

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

Saraiva S.A.
Livreiros Editores

*Interim Financial Statements for the
Quarter Ended June 30, 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 June 30, 2007, the related statements of operations for the quarter and semester 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 and semesters ended June 30, 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 reviewed the individual (Company) and consolidated balance sheets as of March 31, 2007 and the consolidated statements of operations for the quarter and semester ended June 30, 2006, presented for comparative purposes, and issued unqualified special review reports thereon, dated May 11, 2007 and August 11, 2006, respectively.

Deloitte Touche Tohmatsu

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

São Paulo, August 13, 2007

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2007
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

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

01.02 - HEAD OFFICE

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

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME João Luís Ramos Hopp					
2 - ADDRESS Rua Edgar Teotônio Santana, 206			3 - SUBURB OR DISTRICT Barra Funda		
4 - POSTAL CODE 01140-030	5 - MUNICIPALITY São Paulo		6 - STATE SP		
7 - AREA CODE 011	8 - TELEPHONE 3611-3344	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX	
12 - AREA CODE 011	13 - FAX 3619-3062	14 - FAX -	15 - FAX -		
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	2	04/01/2007	06/30/2007	1	01/01/2007	03/31/2007
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - PARTNER RESPONSIBLE Maurício Pires de Andrade Resende					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 603.835.426-34		

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01.05 - CAPITAL COMPOSITION

NUMBER OF SHARES (THOUSANDS)	1 - CURRENT QUARTER 06/30/2007	2 - PRIOR QUARTER 03/31/2007	3 - SAME QUARTER IN PRIOR YEAR 06/30/2006
1.1. Paid-up Capital			
1 - Common	9,622	9,622	9,622
2 - Preferred	18,974	18,974	18,974
3 - Total	28,596	28,596	28,596
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 1110 - 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
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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	0.4954928100
02	AGO	04/26/2007	Interest on Capital	05/31/2007	PN	0.4954928100

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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)
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01.10 - INVESTORS RELATIONS OFFICER

1 - DATE 08/13/2007	2 - SIGNATURE
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02.01 - BALANCE SHEETS - ASSETS (In thousands of Brazilian reais - R\$)

Code	Description	06/30/2007	03/31/2007
1	Total assets	330,620	368,876
1.01	Current assets	216,645	273,616
1.01.01	Cash and cash equivalents	107,691	140,345
1.01.02	Receivables	34,448	76,369
1.01.02.01	Trade accounts receivable	28,622	69,503
1.01.02.02	Other accounts receivable	5,826	6,866
1.01.02.02.01	Dividends receivable from subsidiary	0	1,572
1.01.02.02.02	Recoverable taxes	3,018	2,559
1.01.02.02.03	Deferred income and social contribution taxes	0	0
1.01.02.02.04	Accounts receivable - sales of fixed assets	1,179	2,290
1.01.02.02.05	Advances of copyrights	976	0
1.01.02.02.06	Other	653	445
1.01.03	Inventories	61,718	56,284
1.01.04	Other	12,788	618
1.01.04.01	Deferred advertising expenses	12,762	553
1.01.04.02	Prepaid expenses	26	65
1.02	Noncurrent assets	113,975	95,260
1.02.01	Long-term assets	31,397	13,434
1.02.01.01	Sundry receivables	0	0
1.02.01.02	Intercompany receivables	24,323	6,687
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	24,323	6,687
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	7,074	6,747
1.02.01.03.01	Escrow deposits	1,290	1,316
1.02.01.03.02	Deferred income and social contribution taxes	769	761
1.02.01.03.03	Accounts receivable - sales of fixed assets	4,715	4,580
1.02.01.03.04	Other	300	90
1.02.02	Permanent assets	82,578	81,826
1.02.02.01	Investments	66,329	64,930
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	65,921	64,522
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	12,618	12,932
1.02.02.03	Intangible assets	2,934	3,162
1.02.02.04	Deferred charges	697	802

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

Code	Description	06/30/2007	03/31/2007
2	Total liabilities and shareholders' equity	330,620	368,876
2.01	Current liabilities	41,616	73,255
2.01.01	Loans and financing	4,551	2,457
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	19,332	22,971
2.01.04	Taxes payable	15,444	21,858
2.01.04.01	Income tax	9,405	15,514
2.01.04.02	Social contribution tax	5,044	5,025
2.01.04.03	Other taxes	995	1,319
2.01.05	Dividends payable	40	13,988
2.01.05.01	Interest on capital	40	13,988
2.01.06	Provisions	1,823	946
2.01.07	Intercompany payables	0	0
2.01.08	Other	426	11,035
2.01.08.01	Copyright payable	0	6,902
2.01.08.02	Management profit sharing	0	3,600
2.01.08.03	Other	426	533
2.02	Noncurrent liabilities	23,095	23,346
2.02.01	Long-term liabilities	23,095	23,346
2.02.01.01	Loans and financing	17,823	17,856
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	5,272	5,490
2.02.01.03.01	Reserve for contingencies	112	112
2.02.01.03.02	Deferred income and social contribution taxes	3,097	3,330
2.02.01.03.03	Taxes payable	2,063	2,048
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	265,909	272,275
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	35,710	42,076
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	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.01	Gross revenue from sales and/or services	19,081	140,732	23,223	131,806
3.02	Deductions from gross revenue	(31)	(79)	(38)	(142)
3.03	Net revenue from sales and/or services	19,050	140,653	23,185	131,664
3.04	Cost of sales and/or services	(5,440)	(37,632)	(7,992)	(32,343)
3.05	Gross profit	13,610	103,021	15,193	99,321
3.06	Operating (expenses) income	(22,945)	(52,127)	(26,966)	(59,761)
3.06.01	Selling expenses	(15,758)	(42,502)	(13,661)	(37,444)
3.06.02	General and administrative expenses	(10,802)	(20,325)	(11,642)	(21,589)
3.06.02.01	Management compensation	(877)	(1,823)	(899)	(1,731)
3.06.02.02	Other	(9,925)	(18,502)	(10,743)	(19,858)
3.06.03	Financial	2,928	4,970	(158)	(857)
3.06.03.01	Financial income	4,526	8,467	3,796	4,394
3.06.03.02	Financial expenses	(1,598)	(3,497)	(3,954)	(5,251)
3.06.04	Other operating income	421	463	233	322
3.06.05	Other operating expenses	(1,133)	(2,252)	(1,451)	(2,828)
3.06.05.01	Depreciation and amortization	(1,129)	(2,246)	(1,303)	(2,663)
3.06.05.02	Other	(4)	(6)	(148)	(165)
3.06.06	Equity in subsidiary	1,399	7,519	(287)	2,635
3.07	Income (loss) from operations	(9,335)	50,894	(11,773)	39,560
3.08	Nonoperating income (expenses)	26	38	18	43
3.08.01	Income	26	38	18	43
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	(9,309)	50,932	(11,755)	39,603
3.10	Provision for income and social contribution taxes	3,579	(15,674)	3,752	(13,355)
3.11	Deferred income tax	241	1,038	243	972

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Code	Description	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.12	Profit sharing/contributions	(877)	(1,823)	(899)	(1,731)
3.12.01	Profit sharing	(877)	(1,823)	(899)	(1,731)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	(6,366)	34,473	(8,659)	25,489
	NUMBER OF SHARES, EX-TREASURY (IN THOUSANDS)	28,230	28,230	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS)		1.22115		0.90290
	LOSS PER SHARE (BRAZILIAN REAIS)	(0.22550)		(0.30673)	

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 35 stores, of which 19 are megastores and 16 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 noncurrent assets

- Cash and cash equivalents

Represented by cash on hand, unblocked bank accounts, and liquidity temporary cash investments, as explained at note 5. Temporary cash investments are 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.

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

- 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.

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

e) Earnings (loss) per share

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

4. CONSOLIDATED INTERIM 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 CASH EQUIVALENTS

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
Cash and banks	640	2,121	6,454	4,799
Bank certificates of deposit (CDBs)	83,218	116,707	83,218	116,864
Investment funds (FIF)	<u>23,833</u>	<u>21,517</u>	<u>23,833</u>	<u>21,517</u>
	<u>107,691</u>	<u>140,345</u>	<u>113,596</u>	<u>143,180</u>

6. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
Trade accounts receivable	20,007	57,092	20,354	57,430
Receivables from Livraria	4,996	8,820	-	-
Credit cards	66	358	67,320	68,881
Checks receivable	4,544	4,079	5,344	6,287
Allowance for doubtful accounts	<u>(991)</u>	<u>(846)</u>	<u>(1,158)</u>	<u>(964)</u>
	<u>28,622</u>	<u>69,503</u>	<u>91,860</u>	<u>131,634</u>

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

Aging list of accounts receivable:

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
Current	24,756	64,265	87,730	126,238
Past due:				
Up to 60 days	2,178	3,885	2,877	3,954
Over 60 days	<u>1,148</u>	<u>1,353</u>	<u>1,253</u>	<u>1,442</u>
	<u>28,622</u>	<u>69,503</u>	<u>91,860</u>	<u>131,634</u>

7. INVENTORIES

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
Finished products	27,266	29,355	27,266	29,355
Goods for resale	56	27	64,301	57,317
Work in process	17,358	15,026	17,358	15,026
Raw materials	16,500	11,312	16,500	11,312
Packing and consumption materials	<u>538</u>	<u>564</u>	<u>837</u>	<u>867</u>
	<u>61,718</u>	<u>56,284</u>	<u>126,262</u>	<u>113,877</u>

8. INVESTMENTS IN SUBSIDIARY

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

	06/2007	03/2007
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	24.79%	23.70%
Capital	51,210	51,210
Dividends payable related to 2006	-	1,574
Shareholders' equity (net of dividends payable)	65,978	64,578
Dividends receivable related to 2006	-	1,572
Investment value (net of dividends receivable)	65,921	64,522

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Equity in subsidiary for the period ended June, 30

	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006
Net income (loss)	1,400	7,526	(962)	1,963
Adjustment to the shareholders' equity not recorded in statement of operations	<u>-</u>	<u>-</u>	<u>674</u>	<u>674</u>
Basis of calculation	<u>1,400</u>	<u>7,526</u>	<u>(288)</u>	<u>2,637</u>
Equity in subsidiary	<u>1,399</u>	<u>7,519</u>	<u>(287)</u>	<u>2,635</u>

The balance sheets as of June 30 and March 31, 2007 are as follows:

