ equity and net income of Livraria is recorded in a separate caption in the balance sheets and statements of income, respectively.

5. CASH AND EQUIVALENTS

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Cash and banks	2,121	1,565	4,799	10,467
Bank certificates of deposit (CDBs)	116,707	80,956	116,864	83,964
Investment funds (FIF)	21,517	14,573	21,517	14,573
	140,345	97,094	143,180	109,004

6. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Trade accounts receivable	57,092	64,638	57,430	65,227
Receivables from Livraria	8,820	3,916	-	-
Credit cards	358	54	68,881	55,273
Checks receivable	4,079	4,035	6,287	4,841
Allowance for doubtful accounts	(846)	(1,589)	(964)	(1,962)
	69,503	71,054	131,634	123,379

Aging list of accounts receivable:

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Current	64,265	67,888	126,238	120,059
Past due:				
Up to 60 days	3,885	2,264	3,954	2,329
Over 60 days	1,353	902	1,442	991
	69,503	71,054	131,634	123,379

7. INVENTORIES

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Finished products	29,355	41,844	29,355	42,059
Goods for resale	27	91	57,317	51,664
Work in process	15,026	15,794	15,026	15,794
Raw materials	11,312	5,198	11,312	5,198
Packing and consumption materials	564	500	867	800
	56,284	63,427	113,877	115,515

8. INVESTMENTS IN SUBSIDIARY

Investments in subsidiary refer to the equity interest in Livraria and the main information is as follows:

	03/2007	12/2006
Number of shares - thousands	57,540	57,540
Number of shares held - thousands	57,490	57,490
Ownership interest - %	99.91	99.91
Percentage of this investment in the Company's shareholders' equity	23.70	25.23
Capital	51,210	51,210
Dividends payable related to 2006	1,574	1,574
Shareholders' equity (net of dividends payable)	64,578	58,452
Dividends receivable related to 2006	1,572	1,572
Investment value (net of dividends receivable)	64,522	58,402

	03/2007	03/2006
Net income - basis to calculate equity in subsidiary	6,126	2,925
Equity in subsidiary	6,120	2,922

The balance sheets as of March 31, 2007 and December 31, 2006 are as follows:

	03/2007	12/2006		03/2007	12/2006
ASSETS	164,562	150,831	LIABILITIES AND SHAREHOLDERS ' EQUITY	164,562	150,831
CURRENT ASSETS	136,182	124,798	CURRENT LIABILITIES	80,967	76,558
Cash and cash equivalents	2,835	11,910	Trade accounts payable	63,104	60,403
Trade accounts receivable	70,953	56,247	Financing	1,857	1,360
Inventories	57,593	52,088	Accrued vacation and related charges	3,478	2,850
Recoverable taxes	454	404	Taxes payable	2,583	3,628
Deferred income and social contribution taxes	3,586	3,644	Provision for income and social contribution taxes	1,291	145
Others	761	505	Dividends	1,574	1,574
			Other payables	7,080	6,598
NONCURRENT	28,380	26,033			
			NONCURRENT	19,017	15,821
Long-term assets	5,357	5,825	Financing	6,125	4,182
Escrow deposits	809	805	Reserve for contingencies	1,613	1,617
Deferred income and social contribution taxes	4,536	5,008	Taxes payable	4,592	5,014
Others	12	12	Loans from parent company	6,687	5,008
PERMANENT ASSETS	23,023	20,208	SHAREHOLDERS' EQUITY	64,578	58,452
Investments	135	135	Capital	51,210	51,210
Property, plant and equipment	20,606	17,686	Capital reserves	2,190	2,190
Intangible assets	1,633	1,682	Profit reserves	5,052	5,052
Deferred charges	649	705	Retained earnings	6,126	-

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Company				
	Annual	03/2007			12/2006
	depreciation/ amortization rate - %	Cost	Accumulated depreciation/ amortization	Net book value	Net book value
Land	-	2,011	-	2,011	2,029
Buildings and constructions	4	8,172	(3,704)	4,468	4,542
Machinery and equipment	10	1,564	(1,171)	393	417
Furniture, fixtures and installations	10	21,544	(18,932)	2,612	2,733
Vehicles	20	3,128	(2,194)	934	1,102
IT equipment	20	10,153	(8,044)	2,109	2,276
Advances to suppliers	-	405	-	405	417
		46,977	(34,045)	12,932	13,516
Intangible assets:					
Assignment of rights	20	1,246	(771)	475	536
Software	20	12,876	(10,375)	2,501	2,591
Trademarks and patents	-	186	-	186	185
		14,308	(11,146)	3,162	3,312

	Consolidated				
	Annual	03/2007			12/2006
	depreciation/ amortization rate - %	Cost	Accumulated depreciation/ amortization	Net book value	Net book value
Land	-	2,014	-	2,014	2,032
Buildings and constructions	4	9,613	(4,347)	5,266	5,353
Machinery and equipment	10	1,853	(1,436)	417	443
Furniture, fixtures and installations	10	73,324	(57,637)	15,687	14,231
Vehicles	20	3,933	(2,368)	1,565	1,496
IT equipment	20	20,513	(15,460)	5,053	5,259
Advances to suppliers	-	3,538	-	3,538	2,388
		114,788	(81,248)	33,540	31,202
Intangible assets:					
Goodwill	20	12,472	(11,441)	1,031	1,077
Assignment of rights	20	1,246	(771)	475	536
Software	20	14,400	(11,365)	3,035	3,129
Trademarks and patents	-	252	-	252	252
		28,370	(23,577)	4,793	4,994

10. DEFERRED CHARGES

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Preoperating expenses and other deferred charges	1,438	1,445	11,737	11,744
Unamortized goodwill	2,091	2,091	2,091	2,091
Amortization of goodwill	(1,289)	(1,185)	(1,289)	(1,185)
Accumulated amortization	(1,438)	(1,445)	(11,088)	(11,039)
	802	906	1,451	1,611

The unamortized goodwill balance refers to the acquisition of Formato Editorial Ltda., transferred to deferred charges due to the merger of this company on February 3, 2004, and adjusted to R$2,091 on March 14, 2006, according to contractual provisions related to the acquisition.

The amortization of goodwill recorded in deferred charges is made on a straight-line basis over 60 months and was started after the merger date.

11. FINANCING

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Current-				
In local currency - BNDES (a) - FINEM (b)	2,457	737	4,314	2,097
Noncurrent-				
In local currency - BNDES - FINEM	17,856	18,578	23,982	22,759

(a) BNDES - National Bank for Economic and Social Development

(b) FINEM - Financing for Projects

The noncurrent portion matures as follows:

	2008	2009	2010	2011	Total
Company	5,022	6,697	6,137	-	17,856
Consolidated	6,760	9,063	7,913	246	23,982

Additional information on financing is as follows:

Financing	Purpose	Guarantees	Maturity	Charges
Company-				
BNDES - FINEM contract of 11/05	Publishing Plan - 2005 to 2007 and information sytems	Mortgage of property, plant and equipment items and bank guarantee	11/2010	4% + TJLP (*)
Livraria:				
BNDES - FINEM - contract of 11/06	Projects for investment for opening of 11 stores, renovation and modernization of 19 stores of the chain, and centralization of logistics operations	Company’s guarantee	08/2010	3.1% + TJLP
BNDES - FINEM - contract of 04/00	Project for investment in megastores and modernization of conventional stores	Company’s guarantee	04/2008	3.5% + TJLP

Credit releases:

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Releases in 2006	-	11,388	-	15,815
Release in March 27	957	-	3,623	-
Total	957	11,388	3,623	15,815

(*) TJLP - Long-term interest rate

12. LOYALTY PROGRAM - SARAIVA PLUS

In 2005, Livraria implemented a customer loyalty program (“Saraiva Plus”) whereby purchases made by customers in stores and the Company’s website earn points that can be discounted in future purchases. Accumulated points, net of redemptions, are accrued considering redemption estimates. As of March 31, 2007, Livraria has a provision for the loyalty program in the amount of R$3,073 (R$2,683 in 2006), recorded under the caption “Other payables”.

