

*(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, 2010 and
Independent Accountants' Review Report*

(Restatement)

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

1. We have reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores (“Editora”), for the quarter ended June 30, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora’s management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and (c) the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on August 13, 2010, are being restated as required by CVM Resolution 603/09 (as amended by CVM Resolution 656/11) to incorporate the effects of the adoption of the new pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), effective for 2010. The effects of the adoption of these standards are presented in note 5 to the interim financial statements.

5. We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the quarter ended June 30, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.
6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

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

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS Rua Henrique Schaumann, 270 - 10º andar		2 - SUBURB OR DISTRICT Cerqueira Cesar		
3 - POSTAL CODE 05413-909	4 - MUNICIPALITY São Paulo		5 - STATE SP	
6 - AREA CODE 011	7 - TELEPHONE 3613-3000	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 Luis Ramos Hopp				
2 - ADDRESS Rua Henrique Schaumann, 270 - 5º andar		3 - SUBURB OR DISTRICT Cerqueira Cesar		
4 - POSTAL CODE 05413-909	5 - MUNICIPALITY São Paulo		6 - STATE SP	
7 - AREA CODE 011	8 - TELEPHONE 3613-3263	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX
12 - AREA CODE 011	13 - FAX 3619-3062	14 - FAX -	15 - FAX -	
16 - E-MAIL http://www.saraivair.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
01/01/2010	12/31/2010	2	04/01/2010	06/30/2010	1	01/01/2010	03/31/2010
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

NUMBER OF SHARES (THOUSANDS)	1 - CURRENT QUARTER 06/30/2010	2 - PRIOR QUARTER 03/31/2010	3 - SAME QUARTER IN PRIOR YEAR 03/30/2009
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
Treasury Shares			
4 - Common	0	0	0
5 - Preferred	251	251	251
6 - Total	251	251	251

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 1100 - Printing and Publishing House
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 - DATE OF APPROVAL	4 - TYPE	5 - BEGINNING OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
01	Annual Shareholders' Meeting	04/20/2010	Interest on Capital	04/30/2010	Registered common	0.7341020900
02	Annual Shareholders' Meeting	04/30/2010	Interest on Capital	04/30/2010	Registered preferred	0.7341020900

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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)	8 - SHARE PRICE ON ISSUE DATE (Brazilian reais - R\$)
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01.10 - INVESTORS RELATIONS OFFICER

1 - DATE 03/18/2011	2 - SIGNATURE
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01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

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

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
1	Total assets	525,824	583,997
1.01	Current assets	179,254	240,163
1.01.01	Cash and cash equivalents	1,434	28,624
1.01.02	Receivables	48,968	107,021
1.01.02.01	Trade accounts receivable	37,534	96,501
1.01.02.02	Other receivables	11,434	10,520
1.01.02.02.01	Dividends receivable from subsidiary	-	-
1.01.02.02.02	Recoverable taxes	5,950	4,946
1.01.02.02.03	Deferred income and social contribution taxes	0	0
1.01.02.02.04	Loans to subsidiary	0	0
1.01.02.02.05	Receivables for sale of property, plant and equipment	1,601	4,632
1.01.02.02.07	Copyrights advances	2,635	-
1.01.02.02.08	Other	1,248	942
1.01.03	Inventories	113,964	103,235
1.01.04	Other	14,888	1,283
1.01.04.01	Deferred advertising expenses	14,859	1,211
1.01.04.02	Prepaid expenses	29	72
1.02	Noncurrent assets	346,570	343,834
1.02.01	Long-term assets	49,171	43,007
1.02.01.01	Other receivables	-	-
1.02.01.02	Intercompany receivables	30,759	24,496
1.02.01.02.01	Affiliates	-	-
1.02.01.02.02	Subsidiaries	30,759	24,496
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	18,412	18,511
1.02.01.03.01	Escrow deposits	16,010	16,015
1.02.01.03.02	Deferred income and social contribution taxes	771	900
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,601	1,566
1.02.01.03.04	Other	30	30
1.02.02	Permanent assets	297,399	300,827
1.02.02.01	Investments	240,082	243,561
1.02.02.01.01	In affiliates	-	-
1.02.02.01.02	In affiliates - goodwill	-	-
1.02.02.01.03	In subsidiaries	239,651	243,130
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	431	431
1.02.02.02	Property, plant and equipment	35,358	35,463
1.02.02.03	Intangible assets	21,959	21,803
1.02.02.04	Deferred charges	-	-

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

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
2	Total liabilities and shareholders' equity	525,824	583,997
2.01	Current liabilities	45,740	83,364
2.01.01	Financing	5,693	7,534
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	23,579	16,399
2.01.04	Taxes payable	13,081	24,913
2.01.04.01	Income and social contribution taxes	3,516	15,138
2.01.04.02	Taxes payable	1,219	1,400
2.01.04.03	Social contributions	8,346	8,375
2.01.05	Dividends payable	44	20,724
2.01.05.01	Interest on capital	44	20,724
2.01.05.02	Dividends	-	-
2.01.06	Provisions	2,255	1,473
2.01.07	Intercompany payables	-	-
2.01.08	Other	1,088	12,321
2.01.08.01	Copyrights payable	-	7,238
2.01.08.02	Contract for acquisition of subsidiary	-	-
2.01.08.03	Payable commission	536	537
2.01.08.04	Management profit sharing	-	4,065
2.01.08.05	Other payables	552	481
2.02	Noncurrent liabilities	82,291	81,629
2.02.01	Long-term liabilities	82,291	81,629
2.02.01.01	Financing	59,205	58,418
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	22,985	23,092
2.02.01.03.01	Reserve for contingencies	8,691	8,680
2.02.01.03.02	Deferred income and social contribution taxes	13,597	13,585
2.02.01.03.03	Taxes payable	697	827
2.02.01.04	Associated with Debt	0	0
2.02.01.04.01	Loan Subsidiary	0	0
2.02.01.05	Advances to future capital increase	-	-
2.02.01.06	Other	101	119
2.03	Deferred income	-	-
2.05	Shareholders' equity	397,793	419,004
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	-	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Owned assets	-	-
2.05.03.02	Subsidiaries/affiliates	-	-
2.05.04	Profit reserves	175,045	172,104
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	-	-
2.05.04.03	Reserve for contingencies	-	-
2.05.04.04	Unrealized profit reserve	-	-
2.05.04.05	Profit retention reserve	-	-
2.05.04.06	Special reserve for undistributed dividends	-	-

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

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
2.05.04.07	Other profit reserves	153,068	150,127
2.05.04.07.01	Reserve for future capital increase	152,175	150,424
2.05.04.07.02	Treasury shares	(1,965)	(2,870)
2.05.04.07.03	Stock option plan	2,858	2,573
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	-	-
2.05.05.02	Accumulated translation adjustment	-	-
2.05.05.03	Business combination adjustment	-	-
2.05.06	Retained earnings/accumulated deficit	20,491	44,643
2.05.07	Advances for future capital increase	-	-