	<u>06/2007</u>	<u>03/2007</u>		<u>06/2007</u>	<u>03/2007</u>
ASSETS	178,595	164,562	LIABILITIES AND SHAREHOLDERS' EQUITY	178,595	164,562
CURRENT ASSETS	147,410	136,182	CURRENT LIABILITIES	67,635	80,967
Cash and cash equivalents	5,905	2,835	Trade accounts payable	53,091	63,104
Trade accounts receivable	68,235	70,953	Financing	2,422	1,857
Inventories	64,544	57,593	Accrued vacation and related charges	3,390	3,478
Recoverable taxes	4,101	454	Taxes payable	2,743	2,583
Deferred income and social contribution taxes	3,515	3,586	Provision for income and social contribution taxes	-	1,291
Others	1,110	761	Dividends	-	1,574
NONCURRENT	31,185	28,380	Other payables	5,989	7,080
Long-term assets	5,395	5,357	NONCURRENT	44,982	19,017
Escrow deposits	841	809	Financing	12,129	6,125
Deferred income and social contribution taxes	4,542	4,536	Reserve for contingencies	1,613	1,613
Others	12	12	Taxes payable	6,917	4,592
PERMANENT ASSETS	25,790	23,023	Loans from parent company	24,323	6,687
Investments	135	135	SHAREHOLDERS' EQUITY	65,978	64,578
Property, plant and equipment	23,430	20,606	Capital	51,210	51,210
Intangible assets	1,631	1,633	Capital reserves	2,190	2,190
Deferred charges	594	649	Profit reserves	5,052	5,052
			Retained earnings	7,526	6,126

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9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Annual depreciation/ amortization rate - %	Company			
		06/2007	03/2007		
		Cost	Accumulated depreciation/ amortization	Net book value	Net book value
Land	-	2,011	-	2,011	2,011
Buildings and constructions	4	8,172	(3,777)	4,395	4,468
Machinery and equipment	10	1,564	(1,194)	370	393
Furniture, fixtures and installations	10	21,613	(19,114)	2,499	2,612
Vehicles	20	3,325	(2,271)	1,054	934
IT equipment	20	10,094	(8,240)	1,854	2,109
Advances to suppliers	-	435	-	435	405
		<u>47,214</u>	<u>(34,596)</u>	<u>12,618</u>	<u>12,932</u>
Intangible assets:					
Assignment of rights	20	1,246	(832)	414	475
Software	20	13,021	(10,686)	2,335	2,501
Trademarks and patents	-	185	-	185	186
		<u>14,452</u>	<u>(11,518)</u>	<u>2,934</u>	<u>3,162</u>
		Consolidated			
	Annual depreciation/ amortization rate - %	06/2007	03/2007		
		Cost	Accumulated depreciation/ amortization	Net book value	Net book value
Land	-	2,014	-	2,014	2,014
Buildings and constructions	4	9,613	(4,434)	5,179	5,266
Machinery and equipment	10	1,852	(1,462)	390	417
Furniture, fixtures and installations	10	78,586	(58,635)	19,951	15,687
Vehicles	20	3,978	(2,466)	1,512	1,565
IT equipment	20	21,136	(16,003)	5,133	5,053
Advances to suppliers	-	1,869	-	1,869	3,538
		<u>119,048</u>	<u>(83,000)</u>	<u>36,048</u>	<u>33,540</u>
Intangible assets:					
Goodwill	20	12,472	(11,523)	949	1,031
Assignment of rights	20	1,246	(832)	414	475
Software	20	14,904	(11,954)	2,950	3,035
Trademarks and patents	-	252	-	252	252
		<u>28,874</u>	<u>(24,309)</u>	<u>4,565</u>	<u>4,793</u>

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10. DEFERRED CHARGES

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
Preoperating expenses and other deferred charges	1,438	1,438	11,737	11,737
Accumulated amortization	(1,438)	(1,438)	(11,143)	(11,088)
Unamortized goodwill	2,091	2,091	2,091	2,091
Amortization of goodwill	(1,394)	(1,289)	(1,394)	(1,289)
	<u>697</u>	<u>802</u>	<u>1,291</u>	<u>1,451</u>

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	
	06/2007	03/2007	06/2007	03/2007
Current-				
In local currency - BNDES (a) - FINEM (b)	<u>4,551</u>	<u>2,457</u>	<u>6,972</u>	<u>4,314</u>
Noncurrent-				
In local currency - BNDES - FINEM	<u>17,823</u>	<u>17,856</u>	<u>29,952</u>	<u>23,982</u>

(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	<u>3,688</u>	<u>7,375</u>	<u>6,760</u>	<u>-</u>	<u>17,823</u>
Consolidated	<u>5,995</u>	<u>11,990</u>	<u>10,784</u>	<u>1,183</u>	<u>29,952</u>

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Additional information on financing is as follows:

<u>Financing</u>	<u>Purpose</u>	<u>Guarantees</u>	<u>Maturity</u>	<u>Charges</u>
Company- BNDES - FINEM contract of 11/05	Publishing Plan - 2005 to 2007 and information systems	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:

	<u>Company</u>		<u>Consolidated</u>	
	<u>06/2007</u>	<u>03/2007</u>	<u>06/2007</u>	<u>03/2007</u>
Release on March 27	957	957	3,623	3,623
Release on June 26	<u>2,012</u>	-	<u>8,750</u>	-
Total	<u>2,969</u>	<u>957</u>	<u>12,373</u>	<u>3,623</u>

(*) 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 June 30, 2007, Livraria has a provision for the loyalty program in the amount of R\$2,843 (R\$3,073 on March 31, 2007), 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.

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Loans granted to Livraria - recorded in noncurrent assets:

	<u>06/2007</u>	<u>03/2007</u>
Balance receivable as of December 31	5,008	5,008
Loans granted net of payments	18,705	1,559
Financial income	<u>610</u>	<u>120</u>
Balance receivable as of June 30	<u>24,323</u>	<u>6,687</u>

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

	<u>06/2007</u>	<u>03/2007</u>
Balances:		
Assets:		
Trade accounts receivable (current)	4,996	8,820
Loans granted - loan agreement (noncurrent)	24,323	6,687
Liabilities-		
Trade accounts payable (current)	-	2

	<u>04/01/2007</u>	<u>01/01/2007</u>	<u>04/01/2006</u>	<u>01/01/2006</u>
	to	to	to	to
	<u>06/30/2007</u>	<u>06/30/2007</u>	<u>06/30/2006</u>	<u>06/30/2006</u>
Transactions:				
Sale of products	2,201	10,259	1,419	7,525
Purchase of products	3	9	2	6
Financial income	490	610	99	99
Financial expenses	-	-	127	127

14. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred

Deferred income and social contribution taxes are derived from:

	Company		Consolidated	
	<u>06/2007</u>	<u>03/2007</u>	<u>06/2007</u>	<u>03/2007</u>
Current assets	<u>---</u>	<u>---</u>	<u>3,515</u>	<u>3,586</u>
Noncurrent assets:				
Tax loss carryforwards	-	-	86	-
Reserve for contingencies	<u>769</u>	<u>761</u>	<u>5,225</u>	<u>5,297</u>
	<u>769</u>	<u>761</u>	<u>5,311</u>	<u>5,297</u>
Noncurrent liabilities-				
Provision for book inventory losses - Law No. 10,753/03	<u>3,097</u>	<u>3,330</u>	<u>6,025</u>	<u>3,330</u>

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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:

<u>Balance sheet date</u>	<u>Realization of deferred tax asset</u>
December 31, 2007	5,404
December 31, 2008	<u>2,652</u>
	<u>8,056</u>

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					
	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006	01/01/2007 to 03/31/2007	01/01/2006 to 03/31/2006
Income before income and social contribution taxes	(9,309)	50,932	(11,755)	39,603	60,241	51,358
Combined tax rate - %	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Taxes computed at the combined tax rate	3,165	(17,317)	3,997	(13,465)	(20,482)	(17,462)
Permanent additions - nondeductible expenses	86	(86)	(9)	(20)	(172)	(11)
Permanent deductions:						
Equity in subsidiary	476	2,557	(98)	896	2,081	994
Other deductions	79	164	81	156	85	75
Other items	<u>14</u>	<u>46</u>	<u>24</u>	<u>50</u>	<u>32</u>	<u>26</u>
	<u>3,820</u>	<u>(14,636)</u>	<u>3,995</u>	<u>(12,383)</u>	<u>(18,456)</u>	<u>(16,378)</u>
Income and social contribution taxes:						
Current	3,579	(15,674)	3,752	(13,355)	(19,253)	(17,107)
Deferred	<u>241</u>	<u>1,038</u>	<u>243</u>	<u>972</u>	<u>797</u>	<u>729</u>
	<u>3,820</u>	<u>(14,636)</u>	<u>3,995</u>	<u>(12,383)</u>	<u>(18,456)</u>	<u>(16,378)</u>
Effective tax rate on net income - %	<u>41.0</u>	<u>28.7</u>	<u>34.0</u>	<u>31.3</u>	<u>30.6</u>	<u>31.9</u>

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	Consolidated					
	04/01/2007	01/01/2007	04/01/2006	01/01/2006	01/01/2007	01/01/2006
	to	to	to	to	to	to
	06/30/2007	06/30/2007	06/30/2006	06/30/2006	03/31/2007	03/31/2006
Income before income and social contribution taxes	(8,057)	55,976	(12,398)	40,949	64,033	53,347
Combined tax rate - %	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>	<u>34</u>
Taxes computed at the combined tax rate	2,740	(19,032)	4,211	(13,925)	(21,772)	(18,136)
Permanent additions - nondeductible expenses	83	(117)	(7)	(40)	(200)	(33)
Permanent deductions:						
Other deductions	110	239	72	176	129	104
Other items	<u>(18)</u>	<u>73</u>	<u>254</u>	<u>280</u>	<u>91</u>	<u>26</u>
	<u>2,915</u>	<u>(18,837)</u>	<u>4,530</u>	<u>(13,509)</u>	<u>(21,752)</u>	<u>(18,039)</u>
Income and social contribution taxes:						
Current	5,668	(16,351)	3,752	(13,355)	(22,019)	(17,107)
Deferred	<u>(2,753)</u>	<u>(2,486)</u>	<u>778</u>	<u>(154)</u>	<u>267</u>	<u>(932)</u>
	<u>2,915</u>	<u>(18,837)</u>	<u>4,530</u>	<u>(13,509)</u>	<u>(21,752)</u>	<u>(18,039)</u>
Effective tax rate on net income - %	<u>36.2</u>	<u>33.7</u>	<u>36.5</u>	<u>33.0</u>	<u>34.0</u>	<u>33.8</u>

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				
	03/2007	Recognition	Escrow deposits	Reversal	06/2007
PIS/COFINS - increase in tax basis	188	4	-	-	192
IR/CSLL - "Plano Real" (economic plan) - Law No. 8,880/94	861	-	-	-	861
Civil and labor contingencies	112	-	-	-	112
Escrow deposits	<u>(1,049)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(1,053)</u>
	<u>112</u>	<u>4</u>	<u>(4)</u>	<u>-</u>	<u>112</u>
	Consolidated				
	03/2007	Recognition	Escrow deposits	Reversal	06/2007
PIS/COFINS - increase in tax basis	8,967	20	-	-	8,987
IR/CSLL - "Plano Real" (economic plan) - Law No. 8,880/94	2,475	-	-	-	2,475
Civil and labor contingencies	112	-	-	-	112
Escrow deposits	<u>(9,828)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>(9,848)</u>
	<u>1,726</u>	<u>20</u>	<u>(20)</u>	<u>-</u>	<u>1,726</u>

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16. TAXES PAYABLE

	Company		Consolidated	
	06/2007	03/2007	06/2007	03/2007
IR and CSLL (i)	-	-	5,894	6,429
CSLL (ii)	2,579	2,559	2,579	2,559
ICMS (State VAT)	-	-	480	423
PIS/COFINS	19	19	110	105
Other	460	789	726	1,024
	<u>3,058</u>	<u>3,367</u>	<u>9,789</u>	<u>10,540</u>
Current liabilities	995	1,319	3,738	3,902
Noncurrent liabilities	<u>2,063</u>	<u>2,048</u>	<u>6,051</u>	<u>6,638</u>
	<u>3,058</u>	<u>3,367</u>	<u>9,789</u>	<u>10,540</u>

- (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 June 30, 2007, in the amount of R\$147,774 (R\$147,774 as of March 31, 2007), 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.