13. RELATED-PARTY TRANSACTIONS

Related-party transactions include purchases, sales and intercompany loans. Loans granted to Livraria in 2006 have indeterminate maturity and bear interest of 101% of the CDI.

Loans granted to Livraria - recorded in noncurrent assets:

	03/2007	12/2006
Balance receivable as of December 31	5,008	-
Loans granted net of payments	1,559	4,341
Financial income	120	667
Balance receivable as of March 31	6,687	5,008

The main balances and transactions with related parties are as follows:

	03/2007	12/2006
Balances:		
Assets:		
Trade accounts receivable (current)	8,820	3,916
Loans granted - loan agreement (noncurrent)	6,687	5,008
Liabilities-		
Trade accounts payable (current)	2	6

	03/2007	03/2006
Transactions:		
Sale of products	8,058	6,106
Purchase of products	6	4
Financial income	120	-
Financial expenses	-	127

14. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred

Deferred income and social contribution taxes are derived from:

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
Current assets	-	636	3,586	4,280
Noncurrent assets:				
Tax loss carryforwards	-	-	-	387
Reserve for contingencies	761	753	5,297	5,374
	761	753	5,297	5,761
Noncurrent liabilities:				
Provision for book inventory losses - Law No. 10,753/03	3,330	4,753	3,330	4,753
Deferral of accelerated depreciation	-	2	-	2
	3,330	4,755	3,330	4,755

The Company, based on the opinion of its outside lawyers, considered the tax incentive established by Law No. 10,753/03, amended by Law No. 10,833/03, relating to the deductibility of the provision for inventory losses, as a temporary difference between the carrying amount and the tax basis of assets and liabilities, recognizing the tax effect in accordance with CVM Instruction No. 371/02.

The Company and Livraria, based on the expectation of future taxable income and positive cash flows discounted to present value and pursuant to CVM Instruction No. 371/02, maintained in their financial statements the deferred tax asset.

Management considers the carrying amount of the Company's deferred tax assets from temporary differences realizable in proportion to the final resolution of lawsuits.

In the event of a definitive decision on the lawsuits, Livraria's deferred tax asset is expected to be realized as follows:

Balance sheet date	Realization of deferred tax asset
December 31, 2007	5,404
December 31, 2008	2,718
	8,122

b) Expense reconciliation

Reconciliation of the expense calculated by applying the combined tax rate and the tax expense charged to income is as follows:

	Company		Consolidated	
	03/2007	03/2006	03/2007	03/2006
Income before income and social contribution taxes	60,241	51,358	64,033	53,347
Combined tax rate - %	34	34	34	34
Taxes computed at the combined tax rate	(20,482)	(17,462)	(21,772)	(18,136)
Permanent additions - nondeductible expenses	(172)	(11)	(200)	(33)
Permanent deductions:				
Equity in subsidiary	2,081	994	-	-
Other deductions	85	75	129	104
Other items	32	26	91	26
	(18,456)	(16,378)	(21,752)	(18,039)
Income and social contribution taxes:				
Current	(19,253)	(17,107)	(22,019)	(17,107)
Defered	797	729	267	(932)
	(18,456)	(16,378)	(21,752)	(18,039)
Effective tax rate on net income - %	30.6	31.9	34.0	33.8

15. RESERVE FOR CONTINGENCIES

The Company and Livraria are challenging in court certain aspects related to federal taxes, such as taxes on revenue (PIS and COFINS), income tax (IR) and social contribution tax (CSLL), as follows:

	Company				
	12/2006	Recognition	Escrow deposits	Reversal	03/2007
PIS/COFINS - increase in tax basis	186	2	-	-	188
IR/CSLL - "Plano Real" (economic plan) - Law No. 8,880/94	861	-	-	-	861
Civil and labor contingencies	112	-	-	-	112
Escrow deposits	(1,047)	-	(2)	-	(1,049)
	112	2	(2)	-	112

	Consolidated				
	12/2006	Recognition	Escrow deposits	Reversal	03/2007
PIS/COFINS - increase in tax basis	8,961	6	-	-	8,967
IR/CSLL - "Plano Real" (economic plan) - Law No. 8,880/94	2,478	-	-	(3)	2,475
Civil and labor contingencies	112	-	-	-	112
Escrow deposits	(9,822)	-	(6)	-	(9,828)
	1,729	6	(6)	(3)	1,726

16. TAXES PAYABLE

	Company		Consolidated	
	03/2007	12/2006	03/2007	12/2006
IR and CSLL (i)	-	-	6,429	6,837
CSLL (ii)	2,559	2,538	2,559	2,538
ICMS (State VAT)	-	4	423	1,652
PIS/COFINS	19	26	105	93
Other	789	60	1,024	150
	3,367	2,628	10,540	11,270
Current liabilities	1,319	598	3,902	4,226
Noncurrent liabilities	2,048	2,030	6,638	7,044
	3,367	2,628	10,540	11,270

(i) Request filed with the National Treasury Attorney General in October 2005 for the installment payment of the accrued amounts related to lawsuits brought to discuss the effects of IR and CSLL arising from “Plano Real” - Law No. 8,880/94.

(ii) In October 2006, the Company was informed of the denial of the administrative appeal related to the tax delinquency notice which established the CSLL tax credit related to the deduction of interest on capital from the CSLL tax basis for 1996. As decided by management, the Company recognized a provision and will file a request for installment payment of the debt as soon as the tax credit is acknowledged as debt to the Federal Revenue Service.

17. SHAREHOLDERS’ EQUITY

a) Capital

Fully paid-up capital as of March 31, 2007, in the amount of R$147,774 (R$147,774 as of March 31, 2006), is represented by 28,596,123 shares, of which 9,622,313 are common shares and 18,973,810 are preferred shares, without par value.

The Company’s bylaws to São Paulo Stock Exchange (BOVESPA) Level 2 of Differentiated Corporate Governance Practices were approved.

The Company is authorized to increase capital, through the issuance of new shares for subscription and regardless of any amendment to the bylaws, by up to 4,000,000 shares. Of this total amount, up to 500,000 shares may be granted as stock options, pursuant to the bylaws.

The Company’s preferred shares, whose number may not surpass 2/3 of the total shares issued, grant their holders the following rights or advantages:

- Restricted voting rights, pursuant to the bylaws.
- Right to sell the preferred shares in the case of sale of the Company’s controlling interest.
- Dividends equal to those attributed to common shares.
- Share in the distribution of bonus shares from the capitalization of reserves, retained earnings and any other funds, on equal conditions as holders of common shares.

Common shares are not allowed to be converted into preferred shares, and vice-versa.

The remaining balance of retained earnings is prior to the enactment of Law No. 6,404/76.

b) Treasury shares - CVM Instructions No. 10/80 and No. 298/97

The Company holds 365,750 (365,750 as of December 31, 2006) preferred shares in treasury, acquired for R$2,870, with a fair value of R$9,125 (R$24,95 per share - quotation on March 30, 2007). On March 31, 2007 no new acquisitions of shares were conducted.

c) Interest on capital and dividends

Shareholders are entitled to a minimum dividend of 25% of adjusted net income for each year.

The Company cannot, unless authorized by a majority vote in a special preferred shareholders' meeting, retain, for more than four successive quarters, cash and cash equivalents in an amount greater than 25% of total assets, provided that its economic and financial situation allows this. Cash and cash equivalents will correspond to the amounts recorded under the caption "Cash and cash equivalents" exceeding the sum of the amounts recorded under the caption "Financing" in current and noncurrent liabilities.

Pursuant to the bylaws, interest on capital attributed to mandatory dividends is net of income tax.