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03.01 - STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.01	Gross revenue from sales and/or services	23,066	164,797	22,760	154,727
3.02	Deductions	(13)	(28)	(22)	(75)
3.03	Net revenue from sales and/or services	23,053	164,769	22,738	154,652
3.04	Cost of products and/or services	(8,203)	(39,925)	(7,996)	(35,195)
3.05	Gross profit	14,850	124,844	14,742	119,457
3.06	Operating (expenses) income	(48,729)	(94,775)	(35,983)	(79,198)
3.06.01	Selling expenses	(26,623)	(62,822)	(24,214)	(55,842)
3.06.02	General and administrative expenses	(16,215)	(30,228)	(16,539)	(27,138)
3.06.02.01	Management compensation	(1,437)	(2,910)	(1,416)	(2,807)
3.06.02.02	Statutory Participation of Administrators	(782)	(2,255)	(1,416)	(2,807)
3.06.02.03	Other	(13,996)	(25,063)	(13,707)	(24,331)
3.06.03	Financial	(1,750)	(3,890)	(1,137)	(1,020)
3.06.03.01	Financial income	1,259	2,301	752	2,854
3.06.03.02	Financial expenses	(3,009)	(6,191)	(1,889)	(3,874)
3.06.04	Other operating income	546	630	10,203	10,276
3.06.05	Other operating expenses	(1,208)	(2,382)	(1,241)	(2,385)
3.06.05.01	Depreciation and amortization	(1,202)	(2,323)	(1,234)	(2,362)
3.06.05.02	Other	(6)	(59)	(7)	(23)
3.06.06	Equity in subsidiary	(3,479)	3,917	(3,055)	(282)
3.07	Income (loss) from operations	(33,879)	30,069	(21,241)	40,259
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(33,879)	30,069	(21,241)	40,259
3.10	Provision for income and social contribution taxes	9,868	(8,932)	5,795	(13,717)

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03.01 - STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.11	Deferred income tax	(141)	(646)	(343)	(1,069)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	(24,152)	20,491	(15,788)	25,473
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,345	28,345
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.72291	-	0,89868
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.85207)	-	(0.55699)	-

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04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
4.01	Net cash from operating activities	(2,513)	743	897	(14,889)
4.01.01	Net cash provided by operating activities	(26,788)	32,056	(26,171)	29,928
4.01.01.01	Net income	(33,879)	30,069	(21,241)	40,259
4.01.01.02	Depreciation and amortization	1,273	2,459	1,290	2,474
4.01.01.04	Allowance for doubtful accounts	421	1,033	(272)	165
4.01.01.05	Equity in subsidiary	3,479	(3,917)	3,055	(282)
4.01.01.06	Result on sale of property, plant and equipment	(17)	(13)	(10,052)	(10,099)
4.01.01.07	Financial charges on loans and liabilities	1,269	2,429	(178)	(1,746)
4.01.01.08	Stock option plan	285	652	237	474
4.01.01.09	Other operating provisions	381	(656)	990	(1,881)
4.01.02	Decrease in assets and liabilities	(24,275)	(31,313)	27,068	(44,817)
4.01.02.01	Trade accounts receivable	48,216	24,280	45,540	28,166
4.01.02.02	Receivables from subsidiary - sale of goods	10,330	127	7,281	(398)
4.01.02.04	Inventories	(10,729)	(11,185)	(3,913)	(5,497)
4.01.02.05	Other receivables	(17,706)	(18,048)	(12,942)	(11,744)
4.01.02.06	Trade accounts payable	7,180	(12,076)	3,360	(33,045)
4.01.02.07	Income and social contribution taxes	(1,754)	6,119	(1,555)	(10,075)
4.01.02.08	Payment of interest on financing	(407)	(867)	(643)	(1,140)
4.01.02.10	Other operating liabilities	(10,855)	(7,425)	(10,060)	(11,084)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	1,787	3,457	(224)	(2,960)
4.02.01	Purchase of property, plant and equipment	(1,471)	(2,857)	(872)	(3,848)
4.02.02	Receipts from sales of property, plant and equipment items	3,258	6,349	648	888

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04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
4.02.03	Acquisition of shares from minority shareholders	-	(35)	-	-
4.03	Net cash used in financing activities	(26,464)	(32,829)	(987)	(12,648)
4.03.02	Loans and financing	-	13,658	17,648	29,299
4.03.03	Loans granted - subsidiary	(5,649)	(22,874)	3,892	(16,625)
4.03.04	Amortization of loans and financing	(2,791)	(5,589)	(2,794)	(5,589)
4.03.05	Disposal of Treasury Shares	(20,680)	(20,680)	(19733)	(19,733)
4.03.06	Sale of treasury shares	2,656	2,656	0	0
4.04	Exchange variation on cash and cash equivalents	-	-	0	0
4.05	Decrease in cash and cash equivalents	(27,190)	(28,629)	(314)	(30,497)
4.05.01	Cash and cash equivalents at beginning of year	28,624	30,063	1,547	31,730
4.05.02	Cash and cash equivalents at end of year	1,434	1,434	1,233	1,233

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01.01 - IDENTIFICATION

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

05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010 TO 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	172,104	44,643	11,279	419,004
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	172,104	44,643	11,279	419,004
5.04	Net income (loss)	0	0	0	0	(24,152)	0	(24,152)
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.05.03.01	Legal reserve	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	2,941	0	0	2,941
5.12.01	Stock option plan	0	0	0	285	0	0	285
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,045	20,491	11,279	397,793

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

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01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

05.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	20,491	0	20,491
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	3,308	0	0	3,308
5.12.01	Stock option plan	0	0	0	652	0	0	652
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,045	20,491	0	397,793
							11,279	

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

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01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY'S NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
1	Total assets	837,867	931,539
1.01	Current assets	541,128	646,265
1.01.01	Cash and cash equivalents	4,312	31,364
1.01.02	Receivables	237,475	322,239
1.01.02.01	Trade accounts receivable	183,604	281,315
1.01.02.02	Other receivables	53,871	40,924
1.01.02.02.01	Recoverable taxes	44,819	31,029
1.01.02.02.02	Deferred income and social contribution taxes	0	0
1.01.02.02.03	Receivables for sale of property, plant and equipment	1,601	4,632
1.01.02.02.04	Copyrights advances	2,710	74
1.01.02.02.05	Other	4,741	5,189
1.01.03	Inventories	288,206	291,287
1.01.04	Other	15,135	1,375
1.01.04.01	Deferred advertising expenses	15,059	1,216
1.01.04.02	Prepaid expenses	76	159
1.02	Noncurrent assets	292,739	285,274
1.02.01	Long-term assets	70,622	67,358
1.02.01.01	Other receivables	-	-
1.02.01.02	Intercompany receivables	-	-
1.02.01.02.01	Affiliates	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	70,622	67,358
1.02.01.03.01	Deferred income and social contribution taxes	32,795	29,867
1.02.01.03.02	Escrow deposits	27,174	27,072
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,601	1,566
1.02.01.03.04	Recoverable taxes	9,010	8,811
1.02.01.03.05	Other	42	42
1.02.02	Permanent assets	222,117	217,916
1.02.02.01	Investments	566	566
1.02.02.01.01	In affiliates	0	0
1.02.02.01.02	In subsidiary	0	0
1.02.02.01.03	Other investments	566	566
1.02.02.02	Property, plant and equipment	122,600	120,744
1.02.02.03	Intangible assets	98,951	96,606
1.02.02.04	Deferred charges	-	-