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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 March 31, 2007) preferred shares in treasury, acquired for R\$2,870, with a fair value of R\$10,789 (R\$29.50 per share - quotation on June 29, 2007). On June 30, 2007 and 2006 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.

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At the Board of Directors' Meeting held on April 26, 2007, the Board approved the payment of interest on capital, on terms approved by the Board on February 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

During the semester ended June 30, 2007, the Company and Livraria have not entered into new derivative transactions.

For the period ended June 30, 2006, 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\$183, classified as financial expenses.

b) Other financial instruments

The carrying amounts and fair values of the financial instruments recorded in the consolidated balance sheets as of June 30, 2007 are as follows:

<u>Description</u>	<u>Carrying amount</u>	<u>Fair value</u>
Cash and cash equivalents	113,596	113,596
Financing in local currency	36,924	36,924

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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 June 30, 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.

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19. FINANCIAL INCOME (EXPENSES)

Financial income and expenses are as follows:

	Company			
	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006
Financial income:				
Income from temporary cash investments	3,548	7,195	3,067	3,513
Interest on loans to subsidiary	490	610	-	-
Interest received from customers	459	599	215	343
Interest on recoverable taxes	-	17	402	408
Other financial income	<u>29</u>	<u>46</u>	<u>112</u>	<u>130</u>
	<u>4,526</u>	<u>8,467</u>	<u>3,796</u>	<u>4,394</u>
Financial expenses:				
Loss on temporary cash investments - hedge	-	-	96	(183)
Interest, monetary and exchange variations on financing	(517)	(1,002)	(547)	(694)
Other interest and monetary variation	(198)	(896)	(128)	(430)
CPMF (tax on banking transactions)/IOC (tax on credit operations)	(415)	(854)	(576)	(928)
Finance commission	-	-	(2,422)	(2,422)
Other financial expenses	<u>(468)</u>	<u>(745)</u>	<u>(377)</u>	<u>(594)</u>
	<u>(1,598)</u>	<u>(3,497)</u>	<u>(3,954)</u>	<u>(5,251)</u>
	<u>2,928</u>	<u>4,970</u>	<u>(158)</u>	<u>(857)</u>
	Consolidated			
	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006
Financial income:				
Income from temporary cash investments	3,548	7,237	3,128	4,092
Interest received from customers	465	610	221	356
Interest on recoverable taxes	-	17	402	408
Other financial income	<u>127</u>	<u>179</u>	<u>77</u>	<u>104</u>
	<u>4,140</u>	<u>8,043</u>	<u>3,828</u>	<u>4,960</u>
Financial expenses:				
Loss on temporary cash investments - hedge	-	-	96	(183)
Interest, monetary and exchange variations on financing	(717)	(1,330)	(609)	(847)
Other interest and monetary variation	(200)	(1,027)	(509)	(908)
CPMF (tax on banking transactions)/IOC (tax on credit operations)	(890)	(1,770)	(928)	(1,610)
Finance commission	-	-	(2,422)	(2,422)
Other financial expenses	<u>(527)</u>	<u>(862)</u>	<u>(247)</u>	<u>(524)</u>
	<u>(2,334)</u>	<u>(4,989)</u>	<u>(4,619)</u>	<u>(6,494)</u>
	<u>1,806</u>	<u>3,054</u>	<u>(791)</u>	<u>(1,534)</u>

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60.500.139/0001-26

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

20. INSURANCE

As of June 30, 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.

01047-2 - SARAIVA S.A. LIVREIROS EDITORES

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04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

21. STATEMENTS OF CASH FLOWS FOR THE QUARTERS ENDED JUNE 30, 2007 AND 2006

	Company			
	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006
From operations:				
Net income (loss)	(6,366)	34,473	(8,659)	25,489
Items not affecting working capital:				
Depreciation and amortization (including amount allocated to cost)	1,169	2,322	1,424	2,942
Deferred income and social contribution taxes	(241)	(1,038)	(243)	(972)
Allowance for doubtful accounts	130	645	(66)	180
Equity in subsidiary	(1,399)	(7,519)	287	(2,635)
Net book value of property, plant and equipment written off	(25)	(37)	(18)	(43)
Financial charges and exchange and monetary variations on noncurrent assets and liabilities	(615)	(691)	76	160
Other operations accruals	496	961	620	886
	<u>(6,851)</u>	<u>29,116</u>	<u>(6,579)</u>	<u>26,007</u>
CHANGES IN OPERATING ASSETS AND LIABILITIES				
Trade accounts receivable	34,772	40,712	23,292	33,686
Trade accounts receivable from subsidiary	5,979	1,075	5,331	992
Inventories	(5,434)	1,709	936	8,303
Other assets	(11,284)	(5,279)	(14,759)	(11,219)
Suppliers	(3,639)	(22,120)	9,026	604
Income and social contribution taxes	(6,109)	4,264	(5,417)	1,836
Other liabilities	(10,040)	(7,484)	(10,580)	(9,680)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(2,606)</u>	<u>41,993</u>	<u>1,250</u>	<u>50,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(525)	(919)	(392)	(595)
Proceeds from sale of property, plant and equipment	28	119	226	259
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(497)</u>	<u>(800)</u>	<u>(166)</u>	<u>(336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital increase	-	-	66,000	66,000
Dividends and interest on own capital	(13,948)	(13,948)	(11,016)	(11,016)
Loans and financing	2,012	2,969	3,501	7,001
Loans to subsidiary	(17,146)	(18,705)	(10,372)	(10,372)
Amortization of loans and financing	-	-	(14,445)	(14,701)
Payment of interest on loans and financing from subsidiary	-	-	11,573	-
Payment of interest on loans and financing	(469)	(912)	(371)	(504)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(29,551)</u>	<u>(30,596)</u>	<u>44,870</u>	<u>36,408</u>
INCREASE (DECREASE) IN CASH FOR THE PERIOD	<u>(32,654)</u>	<u>10,597</u>	<u>(45,954)</u>	<u>86,601</u>
REPRESENTED BY				
Cash at beginning of period	140,345	97,094	141,196	8,641
Cash at end of period	107,691	107,691	95,242	95,242
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
INCREASE (DECREASE) IN CASH FOR THE PERIOD	<u>(32,654)</u>	<u>10,597</u>	<u>(45,954)</u>	<u>86,601</u>

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04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS (IN THOUSANDS OF BRAZILIAN REAIS - R\$)

	Consolidated			
	04/01/2007 to 06/30/2007	01/01/2007 to 06/30/2007	04/01/2006 to 06/30/2006	01/01/2006 to 06/30/2006
From operations:				
Net income (loss)	(6,366)	34,473	(8,659)	25,489
Items not affecting working capital:				
Depreciation and amortization (including amount allocated to cost)	2,624	5,164	2,702	5,515
Deferred income and social contribution taxes	2,753	2,486	(778)	154
Allowance for doubtful accounts	171	748	(31)	291
Net book value of property, plant and equipment written off	(32)	(28)	10	66
Financial charges and exchange and monetary variations on noncurrent assets and liabilities	(141)	(6)	225	488
Other operations accruals	463	1,446	(174)	1,030
Minority interest in subsidiary	<u>2</u>	<u>7</u>	<u>(1)</u>	<u>2</u>
	(526)	44,290	(6,706)	33,035
CHANGES IN OPERATING ASSETS AND LIABILITIES				
Trade accounts receivable	39,603	30,771	30,231	25,647
Inventories	(12,385)	(10,747)	1,345	7,955
Other assets	(16,901)	(11,209)	(14,763)	(12,423)
Suppliers	(9,827)	(30,507)	(7,932)	(20,100)
Income and social contribution taxes	(7,400)	4,119	(5,417)	(1,299)
Other liabilities	(10,899)	(8,685)	(11,067)	(10,755)
	—	—	—	—
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(18,335)</u>	<u>18,032</u>	<u>(14,309)</u>	<u>22,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,910)	(9,523)	(916)	(1,690)
Proceeds from sale of property, plant and equipment	198	290	228	262
	—	—	—	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,712)</u>	<u>(9,233)</u>	<u>(688)</u>	<u>(1,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital increase	-	-	66,000	66,000
Dividends and interest on own capital	(13,949)	(13,949)	(11,016)	(11,016)
Loans and financing	8,750	12,373	3,501	7,001
Amortization of loans and financing	(723)	(1,490)	(4,231)	(5,721)
Payment of interest on loans and financing	(615)	(1,141)	(437)	(641)
	—	—	—	—
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(6,537)</u>	<u>(4,207)</u>	<u>53,817</u>	<u>55,623</u>
INCREASE (DECREASE) IN CASH FOR THE PERIOD	<u>(29,584)</u>	<u>4,592</u>	<u>(38,820)</u>	<u>76,255</u>
REPRESENTED BY				
Cash at beginning of period	143,180	109,004	135,269	20,194
Cash at end of period	113,596	113,596	96,449	96,449
	—	—	—	—
INCREASE (DECREASE) IN CASH FOR THE PERIOD	<u>(29,584)</u>	<u>4,592</u>	<u>(38,820)</u>	<u>76,255</u>

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05.01 - COMMENTS ON THE COMPANY PERFORMANCE

SEE COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE SEMESTER
ENDED JUNE 30, 2007 - 08.01/ITR