At the Board of Directors' Meeting held on April 26, 2007, the Board approved the payment of interest on capital, on terms aproved by the Board on Febuary 28, 2007, in the amount of R$13,988 (R$0.49549281 per share), including income tax of R$2,098, and the amount of R$11,890 will be attributed to mandatory dividends (R$0.42116889 per share).

d) Stock option plan

In a meeting held on March 5, 2007 and according to a significant event notice published on March 6, 2007, the Company's Stock Option Plan Management Committee approved the conditions and beneficiaries of the Third Program of this Plan, granting stock options of 123,800 preferred shares to 19 officers and employees between March 8, 2010 and May 7, 2010. The price established for each share is R$21.50, subject to adjustment based on the extended consumer price index (IPCA) from February 2007 to the month prior to the option exercise. The options will be exercised by means of the issuance of new shares and/or the sale of treasury shares held by the Company.

18. FINANCIAL INSTRUMENTS

a) Derivative transactions

The derivative transaction conducted by the Company was a swap contract to hedge against foreign exchange variation, without cash, for coverage of the last installment of the financing with the IFC, resulting in a loss of R$279 at the quarter ended March 31, 2006 classified as financial expenses. During the quarter ended March 31, 2007, the Company and Livraria have not entered into new derivative transactions.

b) Other financial instruments

The carrying amounts and fair values of the financial instruments recorded in the consolidated balance sheets as of March 31, 2007 are as follows:

Description	Carrying amount	Fair value
Cash and cash equivalents	143,180	143,180
Financing in local currency	28,296	28,296

Criteria, assumptions and limitations used in calculating fair values are as follows:

- Cash and cash equivalents

  Cash and cash equivalents are represented by unrestricted bank deposits and highly-liquid investments.

- Financing

  The carrying amounts of financing correspond to funds obtained from the BNDES. The financing is specific and has different interest rates, impairing the comparison with fair values, assuming conventional loan rates for the calculation. Thus, the fair values of this financing do not differ significantly from the carrying amounts as of March 31, 2007.

- Limitations

  The fair values were estimated at a specific time, based on relevant market information. Changes in assumptions may significantly affect those estimates.

c) Market risks

- Credit risk - to minimize possible losses on customer default, the Company and Livraria adopt strict policies for granting credit, consisting of careful analyses of customer profiles, as well as timely monitoring of accounts receivable.

- Inventory obsolescence risk - discontinued products and new technologies may lead to excess and obsolete inventories. To minimize these conditions, the Company and its subsidiary periodically monitor inventory levels and take necessary action for realization.

19. FINANCIAL INCOME (EXPENSES)

Financial income and expenses are as follows:

	Company		Consolidated	
	03/2007	03/2006	03/2007	03/2006
Financial income:				
Income from temporary cash investments	3,647	446	3,689	964
Interest on loans to subsidiary	120	-	-	-
Interest received from customers	140	128	145	135
Interest on recoverable taxes	17	6	17	6
Other financial income	17	18	52	27
	3,941	598	3,903	1,132
Financial expenses:				
Loss on temporary cash investments - hedge	-	(279)	-	(279)
Interest, monetary and exchange variations on financing	(485)	(147)	(613)	(238)
Other interest and monetary variation	(698)	(302)	(827)	(399)
CPMF (tax on banking transactions)/IOC (tax on credit operations)	(439)	(352)	(880)	(682)
Other financial expenses	(277)	(217)	(335)	(277)
	(1,899)	(1,297)	(2,655)	(1,875)
	2,042	(699)	1,248	(743)

20. INSURANCE

As of March 31, 2007, the Company and Livraria have insurance coverage against fire and sundry risks for fixed assets and inventories, in amounts considered sufficient to cover potential losses.

21. STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED MARCH 31, 2007 AND 2006

	Company		Consolidated	
	03/2007	03/2006	03/2007	03/2006
From operations:				
Net income	40,839	34,148	40,839	34,148
Items not affecting working capital:				
Depreciation and amortization (including amount allocated to cost)	1,153	1,518	2,540	2,813
Deferred income and social contribution taxes	(797)	(729)	(267)	933
Allowance for doubtful accounts	515	246	577	322
Equity in subsidiary	(6,120)	(2,922)	-	-
Net book value of property, plant and equipment written off	(12)	(25)	4	56
Financial charges and exchange and monetary variations on noncurrent assets and liabilities	(76)	84	135	262
Other operations accruals	465	266	983	1,204
Minority interest in subsidiary	-	-	5	3
	35,967	32,586	44,816	39,741
CHANGES IN OPERATING ASSETS AND LIABILITIES				
Trade accounts receivable	5,940	10,394	(8,832)	(4,584)
Trade accounts receivable from subsidiary	(4,904)	(4,339)	-	-
Inventories	7,143	7,367	1,638	6,610
Other assets	6,005	3,540	5,692	2,340
Suppliers	(18,481)	(8,422)	(20,680)	(12,168)
Income and social contribution taxes	10,373	7,253	11,519	4,118
Other liabilities	2,556	900	2,214	312
NET CASH PROVIDED BY OPERATING ACTIVITIES	44,599	49,279	36,367	36,369
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(394)	(203)	(4,613)	(774)
Proceeds from sale of property, plant and equipment	91	33	92	34
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(303)	(170)	(4,521)	(740)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans and financing	957	3,500	3,623	3,500
Loans to subsidiary	(1,559)	-	-	-
Amortization of loans and financing	-	(256)	(767)	(1,490)
Payment of interest on loans and financing from subsidiary	-	(11,573)	-	-
Payment of interest on loans and financing	(443)	(133)	(526)	(204)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(1,045)	(8,462)	2,330	1,806
INCREASE (DECREASE) IN CASH FOR THE PERIOD	43,251	40,647	34,176	37,435
REPRESENTED BY				
Cash at beginning of period	97,094	8,641	109,004	20,194
Cash at end of period	140,345	49,288	143,180	57,629
INCREASE IN WORKING CAPITAL	43,251	40,647	34,176	37,435

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

06.01 - CONSOLIDATED BALANCE SHEETS - ASSETS (In thousands of Brazilian reais - R$)

Code	Description	03/31/2007	12/31/2006
1	Total assets	451,834	415,920
1.01	Current assets	399,403	363,940
1.01.01	Cash and cash equivalents	143,180	109,004
1.01.02	Receivables	141,665	135,284
1.01.02.01	Trade accounts receivable	131,634	123,379
1.01.02.02	Other accounts receivable	10,031	11,905
1.01.02.02.01	Recoverable taxes	3,013	5,715
1.01.02.02.02	Deferred income and social contribution taxes	3,586	4,280
1.01.02.02.03	Accounts receivable - sales of fixed assets	2,290	1,145
1.01.02.02.04	Other	1,142	765
1.01.03	Inventories	113,877	115,515
1.01.04	Other	681	4,137
1.01.04.01	Deferred advertising expenses	0	2,922
1.01.04.02	Prepaid expenses	681	1,215
1.02	Noncurrent assets	52,431	51,980
1.02.01	Long-term assets	12,104	13,630
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Intercompany receivables	0	0
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	12,104	13,630
1.02.01.03.01	Deferred income and social contribution taxes	5,297	5,761
1.02.01.03.02	Escrow deposits	2,125	2,042
1.02.01.03.03	Accounts receivable - sales of fixed assets	4,580	5,725
1.02.01.03.04	Other	102	102
1.02.02	Permanent assets	40,327	38,350
1.02.02.01	Investments	543	543
1.02.02.01.01	In affiliates	0	0
1.02.02.01.02	In affiliates - goodwill	0	0
1.02.02.01.03	In subsidiaries	0	0
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	543	543
1.02.02.02	Property, plant and equipment	33,540	31,202
1.02.02.03	Intangible assets	4,793	4,994
1.02.02.04	Deferred charges	1,451	1,611

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

06.02 - CONSOLIDATED BALANCE SHEETS - LIABILITIES AND SHAREHOLDERS' EQUITY (In thousands of Brazilian reais - R$)