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
2	Total liabilities and shareholders' equity	837,867	931,539
2.01	Current liabilities	254,868	336,959
2.01.01	Financing	66,515	68,083
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	143,131	179,312
2.01.04	Taxes payable	24,034	37,161
2.01.04.01	Income and social contribution taxes	3,516	15,138
2.01.04.02	Taxes payable	2,577	3,366
2.01.04.03	Social contributions	17,941	18,657
2.01.05	Dividends payable	44	20,724
2.01.05.01	Interest on capital	44	20,724
2.01.05.02	Dividends	-	-
2.01.06	Provisions	9,357	8,596
2.01.06.01	Management profit sharing	2,255	1,473
2.01.06.02	Customer Loyalty Program	7,102	7,123
2.01.07	Intercompany payables	-	-
2.01.08	Other	11,787	23,083
2.01.08.01	Copyrights payable	711	7,950
2.01.08.02	Contract for acquisition of subsidiary	5,244	5,779
2.01.08.03	Payable commission	-	-
2.01.08.04	Freight and commissions payable	-	-
2.01.08.05	Commercial assignment	1,013	1,078
2.01.08.06	Advances from customers	3,687	3,286
2.01.08.07	Management profit sharing	-	4,065
2.01.08.08	Other payables	1,132	925
2.02	Noncurrent liabilities	185,155	175,524
2.02.01	Long-term liabilities	185,155	175,524
2.02.01.01	Financing	131,099	122,210
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	48,672	47,762
2.02.01.03.01	Deferred income and social contribution taxes	29,241	28,369
2.02.01.03.02	Reserve for contingencies	18,734	18,566
2.02.01.03.03	Taxes payable	697	827
2.02.01.04	Intercompany payables	-	-
2.02.01.05	Advances to future capital increase	-	-
2.02.01.06	Other	5,384	5,552
2.02.01.06.01	Payables to former shareholders	4,888	4,875
2.02.01.06.02	Other	496	677
2.03	Deferred income	-	-
2.04	Minority interest	51	52
2.05	Shareholders' equity	397,793	419,004
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	-	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Owned assets	-	-
2.05.03.02	Subsidiaries/affiliates	-	-

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 06/30/2010	4 - 03/31/2010
2.05.04	Profit reserves	175,045	172,104
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Reserve for contingencies	0	0
2.05.04.04	Unrealized profit reserve	0	0
2.05.04.05	Profit retention reserve	0	0
2.05.04.06	Special reserve for undistributed dividends	0	0
2.05.04.07	Other profit reserves	153,068	150,127
2.05.04.07.01	Reserve for future capital increase	152,175	150,424
2.05.04.07.02	Treasury shares	(1,965)	(2,870)
2.05.04.07.03	Stock option plan	2,858	2,573
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	-	-
2.05.05.02	Accumulated translation adjustment	-	-
2.05.05.03	Business combination adjustment	-	-
2.05.06	Retained earnings/accumulated deficit	20,491	44,643
2.05.07	Advances for future capital increase	-	-

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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01.01 - IDENTIFICATION

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01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

09.01 - CONSOLIDATED STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.01	Gross revenue from sales and/or services	286,552	742,284	236,639	607,362
3.02	Deductions	(18,655)	(38,755)	(13,591)	(28,833)
3.03	Net revenue from sales and/or services	267,897	703,529	223,048	578,529
3.04	Cost of products and/or services	(167,810)	(388,657)	(132,657)	(298,792)
3.05	Gross profit	100,087	314,872	90,391	279,737
3.06	Operating (expenses) income	(136,163)	(282,800)	(113,525)	(237,510)
3.06.01	Selling expenses	(92,278)	(198,316)	(83,808)	(175,172)
3.06.02	General and administrative expenses	(31,801)	(59,780)	(32,258)	(58,895)
3.06.02.01	Management compensation	(2,466)	(5,169)	(2,608)	(4,744)
3.06.02.02	Statutory Participation of Administrators	(782)	(2,255)	(1,416)	(2,807)
3.06.02.03	Other	(28,553)	(52,356)	(28,234)	(51,344)
3.06.03	Financial	(7,355)	(14,563)	(3,974)	(6,990)
3.06.03.01	Financial income	809	1,710	690	1,508
3.06.03.02	Financial expenses	(8,164)	(16,273)	(4,664)	(8,498)
3.06.04	Other operating income	2,249	3,225	11,669	13,247
3.06.05	Other operating expenses	(6,978)	(13,366)	(5,154)	(9,700)
3.06.05.01	Depreciation and amortization	(6,707)	(12,899)	(5,073)	(9,282)
3.06.05.02	Other	(271)	(467)	81	(418)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	(36,076)	32,072	(23,134)	42,227
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(36,076)	32,072	(23,134)	42,227
3.10	Provision for income and social contribution taxes	9,868	(8,932)	5,796	(14,606)

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

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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09.01 - CONSOLIDATED STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.11	Deferred income tax	2,056	(2,648)	1,548	(2,148)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	0	(1)	2	0
3.15	Net income (loss)	(24,152)	20,491	(15,788)	25,473
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,345	28,345
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.72291	-	0.989868
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.85207)	-	(0.55699)	-

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

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01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

10.01 - CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 01/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
4.01	Net cash from operating activities	(4,253)	(20,309)	(20,847)	(31,857)
4.01.01	Net cash provided by operating activities	(21,858)	59,489	(25,371)	43,662
4.01.01.01	Net income	(36,076)	32,072	(23,134)	42,227
4.01.01.02	Depreciation and amortization	7,093	13,635	5,361	9,794
4.01.01.04	Allowance for doubtful accounts	866	1,751	(47)	478
4.01.01.05	Result on sale of property, plant and equipment	49	129	(10,753)	(10,836)
4.01.01.06	Financial charges on loans and liabilities	2,636	4,999	816	994
4.01.01.07	Stock option plan	285	652	237	474
4.01.01.08	Other provisions	3,289	6,251	2,149	531
4.01.01.10	Minority interest - subsidiary	0	0	0	-
4.01.02	Decrease in assets and liabilities	17,605	(79,798)	4,524	(75,519)
4.01.02.01	Trade accounts receivable	96,845	30,976	75,352	52,439
4.01.02.02	Inventories	3,981	4,512	(15,917)	(23,000)
4.01.02.03	Other receivables	(33,416)	(40,089)	(22,311)	(27,397)
4.01.02.04	Trade accounts payable	(36,181)	(54,720)	(26,070)	(58,612)
4.01.02.05	Income and social contribution taxes	(1,754)	(6,119)	(1,554)	(10,964)
4.01.02.06	Payment of interest on financing	(1,978)	(4,478)	(1,275)	(2,244)
4.01.02.08	Other payables	(8,992)	(9,880)	(3,701)	(5,741)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	(8,248)	(12,934)	(14,980)	(30,826)
4.02.01	Purchase of property, plant and equipment	(11,534)	(19,276)	(16,328)	(32,453)
4.02.02	Business acquisition	-	(35)	-	-