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01.01 - IDENTIFICATION

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

Code	Description	06/30/2007	03/31/2007
1	Total assets	413,974	451,834
1.01	Current assets	359,057	399,403
1.01.01	Cash and cash equivalents	113,596	143,180
1.01.02	Receivables	106,377	141,665
1.01.02.01	Trade accounts receivable	91,860	131,634
1.01.02.02	Other accounts receivable	14,517	10,031
1.01.02.02.01	Recoverable taxes	7,119	3,013
1.01.02.02.02	Deferred income and social contribution taxes	3,515	3,586
1.01.02.02.03	Accounts receivable - sales of fixed assets	1,179	2,290
1.01.02.02.04	Advances for copyright	976	0
1.01.02.02.05	Advances to employees	561	421
1.01.02.02.06	Other	1,167	721
1.01.03	Inventories	126,262	113,877
1.01.04	Other	12,822	681
1.01.04.01	Deferred advertising expenses	12,762	553
1.01.04.02	Prepaid expenses	60	128
1.02	Noncurrent assets	54,917	52,431
1.02.01	Long-term assets	12,470	12,104
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	12,470	12,104
1.02.01.03.01	Deferred income and social contribution taxes	5,311	5,297
1.02.01.03.02	Escrow deposits	2,132	2,125
1.02.01.03.03	Accounts receivable - sales of fixed assets	4,715	4,580
1.02.01.03.04	Other	312	102
1.02.02	Permanent assets	42,447	40,327
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	36,048	33,540
1.02.02.03	Intangible assets	4,565	4,793
1.02.02.04	Deferred charges	1,291	1,451

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

Code	Description	06/30/2007	03/31/2007
2	Total liabilities and shareholders' equity	413,974	451,834
2.01	Current liabilities	104,253	143,827
2.01.01	Loans and financing	6,972	4,314
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	67,426	77,253
2.01.04	Taxes payable	21,577	29,212
2.01.04.01	Income tax	9,405	16,805
2.01.04.02	Social contribution tax	8,434	8,505
2.01.04.03	Other taxes	3,738	3,902
2.01.05	Dividends payable	40	13,988
2.01.05.01	Interest on capital	40	13,988
2.01.06	Provisions	2,659	5,772
2.01.07	Intercompany payables	0	0
2.01.08	Other	5,579	13,288
2.01.08.01	Copyright payable	0	6,902
2.01.08.02	Payable rentals	1,617	1,943
2.01.08.03	Fidelity program	2,843	3,073
2.01.08.04	Advances from clients	459	457
2.01.08.05	Consignment loans	193	181
2.01.08.06	Other liabilities	467	732
2.02	Noncurrent liabilities	43,754	35,676
2.02.01	Long-term liabilities	43,754	35,676
2.02.01.01	Loans and financing	29,952	23,982
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	13,802	11,694
2.02.01.03.01	Deferred income and social contribution taxes	6,025	3,330
2.02.01.03.02	Reserve for contingencies	1,726	1,726
2.02.01.03.03	Taxes payable	6,051	6,638
2.02.01.04	Intercompany payables	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	58	56
2.04	Shareholders' equity	265,909	272,275
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

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Code	Description	06/30/2007	03/31/2007
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	35,710	42,076
2.04.06	Advances to future capital increase	0	0

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

Code	Description	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.01	Gross revenue from sales and/or services	119,486	351,386	95,029	295,488
3.02	Deductions from gross revenue	(9,917)	(19,234)	(8,146)	(16,767)
3.03	Net revenue from sales and/or services	109,569	332,152	86,883	278,721
3.04	Cost of sales and/or services	(61,800)	(155,202)	(47,617)	(122,711)
3.05	Gross profit	47,769	176,950	39,266	156,010
3.06	Operating (expenses) income	(55,863)	(121,008)	(52,328)	(115,669)
3.06.01	Selling expenses	(39,846)	(89,272)	(32,970)	(78,055)
3.06.02	General and administrative expenses	(16,057)	(30,467)	(15,870)	(29,919)
3.06.02.01	Management compensation	(1,337)	(2,774)	(1,359)	(2,626)
3.06.02.02	Other	(14,720)	(27,693)	(14,511)	(27,293)
3.06.03	Financial	1,806	3,054	(791)	(1,534)
3.06.03.01	Financial income	4,140	8,043	3,828	4,960
3.06.03.02	Financial expenses	(2,334)	(4,989)	(4,619)	(6,494)
3.06.04	Other operating income	586	873	337	473
3.06.05	Other operating expenses	(2,352)	(5,196)	(3,034)	(6,634)
3.06.05.01	Depreciation and amortization	(2,528)	(4,976)	(2,526)	(5,126)
3.06.05.02	Other	176	(220)	(508)	(1,508)
3.06.06	Equity in subsidiary	0	0	0	0
3.07	Income (loss) from operations	(8,094)	55,942	(13,062)	40,341
3.08	Nonoperating income (expenses)	37	34	664	608
3.08.01	Income	26	38	692	717
3.08.02	Expenses	11	(4)	(28)	(109)
3.09	Income before taxes and profit sharing	(8,057)	55,976	(12,398)	40,949
3.10	Provision for income and social contribution taxes	5,668	(16,351)	3,752	(13,355)
3.11	Deferred income tax	(2,753)	(2,486)	778	(154)

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Code	Description	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.12	Profit sharing/contributions	(1,222)	(2,659)	(792)	(1,949)
3.12.01	Profit sharing	(1,222)	(2,659)	(792)	(1,949)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	(2)	(7)	1	(2)
3.15	Net income (loss)	(6,366)	34,473	(8,659)	25,489
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,230	28,230	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS)		1.22115		0.90290
	LOSS PER SHARE (BRAZILIAN REAIS)	(0.22550)		(0.30673)	

08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

Saraiva Group operates in the publishing segment, through Editora Saraiva (Saraiva S.A. Livresiros 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 half of 2007 (1H07), unless otherwise stated. All comparisons were made in relation to the first half of 2006 (1H06), unless otherwise stated.

HIGHLIGHTS

The results for the first half of 2007 posted new records for the period and Saraiva has strengthened its competitive position to continue its sustained growth.

Revenue - Consolidated gross revenue totaled R\$351.4 million, growing 18.9% in relation to 1H06, reflecting mainly the performance of Livraria Saraiva;

EBITDA - Consolidated adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, and provision for redemption of "Saraiva Plus" bonuses) totaled R\$58.0 million, representing a 20.1% increase in relation to the same period of the prior year.

Net income - Consolidated net income for the six-month period was R\$34.5 million, an increase of 35.2%.

Livraria - The retail operation posted a significant 29.0% increase in gross revenue for the six-month period, boosted by both electronic retail (46.4%) and in-store sales (22.0% of total and 15.7% under the comparable sales concept). This growth, aligned with cost control, resulted in a 120.6% increase in EBITDA and a 283.4% increase in net income.

EDITORIA SARAIVA (SARAIVA S.A. LIVREIROS EDITORES)

Editoria Saraiva is the parent company of Livraria Saraiva, with 99.91% of its shares - the companies have different activities and corporate names. Due to the highly seasonal nature of the publishing business, the isolated analysis of the second quarter is not very representative in relation to the year-to-date results, and therefore our comments include year-to-date results.

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

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01047-2 SARAIVA S.A. LIVREIROS EDITORES

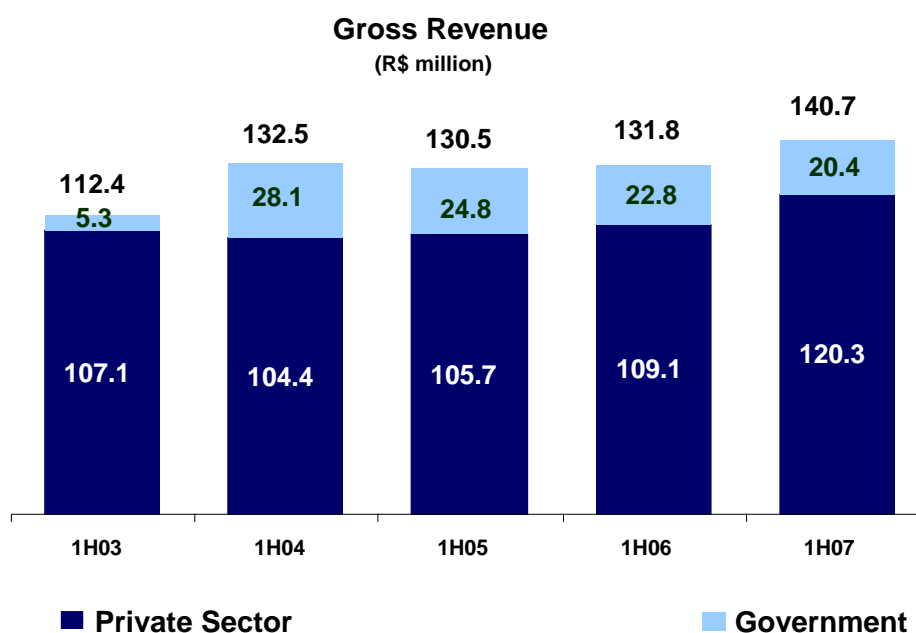
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08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

	1H07		1H06		HA %
	R\$ 000	VA %	R\$ 000	VA %	
Gross Revenue	140,732	100.1	131,806	100.1	6.8
Net Revenue	140,653	100.0	131,664	100.0	6.8
Gross Profit	103,021	73.2	99,321	75.4	3.7
Operating Expenses	65,073	46.3	61,696	46.9	5.5
EBITDA	40,651	28.9	40,445	30.7	0.5
Financial Income (Expenses), Net	4,970	3.5	(857)	-0.7	
Income before Equity in Subsidiary	26,954	19.2	22,854	17.4	17.9
Net Income	34,473	24.5	25,489	19.4	35.2

Gross Revenue

Gross revenue totaled R\$140.7 million, with growth of 6.8% in relation to 1H06. The graph below shows the evolution of gross revenue in the first half of each one of the last years, segregating the share of revenue from sales to the government from sales to the private sector.



Private Sector

Book sales to the private sector rose 10.3%, especially legal books (+18.1%) and economics, business administration and business books (+40.2%).

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Government

Revenue from sale of textbooks, under the Government's book purchase programs for elementary and high schools, decreased 10.3% in the period. In general, sales to the Government are made in the last quarter of each fiscal year, and a small portion is recognized in the next fiscal year, as shown in the table below.

Exceptionally, in the second quarter of 2006 Saraiva sold books to public high schools in the State of Minas Gerais (Book in School program - SEE/MG [Minas Gerais State Education Department]), in the amount of R\$7.3 million, which impacted the comparative basis.