Code	Description	03/31/2007	12/31/2006
2	Total liabilities and shareholders' equity	451,834	415,920
2.01	Current liabilities	143,827	148,146
2.01.01	Loans and financing	4,314	2,097
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	77,253	97,933
2.01.04	Taxes payable	29,212	16,954
2.01.04.01	Income tax	16,805	5,286
2.01.04.02	Social contribution tax	8,505	7,442
2.01.04.03	Other taxes	3,902	4,226
2.01.05	Dividends payable	13,988	13,988
2.01.05.01	Interest on capital	13,988	13,988
2.01.06	Provisions	5,772	4,336
2.01.07	Intercompany payables	0	0
2.01.08	Other	13,288	12,838
2.01.08.01	Copyright payable	6,902	4,617
2.01.08.02	Payable rentals	1,943	2,428
2.01.08.03	Fidelity program	3,073	2,683
2.01.08.04	Advances from clients	457	450
2.01.08.05	Other	913	2,660
2.02	Noncurrent liabilities	35,676	36,287
2.02.01	Long-term liabilities	35,676	36,287
2.02.01.01	Loans and financing	23,982	22,759
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	11,694	13,528
2.02.01.03.01	Deferred income and social contribution taxes	3,330	4,755
2.02.01.03.02	Reserve for contingencies	1,726	1,729
2.02.01.03.03	Taxes payable	6,638	7,044
2.02.01.04	Intercompany payables	0	0
2.02.01.05	Advances to future capital increase	0	0
2.02.01.06	Other	0	0
2.02.02	Deferred income	0	0
2.03	Minority interest	56	51
2.04	Shareholders' equity	272,275	231,436
2.04.01	Capital	147,774	147,774
2.04.02	Capital reserves	0	0
2.04.03	Revaluation reserves	0	0
2.04.03.01	Owned assets	0	0
2.04.03.02	Subsidiaries/affiliates	0	0
2.04.04	Profit reserves	82,425	82,425
2.04.04.01	Legal reserve	12,215	12,215
2.04.04.02	Statutory reserve	0	0
2.04.04.03	Reserve for contingencies	0	0
2.04.04.04	Unrealized profit reserve	0	0
2.04.04.05	Profit retention reserve	0	0
2.04.04.06	Special reserve for undistributed dividends	0	0

Code	Description	03/31/2007	12/31/2006
2.04.04.07	Other profit reserves	70,210	70,210
2.04.04.07.01	Reserve for capital increase	73,080	73,080
2.04.04.07.02	Treasury stock	-2,870	-2,870
2.04.05	Retained earnings/accumulated deficit	42,076	1,237
2.04.06	Advances to future capital increase	0	0

(Convenience Translation into English from the Original Previously Issued in Portuguese)

01.01 - IDENTIFICATION

1 -CVM CODE	2 - COMPANY NAME	3 -Federal Corporate Taxpayers' Registration Number (CNPJ)
01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

07.01 - CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands of Brazilian reais - R$)

Code	Description	3-01/01/2007 to 03/31/2007	4-01/01/2007 to 03/31/2007	5-01/01/2006 to 03/31/2006	6-01/01/2006 to 03/31/2006
3.01	Gross revenue from sales and/or services	231,900	231,900	200,459	200,459
3.02	Deductions from gross revenue	(9,317)	(9,317)	(8,621)	(8,621)
3.03	Net revenue from sales and/or services	222,583	222,583	191,838	191,838
3.04	Cost of sales and/or services	(93,402)	(93,402)	(75,094)	(75,094)
3.05	Gross profit	129,181	129,181	116,744	116,744
3.06	Operating (expenses) income	(65,145)	(65,145)	(63,341)	(63,341)
3.06.01	Selling expenses	(49,426)	(49,426)	(45,085)	(45,085)
3.06.02	General and administrative expenses	(14,410)	(14,410)	(14,049)	(14,049)
3.06.02.01	Management compensation	(1,437)	(1,437)	(1,267)	(1,267)
3.06.02.02	Other	(12,973)	(12,973)	(12,782)	(12,782)
3.06.03	Financial	1,248	1,248	(743)	(743)
3.06.03.01	Financial income	3,903	3,903	1,132	1,132
3.06.03.02	Financial expenses	(2,655)	(2,655)	(1,875)	(1,875)
3.06.04	Other operating income	287	287	136	136
3.06.05	Other operating expenses	(2,844)	(2,844)	(3,600)	(3,600)
3.06.05.01	Depreciation and amortization	(2,448)	(2,448)	(2,600)	(2,600)
3.06.05.02	Other	(396)	(396)	(1,000)	(1,000)
3.06.06	Equity in subsidiary	0	0	0	0
3.07	Income (loss) from operations	64,036	64,036	53,403	53,403
3.08	Nonoperating income (expenses)	(3)	(3)	(56)	(56)
3.08.01	Income	12	12	25	25
3.08.02	Expenses	(15)	(15)	(81)	(81)
3.09	Income before taxes and profit sharing	64,033	64,033	53,347	53,347
3.10	Provision for income and social contribution taxes	(22,019)	(22,019)	(17,107)	(17,107)
3.11	Deferred income tax	267	267	(932)	(932)
3.12	Profit sharing/contributions	(1,437)	(1,437)	(1,157)	(1,157)
3.12.01	Profit sharing	(1,437)	(1,437)	(1,157)	(1,157)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	(50	(50	(3)	(3)

08.01 - COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER AND NINE-MONTH PERIOD

Code	Description	3-01/01/2007 to 03/31/2007	4-01/01/2007 to 03/31/2007	5-01/01/2006 to 03/31/2006	6-01/01/2006 to 03/31/2006
3.15	Net income (loss)	40,839	40,839	34,148	34,148
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,230	28,230	25,230	25,230
	EARNINGS PER SHARE	1,44665	1,44665	1,35347	1,35347
	LOSS PER SHARE				

08.01 - COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER AND NINE-MONTH PERIOD

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

09.01- SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

01 - ITEM	2- COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)	5 - % Interest in the subsidiary equity	6- % Liquid investment of the company
01	LIVRARIA E PAPELARIA SARAIVA S.A.	61.254.454/0001-83	99.91	23.70
7- Company		8- Number of shares in the six-month period		9- Number of shares in the quarter
Commercial company, manufacturing and others		57,490		57,490

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Saraiva Group operates in the publishing segment, through Editora Saraiva (Saraiva S.A. Livreiros Editores), and in the retail segment, through Livraria Saraiva (Livraria e Papelaria Saraiva S.A.). The Company's operating and financial information is consolidated, presented in Brazilian reais, in accordance with Corporate Law, and refers to the first quarter of 2007 (1Q07), except when otherwise stated. All comparisons were made in relation to the first quarter of 2006 (1Q06), unless otherwise stated.

HIGHLIGHTS

The first quarter of 2007 was marked by important achievements. We reported record consolidated results and both Editora and Livraria made significant advances towards the consolidation of their operations.

Revenue - Consolidated gross revenue totaled R$231.9 million, with growth of 15.7% in relation to 1Q06.

EBITDA - Consolidated adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, and provision for redemption of "Saraiva Plus" bonuses) totaled R$65.6 million, representing a 13.7% increase in relation to the same period of prior year.

Net income - Consolidated net income reached a new record and totaled R$40.8 million, up 19.6% compared to 1Q06.

Livraria - The retail operation had exceptional results that confirm the virtuous growth and value generation cycle. Sales grew 20.7%, boosted by both electronic retail (38.7%) and in-store sales (13.9%). EBITDA increased 71.5% and net income increased 109.4%.

EDITORA SARAIVA (SARAIVA S.A. LIVREIROS EDITORES)

Editora Saraiva is the parent company of Livraria Saraiva, with 99.91% of its shares - the Companies have separate activities and corporate names.