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

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10.01 - CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 01/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
4.02.03	Receipts from sales of property, plant and equipment items	3,286	6,377	1,348	1,627
4.03	Net cash used in financing activities	(14,551)	(1,207)	37,918	30,421
4.03.01	Obtained loans and financing	8,116	36,114	61,855	82,983
4.03.02	Amortization of loans and financing	(4,643)	(19,297)	(4,204)	(32,829)
4.03.03	Disposal of Treasury Shares	2,656	2,656	-	-
4.03.04	Amortization of loans and financing	(20,680)	(20,680)	(19,733)	(19,733)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Decrease in cash and cash equivalents	(27,052)	(34,450)	2,091	(32,262)
4.05.01	Cash and cash equivalents at beginning of year	31,364	38,762	3,470	37,823
4.05.02	Cash and cash equivalents at end of year	4,312	4,312	5,561	5,561

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11.01 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010 TO 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	172,104	44,643	11,279	419,004
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	172,104	44,643	11,279	419,004
5.04	Net income (loss)	0	0	0	0	(24,152)	0	(24,152)
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	2,941	0	0	2,941
5.12.01	Stock option plan	0	0	0	285	0	0	285
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,045	20,491	11,279	397,793

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 03/31/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01.01 - IDENTIFICATION

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

11.02 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 06/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	20,491	0	20,491
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	3,308	0	0	3,308
5.12.01	Stock option plan	0	0	0	652	0	0	652
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,045	20,491	11,279	397,793

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01.01 - IDENTIFICATION

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

BALANCE SHEETS

AS AT JUNE 30, 2010, DECEMBER 31, 2009, AND JANUARY 1, 2009

(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP			Consolidated - IFRS & BR GAAAP		
		6/30/2010	12/31/2009	1/1/2009	6/30/2010	12/31/2009	1/1/2009
<u>ASSETS</u>							
CURRENT ASSETS							
Cash and cash equivalents	6	1,434	30,063	31,730	4,312	38,762	37,823
Trade receivables	7	37,534	62,974	64,162	183,604	216,331	199,643
Inventories	8	113,964	102,779	82,381	288,206	292,718	213,158
Recoverable taxes	9	5,950	5,824	4,780	44,819	24,154	19,211
Other receivables		5,484	8,116	2,178	9,052	13,592	5,690
Prepaid expenses		14,888	530	123	15,135	845	367
Total current assets		179,254	210,286	185,354	545,128	586,402	475,892
NONCURRENT ASSETS							
Long-term assets:							
Intragroup loans	11.a)	30,759	6,964	52,167	-	-	-
Deferred income tax and social contribution	10.a)	771	1,371	2,498	32,795	32,829	31,259
Escrow deposits	21	16,010	16,007	15,568	27,174	26,963	25,499
Recoverable taxes	9	-	-	-	9,010	8,954	-
Receivables from sale of PP&E		1,601	1,535	4,192	1,601	1,535	4,192
Other		30	30	133	42	42	145
		49,171	25,907	74,558	70,622	70,323	61,095
Investments:							
In subsidiaries	12	239,651	235,722	173,893	-	-	-
Other		431	408	408	566	543	543
Property, plant and equipment	13	35,358	35,664	35,416	122,600	121,420	84,771
Intangible assets	14	7,363	6,901	5,380	21,684	17,635	11,610
Goodwill	15	14,596	14,596	14,596	77,267	77,267	80,841
Total noncurrent assets		346,570	319,198	304,251	292,739	287,188	238,860
TOTAL ASSETS		525,824	529,484	489,605	837,867	873,590	714,752

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY'S NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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	Note	Editora - BR GAAP			Consolidated - IFRS & BR GAAAP		
		6/30/2010	12/31/2009	1/1/2009	6/30/2010	12/31/2009	1/1/2009
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Trade payables	18	23,579	35,655	49,160	143,131	197,851	173,927
Borrowings and financing	16	5,693	10,344	11,269	66,515	81,458	42,317
Accrued payroll and related taxes	20	8,346	6,755	5,832	17,941	14,774	12,521
Taxes payable	19	1,219	1,651	1,742	2,577	5,719	4,669
Provision for income tax and social contribution	10.c)	3,516	703	4,703	3,516	703	4,703
Copyrights payable		-	6,342	10,803	711	7,090	11,515
Management profit sharing	11.b)	-	4,065	3,956	2,255	4,065	3,956
Dividends and interest on capital	20.c)	44	20,724	19,776	44	20,724	19,776
Deferred revenue - customer loyalty program	18	-	-	-	7,102	6,105	5,275
Operating leases - store rentals	18	536	517	50	5,244	7,565	6,542
Other payables		2,807	2,114	6,814	5,832	8,001	12,503
Total current liabilities		45,740	88,870	114,105	254,868	354,055	297,704
NONCURRENT LIABILITIES							
Borrowings and financing	16	59,205	43,203	10,247	131,099	92,348	21,822
Deferred income tax and social contribution	10.a)	13,597	13,551	11,701	29,241	26,627	18,844
Provision for tax, civil and labor contingencies	21	8,691	8,771	9,586	18,734	19,857	23,091
Taxes payable	19	697	958	1,481	697	958	2,618
Other payables		101	137	209	5,384	5,688	8,336
Total noncurrent liabilities		82,291	66,620	33,224	185,155	145,478	74,711
EQUITY							
Capital		190,978	190,978	147,774	190,978	190,978	147,774
Treasury shares		(1,965)	(2,870)	(2,870)	(1,965)	(2,870)	(2,870)
Earnings reserve		177,010	174,607	186,093	177,010	174,607	186,093
Valuation adjustments to equity		11,279	11,279	11,279	11,279	11,279	11,279
Retained earnings		20,491	-	-	20,491	-	-
Equity attributable to owners of the Company		397,793	373,994	342,276	397,793	373,994	342,276
Noncontrolling interests		-	-	-	51	63	61
Total equity		397,793	373,994	342,276	397,844	374,057	342,337
TOTAL LIABILITIES AND EQUITY		525,824	529,484	489,605	837,867	873,590	714,752