Program by School Year		Recorded Sales by Fiscal Year					
Elementary & High School (1)	Total Sales (Amount of Contracts)	R\$ million					
		4Q05	1Q06	2Q06	4Q06	1Q07	2Q07
2006	65.7	50.3	14.8	0.7			
2007	83.9			7.3	56.2	19.1	1.3

(1) Includes PNLD, PNLEM, "Book in School" Program - SEE/MG, and PNBE (National School Library Program)

Gross Profit

In 1H07, gross profit totaled R\$103.0 million, up 3.7% from the result obtained in the same period last year. Gross margin - profit/net revenue ratio - decreased from 75.4% in 1H06 to 73.2% in 1H07. This percentage decrease is basically due to the higher volume of books distributed to publicize Saraiva publications in the context of the PNLD/07 (purchase of books for the first to fourth grades) in comparison to the PNLD/06 (purchase of books for replacement).

Operating Expenses

Operating expenses totaled R\$65.1 million in the period, which represented a growth of 5.5%. The operating expenses to net revenue ratio improved to 46.3% in 1H07 from 46.9% in 1H06 because of the focus on continuous cost control and the process streamlining undertaken by the Company's management.

EBITDA

EBITDA totaled R\$40.7 million, 0.5% higher than in 1H06. EBITDA margin decreased from 30.7% in 1H06 to 28.9% in 1H07, which reflects the drop in gross margin.

Reconciliation of EBITDA - R\$000	1H07	1H06	Var.
Income from Operations after Financial Income (Expenses), Net	43,375	36,925	17.5%
(+) Depreciation and Amortization	2,246	2,663	-15.7%
(+) Financial Expenses, Net	(4,970)	857	
(=) EBITDA	40,651	40,445	0.5%

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Financial Income (Expenses)/Capital Structure

Financial income (expenses) evolved from net financial expenses of R\$857 thousand in 1H06 to net financial income of R\$5.0 million in 1H07. The operating cash generation in the period, together with the cash position reached after the capital increase in April 2006, resulted in a significant increase in financial income for the period.

Net cash (cash and cash equivalents less loans) evolved from R\$77.8 million at the end of 2006 to R\$85.3 million at the end of 1H07.

In 2Q07, R\$2.0 million was released from the BNDES financing for the 2005-2007 investment plan. Of the total contracted amount of R\$32.5 million, R\$21.9 has already been released.

Net Income

Net income before equity in subsidiary Livraria Saraiva totaled R\$27.0 million, representing a 17.9% increase as compared to the amount recorded for 1H06. Net income after equity in subsidiary totaled R\$34.5 million, 35.2% higher than the result for the same period of the prior year.

Investments

The amount invested in 1H07 totaled R\$919 thousand and was used in projects in the information technology area.

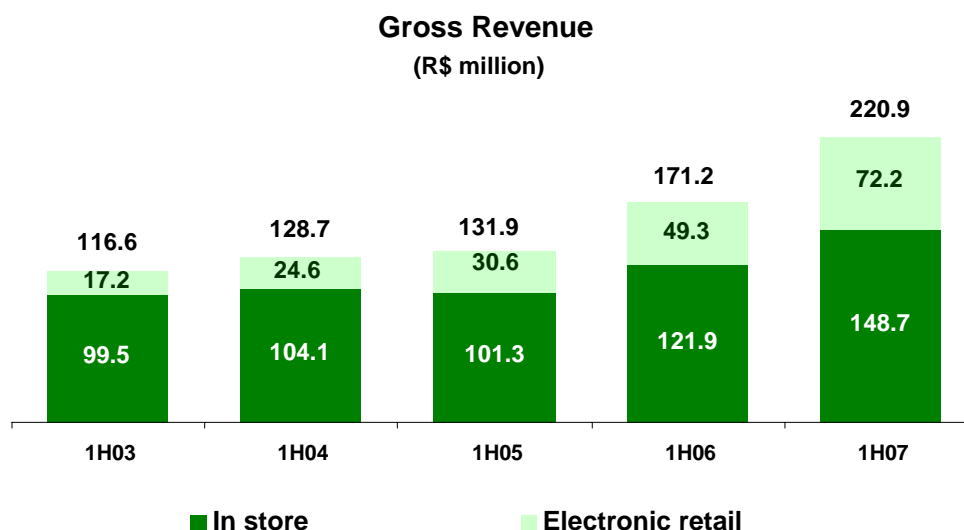
LIVRARIA SARAIVA (LIVRARIA E PAPELARIA SARAIVA S.A.)

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:

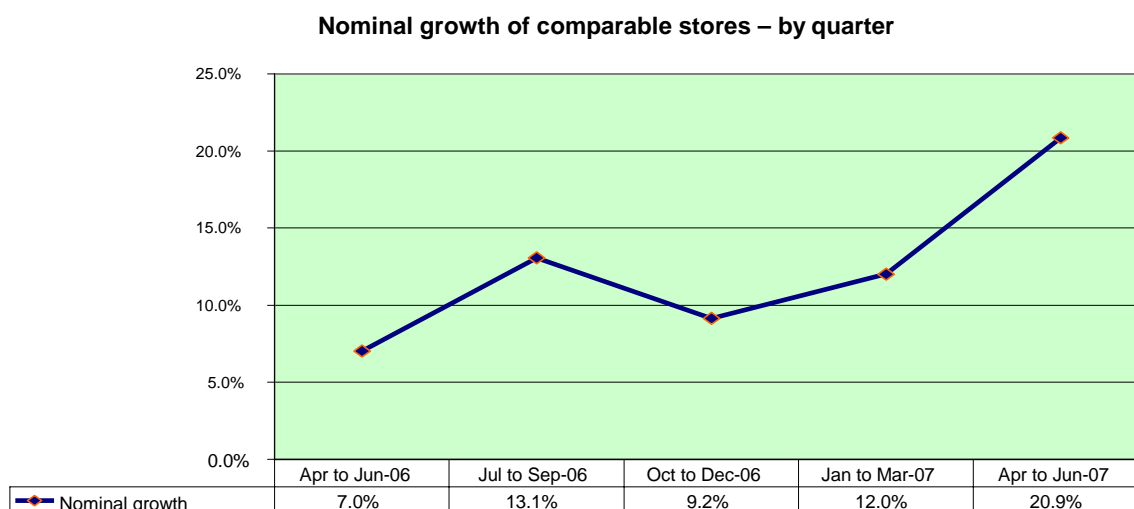
	2Q07		2Q06		HA %	1H07		1H06		HA %
	R\$ 000	VA %	R\$ 000	VA %		R\$ 000	VA %	R\$ 000	VA %	
Gross Revenue	102,608	110.7	73,226	112.5	40.1	220,921	109.5	171,213	110.8	29.0
Net Revenue	92,724	100.0	65,118	100.0	42.4	201,767	100.0	154,588	100.0	30.5
Gross Profit	34,163	36.8	24,076	37.0	41.9	73,939	36.6	56,696	36.7	30.4
Operating Expenses	30,746	33.2	24,763	38.0	24.2	59,652	29.6	51,412	33.3	16.0
Adjusted EBITDA	4,930	5.3	620	1.0	695.2	17,372	8.6	7,874	5.1	120.6
Financial Income (Expenses), Net	(1,121)	-1.2	(633)	-1.0	77.1	(1,915)	-0.9	(676)	-0.4	183.3
Net Income	1,400	1.5	(962)	-1.5		7,526	3.7	1,963	1.3	283.4

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Livraria's gross revenue totaled R\$102.6 million in 2Q07, up 40.1% in relation to 2Q06. For 1H07, gross revenue totaled R\$220.9 million, a growth of 29.0% in relation to 1H06. This sales performance was driven by both the increase in e-retail sales (55.7% in 2Q07 and 46.4% in 1H07) and the consistent increase in in-store sales (33.3% in 2Q07 and 22.0% in 1H07).

The analysis of comparable sales (only in-store sales) shows a growth of 20.9% in 2Q07 and 15.7% in 1H07. The graph below shows the sales growth evolution for the quarter, against the same prior of the prior year for comparable stores.



08.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE FOR THE QUARTER

The positive sales performance is a result of a more aggressive commercial strategy, especially the continuity of the successful customer loyalty program “Saraiva Plus”. Additionally, the investments to improve services and customer service quality in the different sales channels, as well as the introduction of new product categories - especially IT products, whose sales grew 258% in 2Q07 and 248% in 1H07 - were also decisive factors for the success in the period.

The Company’s growth strategy, which is intended to seize business opportunities in product lines that have affinity with the concepts of culture, entertainment and information, has added significant value to the business. At the same time, the main focus of Saraiva’s retail is still the book segment, which has increased significantly and gained market share, with increases in sales volume of 30.4% in 2Q07 and 22.7% in 1H07. The recently introduced imported books line has also contributed to the Company’s good performance, and already accounts for 3.6% of total sales of the books division in 1H07 against 2.4% in 1H06.

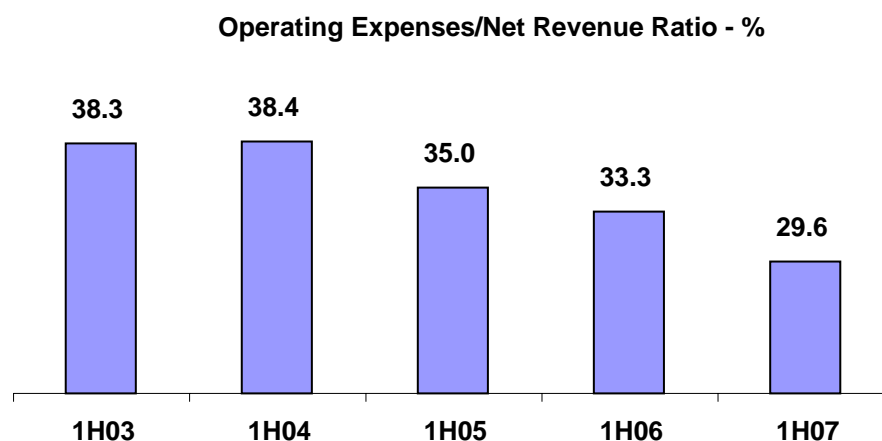
An indicator that evidences Saraiva’s increase in market share is the nominal growth index in the book, newspaper, magazine and stationery sector, released by the IBGE (Brazilian Institute of Geography and Statistics) in the monthly survey of commerce (January to May 2007), which showed a growth of 7.1%. The Company’s growth in these segments reached 9.8% in the same period.

Gross Profit

Gross profit reached R\$34.2 million in 2Q07, growing 41.9% when compared to 2Q06. Gross profit for 1H07 reached R\$73.9 million, a 30.4% increase. Gross margin in 2Q07 was 36.8% and remained practically at the same level of the prior year, 37.0%. Gross margin for the first half also remained stable, reaching 36.6% in 2007 against 36.7% in 2006.