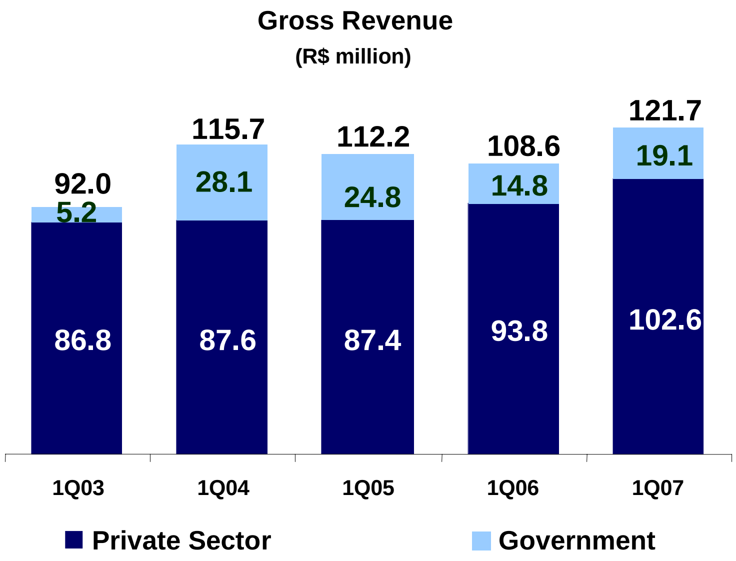
The table below summarizes the main data on Editora's economic and financial performance:

	1Q07		1Q06		HA %
	R$ 000	*VA %*	R$ 000	*VA %*	
Gross Revenue	121,651	*100.0*	108,583	*100.1*	12.0
Net Revenue	121,603	*100.0*	108,479	*100.0*	12.1
Gross Profit	89,411	*73.5*	84,128	*77.6*	6.3
Operating Expenses	37,384	*30.7*	35,090	*32.3*	6.5
EBITDA	53,184	*43.7*	50,470	*46.5*	5.4
Financial (Expenses) Income, Net	(2,042)	*-1.7*	699	*0.6*	-392.1
Income before Equity in Subsidiary	34,719	*28.6*	31,226	*28.8*	11.2
Net Income	40,839	*33.6*	34,148	*31.5*	19.6

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Gross Revenue

Gross revenue totaled R$121.7 million, with growth of 12.0% in relation to 1Q06. The graph below shows the evolution of gross revenue in recent years, segregating the share of revenues from sales to the Government and revenues from sales to the private sector.



Private Sector

Sales to the private sector rose 9.4%, boosted by the 16.8% growth in the legal books area.

Government

Revenue from sale of textbooks, under the Government's book purchase programs for elementary and high schools (respectively PNLD and PNLEM), grew 29.1% and reflected the higher revenue recorded in 1Q07 as shown below.

Program by School Year		Recorded Sales by Fiscal Year R$ million			
Elementary & High School (*)	Total Sales (Amount of Contracts)	4Q05	1Q06	4Q06	1Q07
2006	65.0	50.3	14.8		
2007	82.6			63.5	19.1

(*) Includes PNLD, PNLEM, "Books in School" Program - SEE/MG, PNBE (National School Library Program).

Gross Profit

Gross profit totaled R$89.4 million, up 6.3% in relation to 1Q06. The gross profit margin, ratio of income to net revenue, decreased from 77.6% in 1Q06 to 73.5% in 1Q07, due to the larger share of sales to the Government in the period, whose margins are lower that in sales to the private sector.

Operating Expenses

Operating expenses totaled R$37.4 million in the period, representing a growth of 6.5%. The ratio of operating expenses to net revenue showed an operating efficiency gain, since it went from 32.3% in 1Q06 to 30.7% in 1Q07.

The Company's management has put forth efforts for attaining cost control and ensuring the efficiency of processes. With this purpose, in 2H07 new actions to improve the cash management program will be studied.

EBITDA

EBITDA totaled R$53.2 million, an amount 5.4% higher than in 1Q06. The EBITDA margin decreased from 46.5% in 1Q06 to 43.7% in 1Q07, which reflects the drop in gross margin.

Reconciliation of EBITDA - R$ 000	1Q07	1Q06	*Var.*
Income from Operations after Financial Income (Expenses), Net	54,109	48,411	*11.8%*
(+) Depreciation and Amortization	1,117	1,360	*-17.9%*
(+) Financial Expenses, Net	-2,042	699	*-392.1%*
(=) EBITDA	53,184	50,470	*5.4%*

Financial Income (Expenses)/Capital Structure

Financial income (expenses) evolved from a net financial expense of R$699,000 in 1Q06 to a net financial income of R$2.0 million in 1Q07. The strong operating cash generation in the period resulted in a significant growth of the financial position. Net cash evolved from R$77.8 million at the end of 2006 to R$120.0 million at the end of 1Q07.

In 1Q07, R$1.0 million was released from the BNDES financing for the investment plan for 2005-2007. Of the total contracted amount of R$32.5 million, R$19.9 million has already been released.

Net Income

Net income before equity in subsidiary Livraria Saraiva totaled R$34.7 million, representing an 11.2% increase compared to the same period of prior year. Net income after equity in subsidiary reached R$40.8 million, 19.6% higher than the performance for 1Q06.

Investments

In 1Q07, R$394 million was invested in information technology projects.

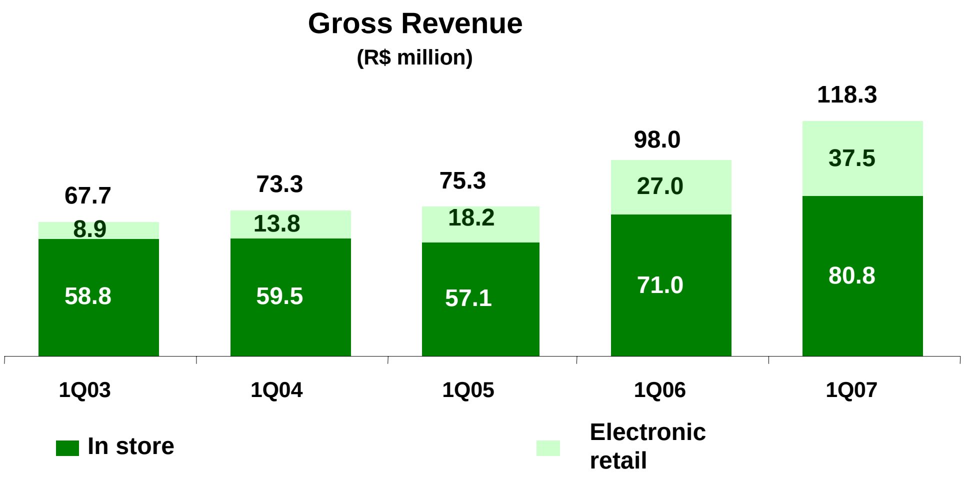
LIVRARIA SARAIVA (LIVRARIA E PAPELARIA SARAIVA S.A.)

Livraria is primarily engaged in retail sale of books, DVDs, music, stationery, and computer and electric-electronic products.