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
NET OPERATING REVENUE	23	164,769	154,652	703,529	578,529
COST OF SALES AND SERVICES		(39,925)	(35,195)	(388,657)	(298,792)
GROSS PROFIT		<u>124,844</u>	<u>119,457</u>	<u>314,872</u>	<u>279,737</u>
OPERATING (EXPENSES) INCOME					
Selling expenses	24	(62,822)	(55,842)	(198,316)	(175,172)
General and administrative expenses	25	(30,228)	(29,945)	(59,780)	(58,895)
Depreciation and amortization		(2,323)	(2,362)	(12,899)	(9,282)
Equity in subsidiary	12	3,917	(282)	-	-
Other operating expenses	26	(59)	(23)	(467)	(418)
Other operating income	27	<u>630</u>	<u>10,276</u>	<u>3,225</u>	<u>13,247</u>
		(90,885)	(78,178)	(268,237)	(230,520)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>33,959</u>	<u>41,279</u>	<u>46,635</u>	<u>49,217</u>
FINANCIAL INCOME (EXPENSES)					
Financial income	28	2,301	2,854	1,710	1,508
Financial expenses	28	<u>(6,191)</u>	<u>(3,874)</u>	<u>(16,273)</u>	<u>(8,498)</u>
		(3,890)	(1,020)	(14,563)	(6,990)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		30,069	40,259	32,072	42,227
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	10.b)	(8,932)	(13,717)	(8,932)	(14,606)
Deferred	10.a)	(646)	(1,069)	(2,648)	(2,148)
PROFIT FOR THE PERIOD		<u>20,491</u>	<u>25,473</u>	<u>20,492</u>	<u>25,473</u>
Attributable to:					
Owners of the Company				20,491	25,473
Noncontrolling interests				<u>1</u>	-
				<u>20,492</u>	<u>25,473</u>

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01.01 - IDENTIFICATION

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010 AND THE YEARS ENDED DECEMBER 30, 2010 AND 2009
(In thousands of Brazilian reais - R\$)

	Note	Capital	Earnings reserve				Reserve for stock option plan	Retained earnings	Valuation adjustments to equity	Attributable to owners of Editora (BR GAAP)	Noncontrolling interests	Total equity (IFRS & BR GAAP)
			Treasury shares	Legal reserve	Earnings reserve							
BALANCE AT DECEMBER 31, 2008		147,774	(2,870)	19,327	170,411	1,240	-	-	335,882	61	335,943	
Adoption of new accounting standards (IFRSs and CPCs)		-	-	-	(4,885)	-	-	11,279	6,394	-	6,394	
BALANCE AT JANUARY 1, 2009		147,774	(2,870)	19,327	165,526	1,240	-	11,279	342,276	61	342,337	
Capital increase - ESM held on April 23, 2009	22.a)	43,204	-	-	(43,204)	-	-	-	-	-	-	
Profit for the year		-	-	-	-	-	51,477	-	51,477	2	51,479	
Stock option plan		-	-	-	-	966	-	-	966	-	966	
Proposed allocation of profit:												
Legal reserve	22.d)	-	-	2,650	-	-	(2,650)	-	-	-	-	
Transfer to earnings reserve		-	-	-	28,102	-	(28,103)	-	(1)	-	(1)	
Interest on capital	22.c)	-	-	-	-	-	(20,724)	-	(20,724)	-	(20,724)	
BALANCE AT DECEMBER 31, 2009		190,978	(2,870)	21,977	150,424	2,206	-	11,279	373,994	63	374,057	
Profit for the period		-	-	-	-	-	20,491	-	20,491	-	20,491	
Stock option plan	22.e)	-	-	-	-	652	-	-	652	-	652	
Acquisition of noncontrolling interests	22.g)	-	-	-	-	-	-	-	-	(12)	(12)	
Sale of treasury shares		-	905	-	1,751	-	-	-	2,656	-	2,656	
BALANCE AT JUNE 30, 2010		190,978	(1,965)	21,977	152,175	2,858	20,491	11,279	397,793	51	397,844	

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF CASH FLOWS
 FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
 (In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		30,069	40,259	32,072	42,227
Adjustments to reconcile profit income to net cash provided by (used in) operating activities:					
Depreciation and amortization (includes amount allocated to cost)	13, 14 & 15	2,459	2,474	13,635	9,794
Allowance for doubtful accounts		1,033	165	1,751	478
Equity in subsidiary less adjustment to profit on Livraria's inventory - ICPC 09	12	(3,917)	282	-	-
Proceeds from sale of property, plant and equipment		(13)	(10,099)	129	(10,836)
Financial charges and exchange differences on intragroup balances, financing, borrowings and taxes payable	22.e)	2,429	(1,746)	4,999	994
Stock option plan		652	474	652	474
Other operating provisions		(656)	(1,881)	6,251	531
Decrease (increase) in operating assets:					
Trade receivables		24,280	28,166	30,976	52,439
Receivables from subsidiaries due to product sales		127	(398)	-	-
Inventories		(11,185)	(5,497)	4,512	(23,000)
Other operating assets		(18,048)	(11,744)	(40,089)	(27,397)
Increase (decrease) in operating liabilities:					
Trade payables		(12,076)	(33,045)	(54,720)	(58,612)
Income tax and social contribution paid		(6,119)	(10,075)	(6,119)	(10,964)
Interest on borrowings and financing paid		(867)	(1,140)	(4,478)	(2,244)
Other operating liabilities		(7,425)	(11,084)	(9,880)	(5,741)
Net cash provided by (used in) operating activities		743	(14,889)	(20,309)	(31,857)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets	13 / 14	(2,857)	(3,848)	(19,276)	(32,453)
Receipts from sales of property, plant and equipment items		6,349	888	6,377	1,627
Net cash provided by (used in) investing activities		3,492	(2,960)	(12,899)	(30,826)
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of shares from noncontrolling shareholders	22.g)	(35)	-	(35)	-
Payment of dividends and interest on capital		(20,680)	(19,733)	(20,680)	(19,733)
Financing from BNDES	16	13,658	29,299	36,114	62,983
Borrowings		-	-	-	20,000
Loans to subsidiaries less amounts returned		(22,874)	(16,625)	-	-
Amortization of borrowings and financing		(5,589)	(5,589)	(19,297)	(32,829)
Sale of treasury shares		2,656	-	2,656	-
Net cash provided by (used in) financing activities		(32,864)	(12,648)	(1,242)	30,421
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		(28,629)	(30,497)	(34,450)	(32,262)
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year		30,063	31,730	38,762	37,823
Cash and cash equivalents at end of year		1,434	1,233	4,312	5,561
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		(28,629)	(30,497)	(34,450)	(32,262)

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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Corporate Law