Income from Operations

The rapid sales growth and strict cost control have resulted in important gains of scale to dilute expenses. The operating expenses to net revenue ratio improved to 33.2% in 2Q07 from 38.0% in 2Q06. In the first half, this ratio decreased from 33.3% in 2006 to 29.6% in 2007. This positive performance is even more significant if we consider that net income for 1H07 includes R\$1.0 million in preoperating expenses related to the opening of five new stores in the period. The graph below shows the significant efficiency gain obtained in recent years.



EBITDA

Adjusted EBITDA totaled R\$4.9 million in 2Q07 and was almost eight times higher than EBITDA for 2Q06. The EBITDA margin increased to 5.3% in 2Q07 from 1.0% in 2Q06. EBITDA for the first half was R\$17.4 million, equivalent to a 120.6% increase. Accumulated EBITDA margin reached 8.6%, 3.5 percentage points higher than in 1H06.

Reconciliation of EBITDA - R\$ 000	1H07	1H06	Var.
Income from Operations after Financial Expenses, Net	12,567	3,416	267.9%
(+) Depreciation and Amortization	2,730	2,463	10.8%
(+) Financial Expenses, Net	1,915	676	183.3%
(=) EBITDA	17,212	6,555	162.6%
(+) Provision for Redemption of "Saraiva Plus" Bonuses (1)	160	1,319	-87.9%
(=) Adjusted EBITDA	17,372	7,874	120.6%

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

Financial Expenses/Capital Structure

Net financial expenses for 2Q07 totaled R\$1.1 million, against R\$633 thousand for 2Q06. Net financial expenses for the first half reached R\$1.9 million in 2007 and R\$676 thousand in 2006. Net debt at the end of 1H07 was R\$8.6 million, while at the end of 2006 net cash was R\$6.4 million.

The increase in financial expenses and the increase in debt result from the acceleration of the investment project to expand the store chain.

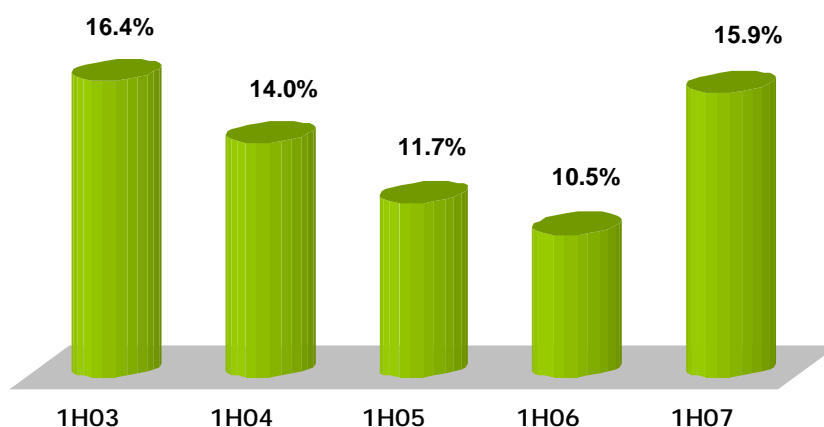
In 2Q07, another portion of the BNDES financing, in the amount of R\$6.7 million, was released, for the 2005-2008 store chain expansion program. Of the total contracted amount of R\$22.1 million, R\$13.8 million has already been released.

Working capital

The working capital to gross sales ratio was 15.9% in 1H07, against 10.5% in 1H06. As expected by Management, the higher working capital requirements reflect the strategy to extend the accounts receivable collection period, which has been an important tool to increase the average ticket, and a higher share of the IT segment in the product mix.

Working capital management efficiency indicators are constantly monitored and the Company is making efforts to compensate for the effect of increasing customer financing and improve inventory turnover.

Working Capital ⁽¹⁾/Gross Revenue ⁽²⁾



(1) Inventories + Trade accounts receivable - Trade accounts payable (monthly average for the last 12 months)

(2) Gross sales in the last 12 months

Net income

Because of seasonality, mainly the impact of the start of the school year on the book market, concentrating the purchase of textbooks (for schools and colleges) during the first quarter of each year, historically the results of operations for the second quarter are negative. However, after the expansion of the product mix and the success of the customer loyalty program, the importance of seasonality has been decreasing year-over-year. The net income for 2Q07 confirmed this trend reaching R\$1.4 million, against a net loss of R\$1.0 million in 2Q06. Net income for 1H07 was R\$7.5 million and increased 283% compared to net income for 1H06.

Investments

In 1H07, R\$8.6 million was invested mainly in the store chain expansion program. Five new stores were opened, two of which in Rio de Janeiro, which consolidated Saraiva's leading position in this important consumer market. Two other stores were opened in new high potential marketplaces: Salvador and Florianópolis. A second store of the chain in the city of Ribeirão Preto was also opened, reinforcing Saraiva's market share in this region. The new stores have the following characteristics:

- Norte shopping mall in the city of Rio de Janeiro, with 620m² of sales area, opened in January 2007.
- Building of the IBMEC college, in the city of Rio de Janeiro, with a total area of 200m², opened at the end of February 2007.
- Iguatemi shopping mall in Florianópolis, with 610m² of sales area, opened in April 2007.
- Salvador shopping mall, with 1,280m² of sales area, the largest book store in Salvador, opened in May 2007.
- Novo Shopping, an important trading center in the city of Ribeirão Preto, with 400m² of sales area, opened in June 2007.

In addition to these openings, at the end of 1H07 Saraiva started the renovation of the Mega Store in Iguatemi shopping mall in Campinas, São Paulo, which is one of the most important units of the store chain and will be adapted to the new layout design and product mix standards defined by Management.

Marketing/Partnerships

The "Saraiva Plus" customer loyalty program is still playing a major role in customer retention and attraction of new customers for Saraiva. At the end of 1H07, the program has 1,463,000 members, or 11.7% higher than at the end of 1Q07.

During 2Q07, we expanded the partnership with Ticketmaster, the world's leader in sale of tickets for concerts and events. Ticketmaster is currently present in seven Saraiva stores, in line with the Company's vision of offering the latest in entertainment, culture and convenience.

Saraiva.com - Livraria Saraiva's Electronic Retail Division

According to a recent survey conducted by Ibope/NetRatings, Brazil has currently 33.1 million people with Internet access. Data provided by e-bit indicate that the number of consumers who have already made at least one purchase online increased to 8 million at the end of the first half of 2007 from 7 million at the end of 2006. The lower final price of computers and the expansion of consumer credit have contributed to accelerate the segment's growth pace.

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Indicators - Saraiva.com	2Q07	2Q06	Var.	1H07	1H06	Var.
Gross Revenue (R\$ 000)	34,766	22,335	55.7	72,232	49,343	46.4
Operating Expenses (SG&A)	7,151	5,360	33.4	12,913	10,439	23.7
Adjusted EBITDA (R\$ 000) ⁽¹⁾	3,279	2,517	30.3	9,693	5,801	67.1
Active customers (000) ⁽²⁾	1,079	924	16.8	1,079	924	16.8
% of Livraria's Gross Revenue	33.9%	30.5%	3.4	32.7%	28.8%	3.9
Average Ticket (R\$)	126.88	112.71	12.6	126.75	110.20	15.0

(1) Adjusted EBITDA: includes in the calculation the provision for future redemption of "Saraiva Plus" bonuses which does not represent cash outflow.

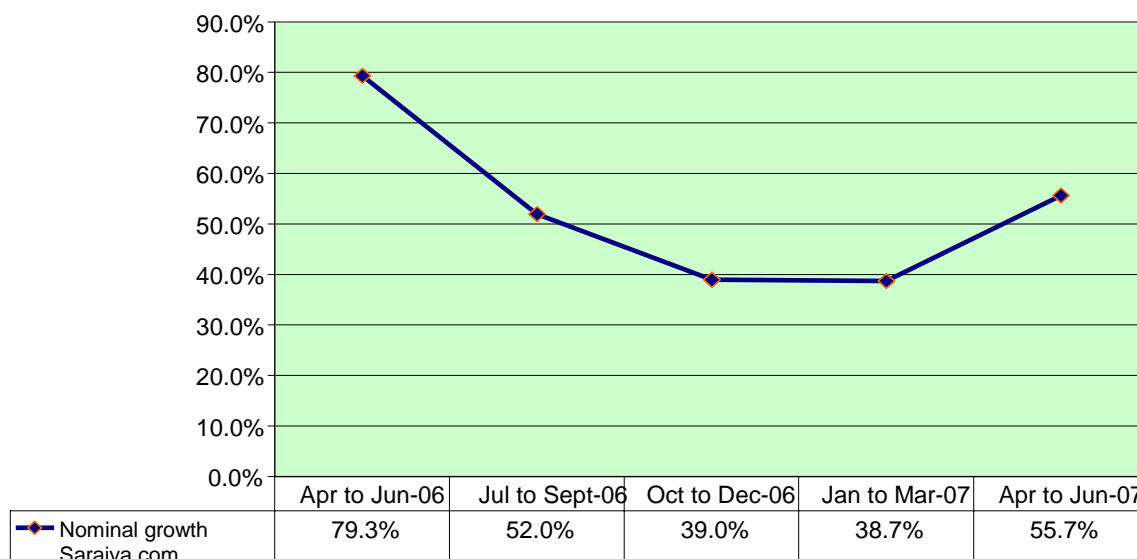
(2) Active customers: users who have made at least one purchase per year in the last two years. Position at end of period.

Aligned with a favorable economic scenario, the introduction of new product categories in the sales mix of Saraiva.com has boosted revenue growth and value generation rates. The number of active items registered for sale increased to 1,433,000 at the end of 1H07 from 945,000 at the end of 1H06.

The IT products segment stood out among the most recent segments, with a 317% increase in 2Q07 and 264% in 1H07. The imported books segment has also increased, reaching 142% in 2Q07 and 136% in 1H07. Other product categories have also been added after the approval of feasibility studies, in particular the digital photo development line, launched in 2Q07, and the preparation for the sale of cellphones starting 3Q07.

The share of the electronic e-retail division in Livraria's total gross revenue reached 33.9% in 2Q07 and 32.7% in 1H07. The graph below shows the sales growth evolution for the quarter compared to the same quarter of the prior year.