The table below presents the main data on economic and financial performance:

	1Q07		1Q06		HA %
	R$ 000	*VA %*	R$ 000	*VA %*	
Gross Revenue	118,313	*108.5*	97,987	*109.5*	20.7
Net Revenue	109,043	*100.0*	89,470	*100.0*	21.9
Gross Profit	39,776	*36.5*	32,620	*36.5*	21.9
Operating Expenses	28,906	*26.5*	26,649	*29.8*	8.5
Adjusted EBITDA	12,442	*11.4*	7,254	*8.1*	71.5
Financial Expenses, Net	794	*0.7*	43	*0.0*	1,746.5
Net Income	6,126	*5.6*	2,925	*3.3*	109.4

Gross Revenue



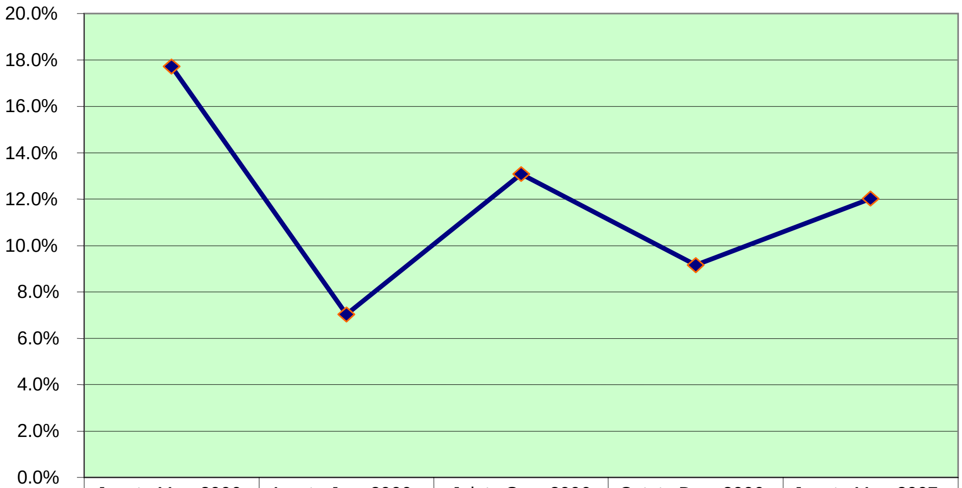
Livraria's gross revenue totaled R$118.3 million, up 20.7% in relation to 1Q06.

The sales boost has been positively influenced both by the growth in electronic retail (+38.7%) and the increase in revenue from in-store sales (+13.9%). Under the comparable sales concept (in-store sales + Saraiva.com) the growth rate is 19.4%.

The analysis of comparable sales evolution shows that in-store sales increased 12.0%, as shown in the graph below, when comparing quarterly revenue to the revenue recorded in the same period of prior year.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Nominal growth of comparable stores - by quarter



	Jan. to Mar. 2006	Apr. to Jun. 2006	Jul. to Sep. 2006	Oct. to Dec. 2006	Jan. to Mar. 2007
Nominal growth	17.7%	7.0%	13.1%	9.2%	12.0%

Nominal growth in the book, newspaper, magazine and stationery sector, released by the Brazilian Institute of Geography and Statistics (IBGE) in the monthly survey of commerce, showed a 6.2% variation in the first two months of 2007. Saraiva's growth in these segments for the same period was 19.4% and evidences the gaining of market share.

The positive performance in Livraria Saraiva's sales has been driven by the successful strategy of including new product categories, in particular IT products, with growth of 231% compared to 1Q06. Another segment with good performance is the imported books segment, which represented 3.1% of the total book area in 1Q07, against 2.1% in 1Q06. We also adopted a strategic plan to intensify Saraiva's activities during the back-to-school period, which resulted in a 30.3% growth in textbook sales and a 27.3% growth in stationery sales. Other factors that have contributed to the sales growth are the enormous acceptance of the "Saraiva Plus" loyalty program among consumers and the investments made in personnel training and selection, in order to adjust the profile of store attendants to each unit's target public.

Gross Profit

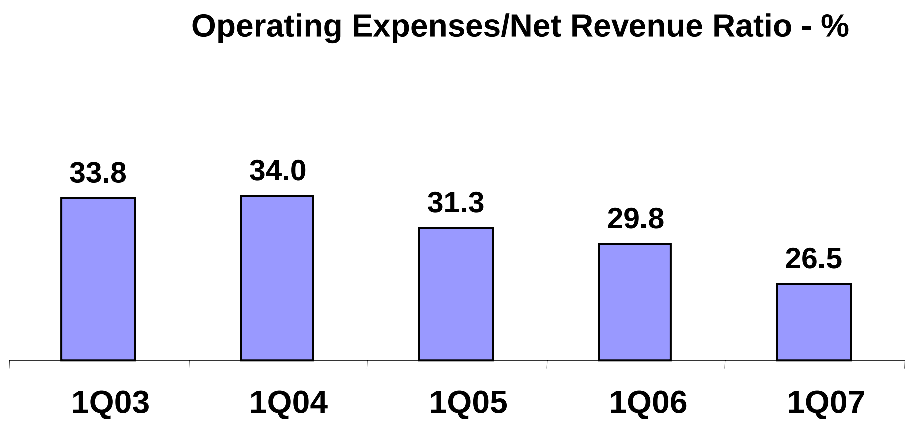
Gross profit reached R$39.8 million in 1Q07, growing 21.9% when compared to 1Q06. The gross margin remained at the same level of 36.5%.

Operating Expenses

The ratio of operating expenses to net revenue reflects positively the gain in scale obtained with the increase in revenue and the efforts made to increase competitiveness through cost reduction actions and a strict control over expenses.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

For 2Q07, the Company's management intends to proceed with the cash management program to ensure the increasingly consistent growth of the Company. The graph below shows the significant progress achieved in recent years.



EBITDA

Adjusted EBITDA totaled R$12.4 million, 71.5% higher than in 1Q06. The EBITDA margin increased significantly and reached 11.4% in 1Q07, against 8.1% in 1Q06.

Reconciliation of EBITDA - R$ 000	1Q07	1Q06	*Var.*
Income from Operations after Financial Expenses, Net	9,927	4,992	*98.9%*
(+) Depreciation and Amortization	1,331	1,240	*7.3%*
(+) Financial Expenses, Net	794	43	*1746.5%*
(=) EBITDA	12,052	6,275	*92.1%*
(+) Provision for Redemption of "Saraiva Plus" Bonuses (*)	390	979	*-60.2%*
(=) Adjusted EBITDA	12,442	7,254	*71.5%*

(*) Refers to the provision for future redemption of bonuses, which does not represent actual cash outflow.

Financial Expenses/Capital Structure

Net financial expenses increased R$751,000 in 1Q07. The financial position at the end of 1Q07 corresponded to a net debt of R$5.1 million. At the end of 2006, the net cash position was R$6.4 million.

Investments made to open new stores and the inflow of funds from the BNDES financing, together with the strategy to increase the payment term offered to customers as a consumer attraction tool, and the increase in the average ticket, have contributed for the increase in expenses and the change in the financial position.

In 1Q07, a second portion related to BNDES financing, in the amount of R$2.7 million, was released, for the store chain expansion program for the period 2005 to 2008. Of the total contracted amount of R$22.1 million, R$7.1 million has already been released.

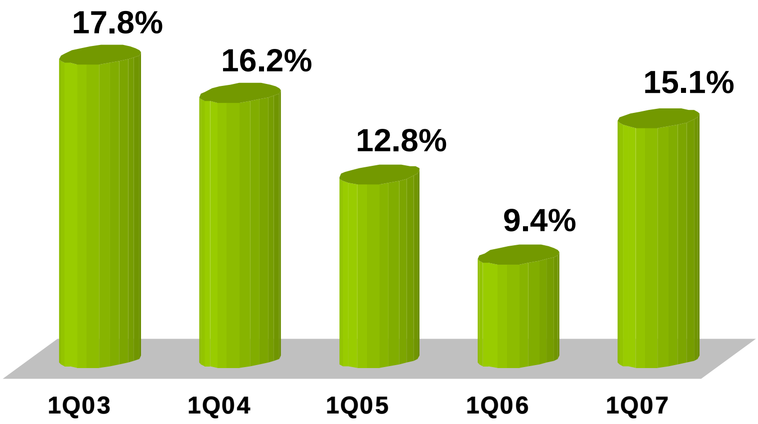
08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Working Capital

The main highlight in the period was the 19-day extension of the average payment term granted to customers, which impacted the working capital to gross revenue ratio. The strategy of adopting a more aggressive policy in the collection period has been essential to increase sales and market share.

At the same time, the Company's management is carefully monitoring the working capital management indicators and some actions will be taken, starting 2Q07, to compensate for the effect of increasing customer financing, including the increase in the amount of the minimum installment to grant the payment in installments. In addition, efforts will be made to improve inventory turnover and reduce the operating cycle.