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2010 AND 2009
(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		6/30/2010	6/30/2009	6/30/2010	6/30/2009
CREATION OF WEALTH					
Sales of products and services		164,797	154,727	741,287	606,972
Allowance for doubtful accounts, less reversals		(1,033)	(165)	(1,751)	(478)
Other operating income		867	11,564	3,489	14,538
		<u>164,631</u>	<u>166,126</u>	<u>743,025</u>	<u>621,032</u>
INPUTS PURCHASED FROM THIRD PARTIES (includes recoverable and unrecoverable taxes)					
Raw materials consumed		(5,018)	(19,514)	(1,495)	(6,391)
Cost of sales and services		-	(94)	(389,803)	(303,598)
Supplies, power, outside services and other		(80,786)	(59,210)	(149,653)	(132,198)
Other operating expenses		(237)	(1,289)	(402)	(1,292)
		<u>78,590</u>	<u>86,019</u>	<u>201,672</u>	<u>177,553</u>
RETENTIONS					
Depreciation and amortization		(2,356)	(2,392)	(13,532)	(9,599)
		<u>76,234</u>	<u>83,627</u>	<u>188,140</u>	<u>167,954</u>
WEALTH RECEIVED IN TRANSFER					
Equity in subsidiary	12	3,535	(282)	-	-
Financial income	28	2,301	2,854	1,710	1,508
		<u>5,836</u>	<u>2,572</u>	<u>1,710</u>	<u>1,508</u>
DISTRIBUTION OF WEALTH					
		<u>82,070</u>	<u>86,199</u>	<u>189,850</u>	<u>169,462</u>
WEALTH DISTRIBUTED					
Personnel - payroll and related taxes		35,693	31,334	80,311	72,612
Government - taxes and fees		14,924	19,760	49,264	40,370
Lenders - financial expenses, less IOC	28	6,140	3,760	15,551	7,721
Lessors - rentals, gross of recoverable taxes		2,949	3,065	21,976	20,479
Management profit sharing		2,255	2,807	2,255	2,807
Noncontrolling interests		-	-	2	-
Shareholders - recognition of earnings reserve, including stock option plan		20,109	25,473	20,491	25,473
		<u>82,070</u>	<u>86,199</u>	<u>189,850</u>	<u>169,462</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Saraiva Group is engaged in book publishing, including the sale of books and contents through Saraiva S.A. Livreiros Editores (“Editora”), and the retail of cultural, leisure, and information products, through Saraiva e Siciliano S.A. (“Livraria”).

The Group’s corporate structure consists of Editora, the parent company, and Livraria, which is the former’s direct interest, with 99.98% of its common shares. Editora is a company controlled by the Saraiva family.

Editora, founded in 1914, is a Brazilian publicly-held company, with registered office at Rua Henrique Schaumann, 270, in the city of São Paulo, State of São Paulo, listed on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (São Paulo stock exchange) under ticker symbol SLED4, and in Level 2 of Corporate Governance.

Editora is mainly engaged in: (a) publishing elementary and high school textbooks, supplementary textbooks, legal books and economics and management books; (b) development of digital content; and (c) development of textbook content for the Ético Teaching System (“Ético”) for private schools and the Agora Teaching System for public schools. Editora’s operations are quite seasonal as approximately 80% of its sales are concentrated in the first and last quarters, 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 quarter.

Livraria is a Brazilian publicly-held company, with head office in the city of São Paulo, State of São Paulo, which is mainly engaged in the retail of book, periodicals, DVDs, music, stationary, multimedia, IT, electrical and electronic products, and digital content. Distribution is undertaken using a web-based sales platform and a chain of 100 stores, of which 38 are megastores, two are iTown format stores, 53 are conventional stores, and 10 are franchises.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1. Restatement of the interim financial statements

The interim financial statements are presented in accordance with the accounting practices adopted in Brazil, established by Corporate Law, pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC), and standards of the Brazilian Securities and Exchange Commission (CVM) issued until December 31, 2009.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Previously, Editora had prepared and issued its interim financial in accordance with the standards in effect until December 31, 2008; accordingly, Editora is restating its interim financial statements for the quarter ended June 30, 2010, originally present on August 13, 2010, and, when applicable, the comparative financial statements for the year ended December 31, 2009.

The interim individual financial statements are being presented and disclosed in conformity with CPC 21 Interim Financial Reporting. These interim financial statements, in condensed presentation, do not include all the presentation and disclosure requirements of the annual financial statements, and, therefore, should be read together with the annual financial statements for the year ended December 31, 2009.

The consolidated interim financial statements of Editora have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”), issued by the International Accounting Standards Board (“IASB”).

The individual interim financial statements have been prepared in accordance with accounting practices adopted in Brazil and standards established by the CVM, in accordance with the Brazilian Corporate Law, including the changes introduced by Law 11638/07 and Provisional Act 449/08, subsequently passed into Law 11941/09, including the pronouncements issued by the CPC.

2.2. Declaration of conformity

The interim financial statements of Editora comprise:

- The consolidated financial statements prepared in accordance with IFRSs, issued by the IASB, and the accounting practices adopted in Brazil, identified as Consolidated - IFRS and BR GAAP.
- The individual financial statements of the parent prepared in accordance with the accounting practices adopted in Brazil, identified Editora - BR GAAP.

The accounting practices adopted in Brazil comprise the policies set out in the Brazilian Corporate Law and the pronouncements, guidelines, and interpretations issued by the CPC and approved by the CVM.

The individual financial statements present the measurement of investments in the subsidiary by the equity method of accounting, pursuant to prevailing Brazilian statutes. Accordingly, these individual financial statements are not in accordance with IFRSs, which require the measurement of such investments in separate financial statements of the parent, at their fair values or at cost.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

As there is no difference between the consolidated equity and the consolidated profit attributable to the owners of Editora, disclosed in the consolidated financial statements prepared in accordance with IFRSs and BR GAAP, and the Editora's equity and profit disclosed in the individual financial statements prepared in accordance with BR GAAP, Editora elected to present these individual and consolidated financial statements as a single set of information, side by side.

2.3. Basis of preparation

The financial statements have been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described note 3.

These consolidated financial statements are the first prepared in accordance with IFRSs.

When preparing its individual financial statements, Editora adopted the changes in the accounting practices adopted in Brazil introduced by CPCs 15 to 40, whose accounting effects are described in note 5.

3. SIGNIFICANT ACCOUNTING POLICES

The significant accounting practices described below were consistently applied for all years reported in the individual and consolidated interim financial statements of Editora and Livraria.

a) General principles

Revenues and expenses are recognized on the accrual basis. Sales revenue and costs of sales are recognized when the risks and rewards of ownership of goods sold and the services provided have been transferred.

Revenue is measured at the fair value of the consideration received or receivable, less any expected returns and trade discounts.

Sales resulting from the delivery of awards to customers of Livraria's customer loyalty program ("Saraiva Plus") are accounted for as deferred revenue at the fair value of the consideration received or receivable, on sales date. Deferred revenue is recognized in profit or loss when the credits are redeemed by the customers or the obligations are settled.

b) Functional and presentation currency

The functional and presentation currency used to measure the items Editora and Livraria in the interim financial statements is the Brazilian real (R\$).

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

c) Foreign currency transactions and balances

Foreign currency-denominated transactions are translated into Editora and Livraria's functional currency at the exchange rates prevailing on the dates of the transactions. Balance sheet items are translated at the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation of monetary assets and monetary liabilities denominated in foreign currency are recognized in profit or loss.

d) Basis of consolidation and investment in subsidiary

The consolidated financial statements include the financial statements of Editora and Livraria. In the individual financial statements of Editora the financial information on Livraria is recognized by the equity method of accounting. The financial statements of Livraria are adjusted to conform its accounting policies to those adopted by Editora. All intragroup transactions, balances, revenue, and expenses are fully eliminated in consolidation.

e) Financial assets

The financial policies held by Editora and Livraria are classified according to the intention for which they were acquired into the following categories:

(i) Financial assets measured at fair value through profit or loss

The financial assets measured at fair value through profit or loss assets are the short-term financial assets held for trading. Derivatives are also classified in this category.