Nominal growth of Saraiva.com - by quarter



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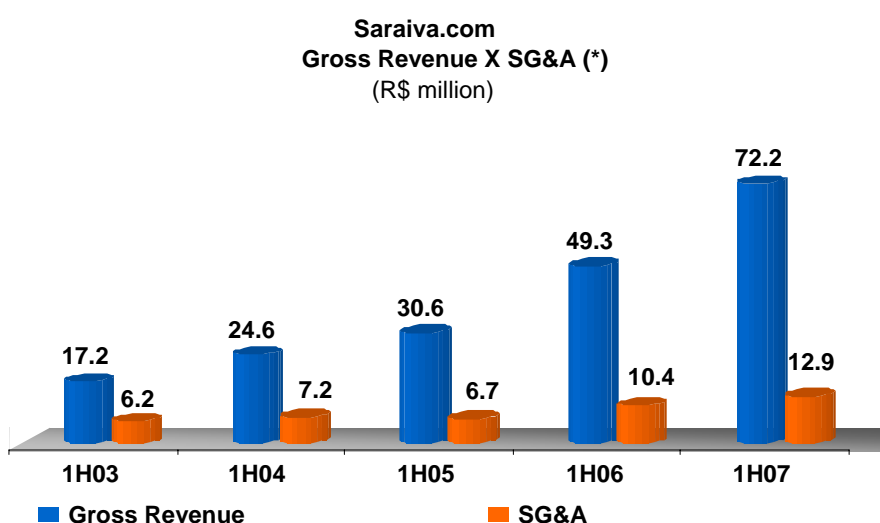
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In addition to expanding product categories, the Company has intensified marketing actions, especially partnerships with the main search sites, and invested continuously in improving logistics and customer service. This scenario, aligned with the evolution of the average ticket to 12.6% in 2Q07 and 15.0% in 1H07, has contributed to increase sales at a higher pace than expenses, which are subject to a strict control by Management. The efficiency gain with the significant dilution of fixed costs is shown below.



(*) Selling, General and Administrative Expenses

CONSOLIDATED

The table below presents the main indicators of the consolidated economic and financial performance.

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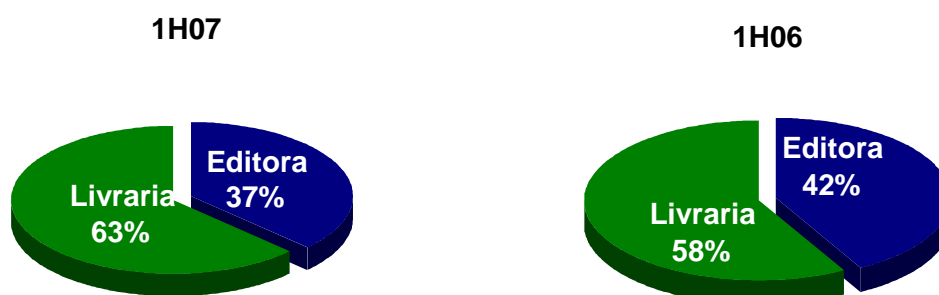
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R\$ 000	2Q07	2Q06	Var	1H07	1H06	Var
Gross Revenue	119,486	95,029	25.7	351,386	295,488	18.9
Net Revenue	109,569	86,883	26.1	332,153	278,721	19.2
Gross Profit	47,769	39,266	21.7	176,951	156,010	13.4
Gross	43.6%	45.2		53.3	56.0	
Income from Operations (EBIT) (a)	(9,900)	(12,271)	-	52,888	41,875	26.3
Operating	-	-		15.9	15.0	
Financial Income (Expenses)	1,806	(791)		3,054	(1,534)	
Net Income	(6,366)	(8,659)	-	34,473	25,489	35.2
Net	-	-		10.4	9.1	
Adjusted EBITDA (b)	(7,602)	(9,405)	-	58,024	48,320	20.1
EBITDA Margin	-	-		17.5	17.3	
Total Assets	413,974	339,975	21.8	413,974	339,975	21.8
Shareholders' Equity	265,909	224,444	18.5	265,909	224,444	18.5
Net Cash/(Indebtedness)	76,672	79,793	-	76,672	79,793	-

(a) Earnings before interest and taxes

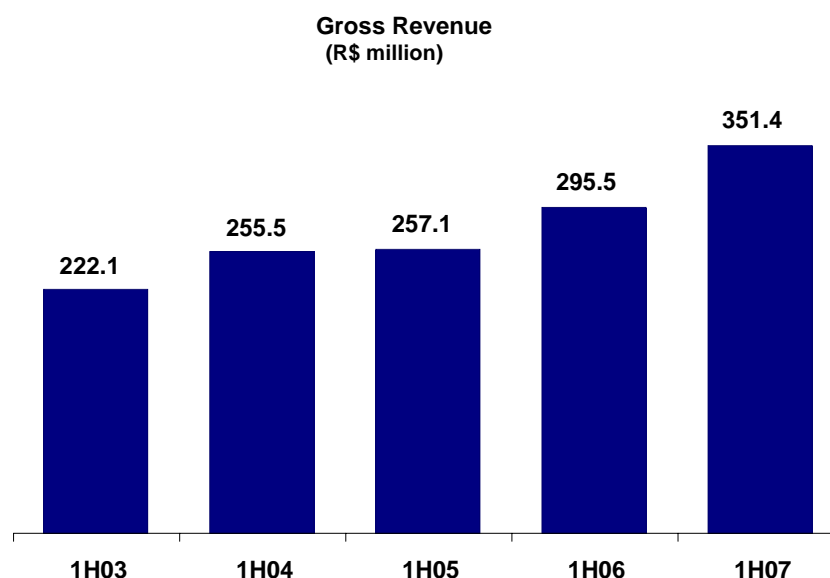
(b) Earnings before interest, taxes, depreciation and amortization and provision for redemption of "Saraiva Plus" bonuses

Mix of Consolidated Gross Revenue



Gross Revenue

Gross revenue totaled R\$119.5 million in 2Q07, an increase of 25.7%. Gross revenue for the first half was R\$351.4 million, an 18.9% increase boosted by the significant increase in Livraria's revenue, which accounted for 63% of total consolidated revenue.



Gross Profit

Consolidated gross profit totaled R\$47.8 million in 2Q07 and R\$177.0 million in 1H07, increasing 21.7% and 13.4%, respectively. Gross margin was 43.6% in 2Q07 against 45.2% in 2Q06. Gross margin for the first half went from 56.0% in 2006 to 53.3% in 2007, 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) was negative by R\$9.9 million in 2Q07. However, it was lower than in 2Q06, when EBIT was negative by R\$12.3 million. EBIT for the first half was positive by R\$52.9 million, 26.3% higher than EBIT for the same period of the prior year.

EBITDA

Adjusted EBITDA was negative by R\$7.6 million in 2Q07, against a negative amount of R\$9.4 million in 2Q06. EBITDA for 1H07 totaled R\$58.0 million, which corresponds to a 20.1% increase in relation to 1S06.

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Reconciliation of EBITDA - R\$ 000	1H07	1H06	Var.
Income from Operations after Financial Expenses, Net	55,942	40,341	38.7%
(+) Depreciation and Amortization	4,976	5,126	-2.9%
(+) Financial Expenses, Net	(3,054)	1,534	
(=) EBITDA	57,864	47,001	23.1%
(+) Provision for Redemption of "Saraiva Plus" Bonuses (1)	160	1,319	-87.9%
(=) Adjusted EBITDA	58,024	48,320	20.1%

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

Financial Income (Expenses)

Financial income (expenses) evolved from net financial expenses of R\$791 thousand in 2Q06 to net financial income of R\$1.8 million in 2Q07. Financial income (expenses) for the first half went from net financial expenses of R\$1.5 million in 2006 to net financial income of R\$3.1 million in 2007, reflecting the improved financial performance of Editora.

Net Income

Because of the strong seasonality of the publishing segment, traditionally the Company posts a net loss for the second quarter. This effect was partially offset by the improved results of retail operations, which contributed to reduce net loss to R\$6.4 million in 2Q07 from R\$8.7 million in 2Q06. Consolidated net income for the six-month period posted a new record totaling R\$34.5 million, 35.2% higher than consolidated net income for 1H06.

CAPITAL STRUCTURE

The consolidated financial position went from net cash of R\$84.1 million at the end of 2006 to R\$76.7 million at the end of June 2007, reflecting the increase in investments in new stores at Livraria.

In consolidated terms, in 2Q07 the Company received another R\$8.8 million from the BNDES long-term financing. In 1H07, R\$12.4 million was released, which contributed to the optimization of the Company's capital structure, as part of the strategy to maintain appropriate financial leverage levels to support with efficiency the investments essential for the continuity of Saraiva consistent growth.

CAPITAL MARKET

The following indicators summarize the trading of Saraiva's shares in 1H07 as compared to 1H06:

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Indicators	1H07	1H06	Var
Number of Trades ⁽¹⁾	10,223	14,842	-31.1%
Participation in Trading Sessions - % ⁽¹⁾	100.0	100.0	
Quantity Traded - 000 ⁽¹⁾	11,333	8,890	27.5%
Volume Traded - R\$ 000 ⁽¹⁾	287,133	179,906	59.6%
Share Price - R\$ ^{(1) (2)}	29.50	20.30	45.3%
Total Shares Outstanding - 000 ^{(2) (3)}	28,230	28,230	0.0%
Market Value - R\$ million ⁽²⁾	832.8	573.1	45.3

Source: Bovespa (São Paulo Stock Exchange)

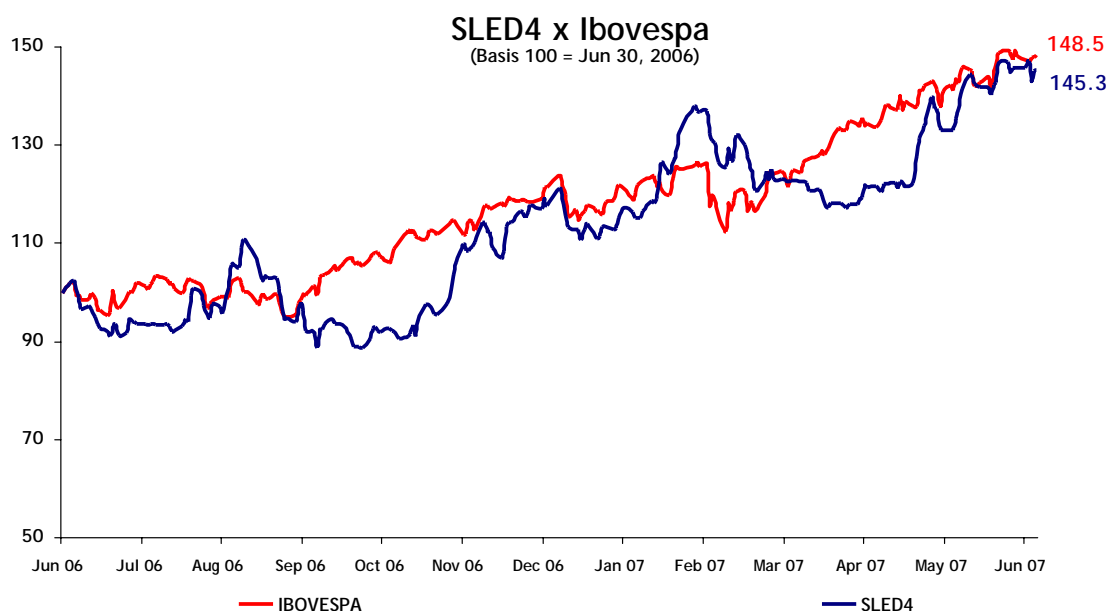
(1) Referring to preferred shares (SLED4)

(2) At end of period

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

The evolution of indicators shows the increase in Company's shares liquidity and reflects Saraiva's determination to play its role as a publicly-traded company, to continuously align management interests with shareholders' interests and improve good corporate governance practices.