Working Capital (1)/Gross Revenue (2)



(1) Inventories + Trade accounts receivable - Trade accounts payable (monthly average for the last 12 months)
(2) Gross revenue from sales in the last 12 months

Net Income

Net income increased 109.4% and reached R$6.1 million. Growth in sales and the efficient control over expenses produced this significant result.

Investments

In 1Q07, R$4.2 million was invested mainly in the store chain expansion program. Two new stores were opened in Rio de Janeiro, consolidating Saraiva's leadership in this important marketplace. The new stores are located at:

- Norte Shopping in the city of Rio de Janeiro, with 620m² of sales area, opened in January 2007.

- Building of the college IBMEC, in the city of Rio de Janeiro, with a total area of 200m², opened at the end of February 2007.

In addition, investments have been made to open another three units, scheduled to be opened in 2Q07 in strategic locations:

- Iguatemi shopping mall in Florianópolis, with 610m² of sales area and scheduled to be opened in April 2007.

- Salvador shopping mall in the city of Salvador, with 1,280m² of sales area and scheduled to be opened in May 2007.

- Novo Shopping, important trading center in the city of Ribeirão Preto, with 400m² of sales area and scheduled to be opened in June 2007.

Human Resources

With the purpose of reinforcing our staff and proceeding with the strong growth process of Livraria Saraiva’s e-commerce division, we created a separate department to focus on e-commerce development and, at the end of March 2007, we hired an executive highly experienced in e-commerce.

Marketing

The “Saraiva Plus” loyalty program has increasingly attracted consumers and is consolidating as one of the most efficient customer retention programs in domestic retail because of its system that facilitates the accumulation of points and simplifies redemption. At the end of 1Q07, the program had 1,310 thousand customers, a 14% increase over the customer base as of December 31, 2006.

Subsequent Event

Livraria Saraiva was awarded the Alshop/Visa Award, granted by the vote of the member of the Academy, in the category "Leisure and Entertainment Products", during the ceremony held on April 25, 2007, by the Brazilian Association of Shopping Mall Owners.

Saraiva.com - Livraria Saraiva's Electronic Retail Division

E-commerce has gained an increasing importance in Livraria Saraiva's operations. Its share in Livraria's total gross revenue increased to 31.7% in 1Q07 from 27.6% in 1Q06.

Indicators - Saraiva.com	1Q07	1Q06	*Var.*
Gross Revenue (R$ 000)	37,466	27,008	*38.7%*
Operating Expenses (SG&A)	5,762	5,079	*13.4%*
Adjusted EBITDA (R$ 000) (1)	6,414	3,284	*95.3%*
Active customers (000) (2)	1,015	896	*13.3%*
% of Livraria's Gross Revenue	31.7%	27.6%	*4.1 p.p.*
Average Ticket (R$)	126.63	108.20	*17.0%*

(1) *Adjusted EBITDA: includes in the calculation the provision for future redemption of "Saraiva Plus" bonuses (R$445,000 in 2007 and R$432,000 in 2006), which does not represent cash outflow.*

(2) *Active customers: users who have made at least one purchase per year in the last two years.*

The macroeconomic conditions for the growth of electronic retail are very favorable, with a continuous drop in computer prices and Internet service access fees, as well as the expansion of consumer credit. This scenario, combined with the synergies resulting from the introduction of new product categories, has boosted revenue and value generation.

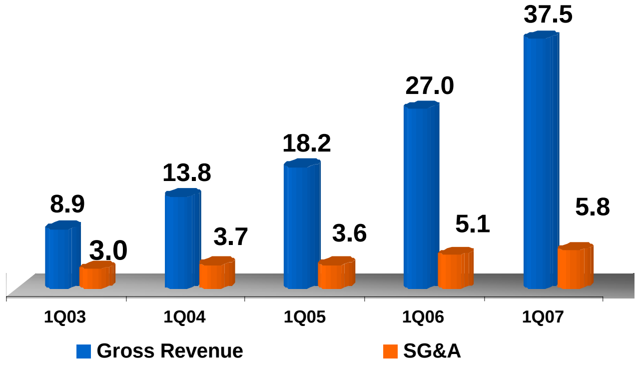
The strategy of expanding product categories has proved to be particularly important for the growth of Saraiva.com. In addition to computer products and imported books, which together accounted for 15.7% of sales in 1Q07, against 7.7% in 1Q06, other categories have been added after the approval of feasibility studies, notably the recently introduced digital photo developing line. The number of active items registered and available for sale increased from 208,000 at the end of 1Q06 to 1,372,000 at the end of 1Q07.

The decision to operate with more emphasis on the textbook segment (for schools and colleges), benefiting from Saraiva's recognition as the most complete bookstore, especially during the back-to-school season, has shown good results, with growth of 47.2% and 41.1%, respectively.

In addition to the growth in the mix of products offered, the Company has invested in customer service quality and intensified marketing actions, which has contributed to the increase in average ticket (+17.0%). These initiatives have favored the increasing dilution of fixed costs, as shown in the graph below.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Saraiva.com
Gross Revenue versus SG&A (*)
(R$ million)



(*) Selling, General and Administrative Expenses.

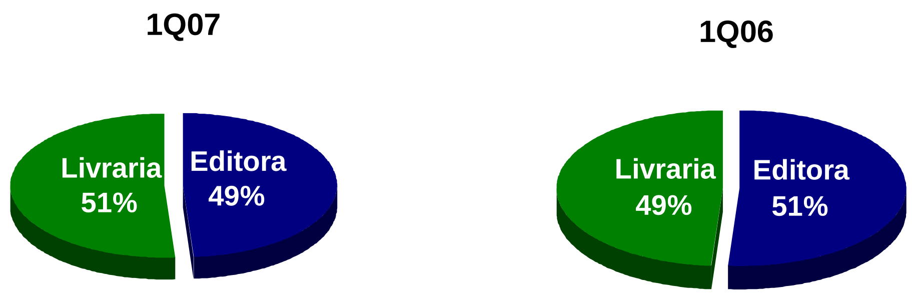
CONSOLIDATED

The table below presents the main data on consolidated economic and financial performance.

R$ 000	1Q07	1Q06	Var.
Gross Revenue	231,900	200,459	*15.7%*
Net Revenue	222,583	191,838	*16.0%*
Gross Profit	129,181	116,744	*10.7%*
Gross Margin	*58.0%*	*60.9%*	
Income from Operations (EBIT) (1)	62,788	54,146	*16.0%*
Operating Margin	*28.2%*	*28.2%*	
Financial Income (Expenses)	1,248	(743)	*-268.0%*
Net Income	40,839	34,148	*19.6%*
Net Margin	*18.3%*	*17.8%*	
Adjusted EBITDA (2)	65.626	57.725	*13.7%*
EBITDA Margin	*29.5%*	*30.1%*	
Total Assets	451,834	319,470	*41.4%*
Shareholders' Equity	272,275	167,103	*62.9%*
Cash/(Indebtedness), Net	114,884	40,753	*181.9%*

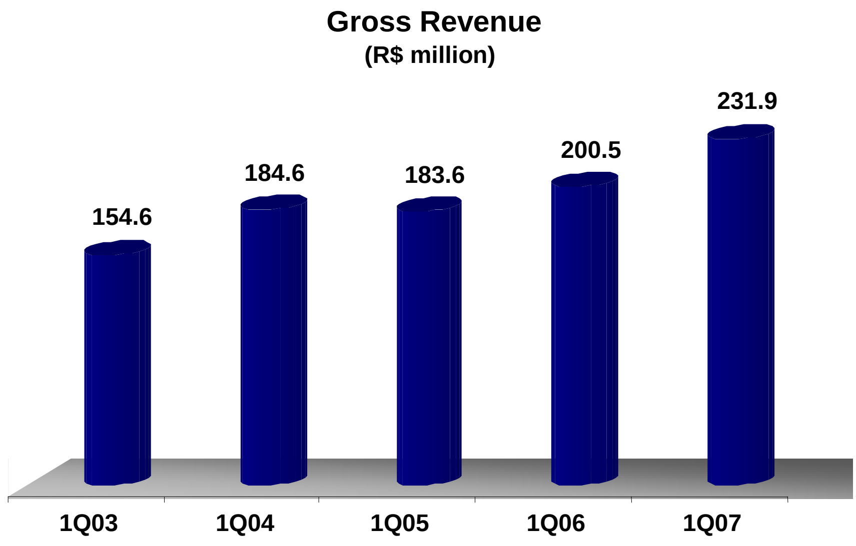
(1) Earnings before interest and taxes.
(2) Earnings before interest, taxes, depreciation and amortization and provision for redemption of "Saraiva Plus" bonuses.