(ii) Held-to-maturity financial assets

Comprise the non-derivative financial assets with defined maturities acquired to be realized on maturity, measured at cost of acquisition, plus income earned according to the contractual terms and conditions.

(iii) Available-for-sale financial assets

Comprise non-derivative financial assets, such as securities and/or equity quoted in active markets, or which are not quoted in an active market but whose fair values can be reasonably estimated.

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(iv) Loans and receivables

Comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes cash and cash equivalents, trade receivables, and other receivables.

The regular acquisitions of financial assets are recognized on trading date.

Financial assets are initially recognized at fair value through profit and transaction costs are allocated to the income statement. Loans and receivables are accounted for at the amortized cost.

Gains or losses resulting from changes in the fair value are recognized in the income statement on an accrual basis, in line items "Financial income" or "Financial expenses", respectively, when realized or incurred.

f) Financial liabilities

Financial liabilities are classified as follows:

(i) At fair value through profit or loss

Comprise liabilities held for trading measured at fair value and whose gains or losses are directly recognized in profit or loss.

(ii) Other financial liabilities

Comprise liabilities measured under the amortized cost method, with the allocation of effective interest incurred over the related agreement period.

g) Derivatives

Comprise transactions with assets whose amounts change in response to changes in a specific interest rate of the underlying assets, settled in a future date. Derivative assets are recognized at fair value on inception and adjusted to fair value at the end of the reporting period. Gains and losses are recognized in profit or loss on the accrual basis.

h) Current assets

• Cash and cash equivalents

Comprises cash balances, bank deposits and short-term investments that can be immediately converted into a known cash amount and subject to immaterial risk of change in value. Short-term investments are carried at cost plus income earned through the end of the reporting period, which does not exceed their realizable values.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- Trade receivables and allowance for doubtful accounts

Trade receivables are carried at their original amount and controlled by aging. The allowance for doubtful accounts is recognized for receivables past due for more than 180 days and uncollectible receivables are charged directly to profit or loss.

Trade receivables are not adjusted to present value as they have a short-term maturity and do not materially impact the financial statements.

- Inventories

Carried at average cost purchase or publishing, less an allowance for adjustment to net realizable value, when lower, or the allowance for losses on items without turnover, excessive, or unrealizable, based on periodic analyses conducted by management.

In the case of Editora, inventories are periodically analyzed and cost of any damaged books or discontinued editions identified is charged directly to profit or loss.

- Unrecognized advertising expenses

Refer to the advertising and publicity costs incurred to participate in the National Textbook Program (PNLD), amortized proportionally to the delivery of textbooks sold to the Government.

i) Noncurrent assets

- Investments

Investments in Livraria are accounted for by the equity method of accounting. Unrealized profit arising on Livraria product sales transactions is eliminated from the calculation of equity in subsidiary on consolidation.

- Property, plant and equipment

Carried at purchase, construction or production cost, less accumulated depreciation and, when applicable, an allowance for impairment losses. Depreciation and amortization are calculated on a straight-line basis, based on the useful lives of the assets. Editora's and Livraria's facilities and leasehold improvements are depreciated over the shortest of the lease term or the economic useful lives of the assets, as shown in note 13.

Borrowing costs are not included in the purchase cost of property, plant and equipment since the average time to set up and open a store is approximately three months and thus they are not qualifying assets.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Assets acquired through finance leases are depreciated over their expected useful lives as own assets or over a shorter period, when applicable, according to the terms of the underlying lease agreements.

Editora and Livraria's management believes, in its best judgment, that the price of the main assets has not changed significantly since the date of construction and/or renovation, except for the price of the land where the Distribution Center and the paper warehouse of Editora were built (note 5), and that the depreciation rates used represent reliably the expected useful lives of property, plant and equipment.

- Intangible assets

Separately acquired

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and, when applicable, accumulated impairment losses. Amortization is recognized on a straight-line basis, based on the estimated useful lives of the assets.

Expenses on goodwill paid by Livraria when commercial property leases are signed are classified as intangible assets on the date the agreements are executed and amortized on a straight-line basis over the lease period.

Internally generated

Expenditure on research is recognized as an expense when incurred.

An internally generated intangible asset arising from expenditure on software development is recognized if, and only if, all of the following can be demonstrated: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it, the intangible asset will generate probable future economic benefits, and the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (iv) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized corresponds to the sum of the costs incurred since the time an intangible asset met the recognition criteria above. Subsequently, assets are recognized at production cost, less amortization and, where applicable, impairment losses.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- Goodwill

Beginning 2010, goodwill recorded on business acquisitions is the excess of the amount paid on the acquisition over the interest in the fair value of the subsidiaries' identifiable assets, liabilities and contingent liabilities of acquirees recognized as of the acquisition date. Goodwill initially recognized at fair value is subsequently tested for impairment. In 2010 and 2009, no new acquisitions were made that would result in the application of business combination criteria.

Goodwill presented in the individual and consolidated financial statements arises on the acquisition and merger of companies acquired from 2003 to 2008 and was amortized on a straight-line basis at the rate of 20% per year through December 31, 2008. Beginning January 1, 2009, goodwill is tested for impairment.

The cash-generating units (CGUs), i.e., the lowest levels for which there are separately identifiable cash flows, defined by management, to which goodwill was allocated, and used to test goodwill for impairment, correspond to the operation of the stores purchased from Siciliano S.A. ("Siciliano") and Ético's operations. If the recoverable value of a CGU is lower than its carrying amount, the impairment loss is firstly allocated to write down the carrying amount of goodwill, and subsequently to the other assets of the CGU. Any goodwill impairment loss is recognized directly in profit or loss and cannot be reversed in subsequent periods.

Goodwill is annually tested for impairment irrespective of whether there is any indication that it may be impaired.

- Impairment of property, plant and equipment and intangible assets, except goodwill

Property, plant, and equipment items, intangible assets with finite useful lives, and, when applicable, other noncurrent assets are tested for impairment annually or whenever events or material changes in circumstances indicate that their carrying amount might not be recoverable. The impairment loss, corresponding to the higher of an asset's value in use and net selling price, is recognized in profit or loss, when identified.

For impairment test purposes, assets are grouped in the CGUs defined by management and used to evaluate the recoverability of the carrying amount of the underlying assets, corresponding to the operations of Editora and each one of its stores, including the website Saraiva.com, of Livraria. The assessment process uses operating and financial performance indicators established by management and, when there is indication of an impairment loss, a comparative analysis for each CGU is performed between the amount determined by the cash flow discounted to present value and the related carrying amount. If the calculated recoverable amount of a CGU is lower than its carrying amount, an impairment loss is recognized in profit or loss.