The valuation of preferred shares (SLED4) reached 45.3% in the last 12 months, close to the Ibovespa's performance of 48.5% for the period.



OUTLOOK

The Company's Management has optimistic prospects for Saraiva's business areas. The favorable macroeconomic context for the education, culture and entertainment markets, aligned with the way Saraiva is structured and positioned in its business platforms, allow the Company to efficiently pursue the various existing consolidation opportunities, either through acquisitions or even organic growth.

The Government's investment in education is increasing consistently and the recent approval of FUNDEB (Basic Education Maintenance and Development and Education Professionals Valuing Fund) reinforces this trend. The PNLD (elementary school textbook purchase program) is consolidated. The program aimed at high schools (PNLEM) grows every year and there are already regulations and schedules set until 2012. In addition, the Government recently announced its intention to include English and Spanish textbooks, both for elementary and high school students, from PNLD 2011 and PNLEM 2012. **Editora Saraiva** publishes textbooks of recognized quality for such subjects.

In addition to the good prospects for the textbook segment, the investments made in the publishing effort and marketing actions for the legal and economics, business administration and business book segments allow to foresee the continuity of growth in these important segments.

At **Livraria**, the consolidation of economic stability and the recovery of income reinforce Saraiva's optimism with the growth opportunities.

The expansion of the store chain is at its peak and the project foresees 11 new stores (five of which were opened in 1H07) by the end of 2008 and a sales area approximately 30% larger when the project is completed. Of the six stores to be opened, one is already contracted and is expected to open in November 2007. With approximately 1,000 m² of sales area, this Mega Store will replace the traditional format store in Paulista shopping mall in São Paulo. Two other units are at final contracting stage, one in the city of São Paulo and another one to start the expansion strategy in the Minas Gerais market. Should the Company's management identify good investment opportunities, there is the possibility of exceeding the 11-unit goal by the end of 2008.

The assumptions for the continuity of the strong growth of Livraria's electronic retail division have been maintained, and the expansion of the product categories through synergies with the current operations are favorable to the value generation potential.

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortization, and the provision for redemption of "Saraiva Plus" bonuses. EBITDA is not a measure used under Brazilian accounting practices or under accounting principles generally accepted in other countries, not representing cash flows for the reporting periods, and should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flows as an indicator of liquidity. EBITDA does not have a standardized meaning and this definition of EBITDA may not be comparable to EBITDA as defined by other companies.

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01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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09.01- SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

01 - ITEM 01	2- COMPANY NAME LIVRARIA E PAPELARIA SARAIVA S.A.	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 61.254.454/0001-83	5 - % Interest in the subsidiary equity 99.91	6- % Liquid investment of the company 24.79
7- Company Commercial company, manufacturing and others	8- Number of shares in the six-month period 57,490	9- Number of shares in the quarter 57,490		

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16.01 - OTHER RELEVANT INFORMATION

Additional Requirements for Level 2 of Corporate Governance Practices

1. Shareholders with more than 5% of shares of each type and class - ITR

SHAREHOLDING POSITION OF HOLDERS OF MORE THAN 5% OF EACH CATEGORY AND CLASS OF SHARES OF THE COMPANY, UP TO THE LEVEL OF INDIVIDUAL						
Company SARAIVA S.A. LIVREIROS EDITORES						Position as of 07/31/2007 (in thousands of shares)
Shareholder	Common shares		Preferred shares		Total	
	Quantity	%	Quantity	%	Quantity	%
Jorge Eduardo Saraiva	4,520	46.98	-	-	4,520	15.81
Olga Maria Barbosa Saraiva	1,131	11.76	-	-	1,131	3.96
Maria Eugênia Saraiva M. Golçalves	494	5.13	-	-	494	1.73
Maria Henriqueta Saraiva M. Golçalves	494	5.13	-	-	494	1.73
Maria Cecília Saraiva M. Golçalves	494	5.13	-	-	494	1.73
Maria Sylvia Saraiva M. Golçalves	494	5.13	13	0.07	507	1.77
HSBC Global Investment Funds (i)	-	-	1,778	9.37	1,778	6.22
Hatteras LLC (i)	1	0.01	1,368	7.21	1,369	4.79
IRB Brasil Resseguros S.A. (ii)	-	-	980	5.16	980	3.43
Treasury shares	-	-	366	1.93	366	1.28
Other	1,994	20.73	14,496	76.26	16,463	57.55
Total	9,622	100.00	18,974	100.00	28,596	100.00

(i) Shareholder with head office abroad.

(ii) Information up to the level of individual was not disclosed by IRB Brasil Resseguros S.A.

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16.01 - OTHER RELEVANT INFORMATION

2. Position of controlling shareholders and management, and outstanding shares

CONSOLIDATED POSITION OF CONTROLLING SHAREHOLDERS AND MANAGEMENT, AND OUTSTANDING SHARES						
Position as of 07/31/2007						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,326	46.98	-	-	4,520,326	15.81
Management						
Board of Directors	649,594	6.75	13,500	0.07	663,094	2.32
Officers	-		82,609	0.44	82,609	0.29
Fiscal Council (iii)	-		-			
Treasury shares	-		365,750	1.93	365,750	1.28
Other shareholders	4,452,393	46.27	18,511,951	97.56	22,964,344	80.30
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,393	46.27	18,511,951	97.56	22,964,344	80.30

CONSOLIDATED POSITION OF CONTROLLING SHAREHOLDERS AND MANAGEMENT, AND OUTSTANDING SHARES						
Position as of 07/31/2006 (12 months earlier)						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling Shareholder	4,520,326	46.98	-	-	4,520,326	15.81
Management						
Board of Directors	649,594	6.75	50,500	0.26	700,094	2.45
Officers	-		82,609	0.44	82,609	0.29
Fiscal Council (iii)	-		-			
Treasury shares	-		365,750	1.93	365,750	1.28
Other shareholders	4,452,393	46.27	18,474,951	97.37	22,927,344	80.17
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,393	46.27	18,474,951	97.37	22,927,344	80.17

(iii) The Company did not establish the Fiscal Council.

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16.01 - OTHER RELEVANT INFORMATION

3. Arbitration commitment clause

The Company, its controlling shareholders, board of directors and members of fiscal council are linked to the Market Arbitration Chamber, pursuant to the Commitment Clause in the bylaws.

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17.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT

(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 June 30, 2007, the related statements of operations for the quarter and semester 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 and semesters ended June 30, 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 reviewed the individual (Company) and consolidated balance sheets as of March 31, 2007 and the consolidated statements of operations for the quarter and semester ended June 30, 2006, presented for comparative purposes, and issued unqualified special review reports thereon, dated May 11, 2007 and August 11, 2006, respectively.

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17.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

São Paulo, August 13, 2007

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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

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18.01 - STATEMENTS OF OPERATIONS - AFFILIATES AND SUBSIDIARIES (In thousands of Brazilian reais - R\$)

Code	Description	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.01	Gross revenue from sales and/or services	102,608	220,921	73,226	171,213
3.02	Deductions from gross revenue	(9,884)	(19,154)	(8,108)	(16,625)
3.03	Net revenue from sales and/or services	92,724	201,767	65,118	154,588
3.04	Cost of sales and/or services	(58,561)	(127,828)	(41,042)	(97,892)
3.05	Gross profit	34,163	73,939	24,076	56,696
3.06	Operating expenses	(31,523)	(61,372)	(25,652)	(53,280)
3.06.01	Selling expenses	(24,091)	(46,779)	(19,311)	(40,618)
3.06.02	General and administrative expenses	(5,256)	(10,143)	(4,229)	(8,331)
3.06.02.01	Management compensation	(462)	(952)	(461)	(896)
3.06.02.02	Other	(4,794)	(9,191)	(3,768)	(7,435)
3.06.03	Financial	(1,121)	(1,915)	(633)	(676)
3.06.03.01	Financial income	104	186	131	793
3.06.03.02	Financial expenses	(1,225)	(2,101)	(764)	(1,469)
3.06.04	Other operating income	164	409	104	151
3.06.05	Other operating expenses	(1,219)	(2,944)	(1,583)	(3,806)
3.06.05.01	Depreciation and amortization	(1,399)	(2,730)	(1,223)	(2,463)
3.06.05.02	Other	180	(214)	(360)	(1,343)
3.06.06	Equity in subsidiary	0	0	0	0
3.07	Income from operations	2,640	12,567	(1,576)	3,416
3.08	Nonoperating (expenses) income	11	(4)	(28)	(109)
3.08.01	Income	0	0	0	0

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18.01 - STATEMENTS OF OPERATIONS - AFFILIATES AND SUBSIDIARIES (In thousands of Brazilian reais - R\$)

Code	Description	3-04/01/2007 to 06/30/2007	4-01/01/2007 to 06/30/2007	5-04/01/2006 to 06/30/2006	6-01/01/2006 to 06/30/2006
3.08.02	Expenses	11	(4)	(28)	(109)
3.09	Income before taxes/profit sharing	2,651	12,563	(1,604)	3,307
3.10	Provision for income and social contribution taxes	2,089	(677)	0	0
3.11	Deferred income tax	(2,994)	(3,524)	535	(1,126)
3.12	Profit sharing/contributions	(346)	(836)	107	(218)
3.12.01	Profit sharing	(346)	(836)	107	(218)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income/loss	1,400	7,526	(962)	1,963
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	57,540	57,540	57,540	57,540
	EARNINGS PER SHARE	0.02433	0.13080		0.03412
	LOSS PER SHARE			(0.01672)	

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18.02 - PERFORMANCE REPORT OF THE SUBSIDIARY/AFFILIATE

Subsidiary/Affiliate: LIVRARIA E PAPELARIA SARAIVA S.A.

SEE CONSOLIDATED PERFORMANCE REPORT FOR THE QUARTER - 08.01/ITR.