Mix of Consolidated Gross Revenue



Gross Revenue

Consolidated gross revenue totaled R$231.9 million, with growth of 15.7% in relation to 1Q06, and reflects the increase in Livraria and Editora sales.



Gross Profit

Consolidated gross profit reached R$129.2 million, growing 10.7% compared to the same period of prior year. The gross margin went from 60.9% in 1Q06 to 58.0% in 1Q07, which is explained by the lower gross margin of Editora and the higher weighted share of Livraria in consolidated.

Income from Operations

Income from operations before financial income (expenses) (EBIT) reached R$62.8 million, i.e., a 16.0% growth.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

EBITDA

Adjusted EBITDA totaled R$65.6 million, 13.7% higher than in 1Q06. With Livraria's higher weighted share, the adjusted EBITDA margin went from 30.1% in 1Q06 to 29.5% in 1Q07.

Reconciliation of EBITDA - R$ 000	1Q07	1Q06	*Var.*
Income from Operations after Financial Income (Expenses)	64,036	53,403	*19.9%*
(+) Depreciation and Amortization	2,448	2,600	*-5.8%*
(+) Financial Expenses, Net	-1,248	743	*-268.0%*
(=) EBITDA	65,236	56,746	*15.0%*
(+) Provision for Redemption of "Saraiva Plus" Bonuses (*)	390	979	*-60.2%*
(=) Adjusted EBITDA	65,626	57,725	*13.7%*

(*) Refers to the provision for future redemption of bonuses, which does not represent actual cash outflow.

Financial Income (Expenses)

Financial income (expenses) evolved from a net financial expense of R$743,000 in 1Q06 to a net financial income of R$1.2 million in 1Q07. This performance is due to the increase in Editora's financial income arising from the capital increase made in 2006 and the strong cash generation, factors that resulted in a significant increase in the cash position.

Net Income

Quarterly consolidated net income reached a record level, totaling R$40.8 million, 19.6% higher than net income for 1Q06. The better performance of both Editora and Livraria contributed to this growth.

CAPITAL STRUCTURE

The consolidated financial position evolved from a net cash of R$84.1 million at the end of 2006 to R$114.9 million at the end of March 2006, reflecting the operating cash generation in 1Q07.

In consolidated terms, in 1Q07, the Company received R$3.6 million, from releases of long-term BNDES financing. These funds have contributed to an adequate capital structure to accomplish the investment projects required for the sustainable growth of Saraiva.

CAPITAL MARKET

The following indicators summarize the Saraiva's shares' movement in 1Q07 as compared to 1Q06:

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Indicators	1Q07	1Q06	Var.
Number of Trades (1)	5,764	2,497	*130.8%*
Participation in Trading Sessions - % (1)	100.0	100.0	
Quantity Traded - 000 (1)	6,399	2,381	*168.8%*
Volume Traded - R$ 000 (1)	158,638	47,490	*234.0%*
Share Price - R$ (1) (2)	24.95	23.18	*7.6%*
Total Shares Outstanding - 000 (2) (3)	28,230	25,230	*11.9%*
Market Value - R$ million (2)	**704.3**	**584.8**	***20.4%***

Source: São Paulo Stock Exchange (BOVESPA)

(1) Referring to preferred shares (SLED4).

(2) At end of period.

(3) 3,000,000 preferred shares were issued in April 2006.

The indicators show a significant increase in the trading of the Company's shares and reflect the market's positive perception regarding the good fundamentals of business, the Company's initiatives in the capital market, and the good corporate governance practices.

In the last three years, Saraiva's shares appreciated 154.6%, against 106.9% of Ibovespa. This period coincides with the planning started in 2004 that included broad efforts to have a closer relationship with the capital market and increase the liquidity of the Company shares. With this purpose in mind, we took several actions, notably the engagement of a company specialized in advisory on investor relations, conference calls, and the preparation of quarterly releases. The preferred shares (SLED4) appreciated 7.6% in the last 12 months, below the Ibovespa's performance of 20.7% for the period.

In order to align the interests of the Company's officers with shareholders' interests, the Saraiva's Stock Option Plan Management Committee approved, in a meeting held on March 5, 2007, after a recommendation by the Board of Directors in a meeting held on February 28, 2007, the conditions and beneficiaries of the Third Program of this Plan, granting stock options of 123,800 preferred shares to officers and employees. The options will be exercised through issuance of new shares and/or sale of treasury shares held by the Company.

SUBSEQUENT EVENT

Messrs. José Luiz Machado Alvim de Próspero and Marcílio D'Amico Pousada have been appointed Chief Executive Officers of Editora and Livraria, respectively. The previous CEOs were Messrs. Jorge Eduardo Saraiva, controlling shareholder, and Ruy Mendes Gonçalves.

OUTLOOK

The expected scenario for 2007 and the coming years points to favorable conditions for Saraiva to implement its investment projects and accelerate growth and value generation.

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

The markets where Editora and Livraria operate show promising consolidation opportunities and Saraiva has a strong technical and financial capacity to make possible strategic acquisitions.

At the domestic education level, the various economic and social players finally seem mobilized to make sure education in Brazil is in effect handled as a priority. The Basic Education Maintenance and Development and Education Professionals Valuing Fund (FUNDEB), approved at the end of 2006, providing for an increase in government funds for education and the launching of the Education Development Plan (PDE), with long-term goals for the increase of quality in education, points in that direction. In addition to a favorable medium- and long-term environment, the outlook for Editora is based on the following factors:

- Recent regulation of the textbook purchase program for the approximately 8 million attending public high schools - a segment where Editora Saraiva holds a significant share - setting the schedule for the progressive compliance with the complete high school curriculum, which already budgets the purchase of textbooks for all subjects in school year 2009 (PNLEM - National High School Textbook Program 2009), to be contracted in 2008.

- Contracts, budgeted for 2H07, under the PNLD 2008, to provide textbooks for fifth and eight graders, with good prospects for the Saraiva catalog, with textbooks approved by the Ministry of Education for all subjects.

- Expansion of the National Library in School Program to include books intended also for high school students.

- Intensification of the actions to strengthen the relationship with school teachers for the constant renewal of the publishing catalog and use of new media.

At Livraria, the acceleration of the store chain expansion project, with five new stores opened only in 1H07, should ensure the continuity of the gains in scale and increase of profitability. In order to proceed with the expansion project defined for the period 2007-2008, the Company estimates to open other six new stores by the end of 2008, two of which in the Mega Store format currently at the final contracting stage and that should open in late 2007 or early 2008, one in the city of São Paulo and another to initiate the expansion in the interesting market of Minas Gerais State. In addition to the proposed goal, the Company may open stores whenever good location opportunities, with attractive return prospects, arise.

In the electronics retail division, there are opportunities to expand the strategy to introduce new product categories with significant synergies with current operations, which enhances the strong growth scenario of the domestic e-commerce segment.

Driven by this expansion scenario, Saraiva is focusing on increasing the number of strategic partnerships that may add even more value to the purchase experience of its customers and increasing the number of actions related to the “Saraiva Plus” program, with a view to strengthening the relationships with its target audience.