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j) Current and noncurrent liabilities

- Borrowings and financing

Initially recognized at fair value, when funds are received, less transaction costs where applicable, and subsequently measured at the amortized cost, by the effective interest rate method, corresponding to cost plus contractual charges, interest, and inflation adjustments incurred through the end of each reporting period.

- Copyrights

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

- Provisions for tax, civil and labor contingencies

Provisions are recognized when there is a present legal or constructive obligation, as a result of a past event, it is probable that a disbursement will be required to settle the obligation, and the amount can be reliably estimated at the end of the reporting period.

Provisions are recognized at the probable loss amount, considering the nature of each contingency, based on the opinion of the legal counsel of Editora and Livraria. The basis and nature of the provision for contingencies are described in note 21.

k) Other current and noncurrent assets and liabilities

Carried at their realizable values (assets) and known or estimated amounts (liabilities), plus interest, inflation adjustments, and charges, when applicable.

l) Leases

Leases are classified as operating leases, where lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent payments (variable portion based on sales revenue) are recognized as expenses in the periods they are incurred.

m) Current and deferred income tax and social contribution

- Current

The provisions for corporate income tax (IRPJ) and social contribution on profit (CSLL) are calculated pursuant to the prevailing tax law, based on accounting profit adjusted by additions and deductions of recognized nontaxable and nondeductible expenses and income.

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- Deferred

Deferred income tax and social contribution are calculated on tax loss carryforwards of Livraria and temporary differences of Editora and Livraria. Deferred income tax and social contribution assets are recognized in the probable amount the future taxable income will be sufficient to deduct all temporary differences and tax loss carryforwards, and are stated in noncurrent liabilities.

Deferred income tax and social contribution are calculated at the tax rates effective in the period when the asset or the liability on which they are calculated is realized or settled, respectively. Deferred taxes are recognized as income or expenses, and allocated to profit or loss. The recovery of deferred tax assets is reviewed at the end of each reporting period and, when it is no longer probable that future taxable income will be available to allow the recovery of all or part of the assets, these are adjusted to the expected recoverable amount.

n) Deferred revenue

Sales revenue obtained by the customer loyalty program is recognized in line item "Deferred revenue" at the fair value of the accumulated points and recognized in profit or loss as the credits are redeemed, the right to use such credits expires, and part of the balance of the provision related to the expected expiry of the right to redeem points is amortized, calculated at the historical base of occurrences.

o) Share-based compensation

The share-based compensation plan of Editora and Livraria is measured at the fair value of the equity instruments on grant date. Details on the determination of the fair value of this plan are described in note 22.e).

The fair value of stock options granted set on grant date is recognized on a straight-line basis as expenses in profit or loss for the reporting period, based on estimates on which granted options will be exercised. Management reviews its estimates at the end of each reporting period and the impact compared to the initial estimates, if any, is recognized in profit or loss for the reporting period, reflecting the revised estimates.

p) Dividends and interest on capital

The proposed distribution of dividends, which include interest on capital paid by the management of Editora that does not exceed the portion equivalent to the mandatory minimum dividends, is recognized as a liability in line item "Dividends and interest on capital" as it is considered as a statutory obligation of Editora. On the other hand, the

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portion of dividends exceeding mandatory minimum dividends, declared by management after the end of the reporting period, but before the authorization for the issue of the financial statements is recognized in line item “Proposed additional dividends”.

q) Presentation of earnings per share

Earnings per share are presented as basic and diluted earnings per share, as prescribed by CPC 41 *Earnings per Share* (IAS 33), as described in note 30.

r) Statement of value added (“DVA”)

The purpose of the statement of value added presented by Editora is to disclose the wealth created by the Company and its distribution over a certain reporting period, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is not required by IFRSs. The statement of value added was prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 *Statement of Value Added*.

s) New and revised standards and interpretations issued and not yet adopted

The CPC has not yet issued the pronouncements and amendments related to the new and revised IFRSs below. Because of the CPC’s and the CVM’s commitment to keep the set of standards issued updated according to the changes made by the IASB, we expect that such pronouncements and amendments be issued by the CPC and approved by the CVM by the date they become effective.

Accordingly, Editora did not adopt the new and revised IFRSs below already issued but not yet effective:

Standard	Description	Effective for annual periods beginning on or after
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 7	Disclosures—Transfers of Financial Assets	July 1, 2011
IFRS 9 (as amended in 2010)	Financial instruments	January 1, 2013

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Standard	Description	Effective for annual periods beginning on or after
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets when an Asset Is Measured Using the Fair Value Model in IAS 40	January 1, 2012
Amendments to IAS 32	Classification of Rights Issues	February 1, 2010
Amendments to IFRIC 14	Prepayments of Minimum Funding Requirements	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
Amendments to IAS 24	Related Party Disclosures	January 1, 2011
IFRIC 13	Customer Loyalty Programmes	July 1, 2010

Management will carry out a detailed review to verify the application of these standards and will assess their possible impacts of the financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing interim financial statements management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and the related effects are recognized in the period in which the estimate is revised.

a) Impairment of assets

Where there are indications that property, plant and equipment items and intangible assets with finite useful lives might be impaired, based on financial and economic factors, taking into consideration the maturity of investments, their carrying amounts are annually review, through a detailed study of each CGU, by calculating discounted future cash flows and using a rate of discount to present value, to ensure that a possible allowance for impairment losses is recognized in the profit or loss of the reviewed period.

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b) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value.

c) Allowance for realized losses in inventories of Livraria

The allowance for losses in inventories is estimated based on the history of losses identified during physical inventories of the stores and distribution centers, to cover probable losses when physical inventories are taken.

d) Allowance for impairment of inventory

The allowance for impairment losses is related to obsolescence of inventories. In the case of Livraria, the allowance corresponds to unsellable inventories due to deterioration or turnover above estimates. In the case of Editora, the allowance corresponds to the cost of any damaged books or discontinued editions, charged directly to profit or loss.

e) Allowance for doubtful accounts

Trade receivables are controlled by aging, and an allowance for losses is recognized for receivables past due for more than 180 days. Uncollectible receivables are recognized directly in profit or loss.

f) Provision for tax, civil and labor contingencies

Provisions recognized for and lawsuits that represent probable losses can be reliably estimated. The likelihood assessment is supported by the opinions of Editora and Livraria's legal counsel.

g) Deferred taxes

Deferred tax assets and liabilities are calculated based on a study of the expected realization of future taxable income, discounted to present value and less all temporary differences, annually reviewed and approved by the management. Future earnings projections take into consideration the main performance variables of the Brazilian economy, the volume and price of sales, and tax rates.

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h) Livraria's customer loyalty program

Under the program's regulations, a customer has the right to R\$15.00 in purchases in any store of Livraria for every 750 points acquired. The points can be used to purchase any product, limited to the award credits. Points expire after 12 months.

Fair value is calculated based on the award credits acquired by customers when they complete a purchase, adjusted by an amount related to the expected redemption and another portion related to expected expiry, which are amortized proportionally to the actual redemption of the points.

5. TRANSITION OF ACCOUNTING POLICES

5.1. Effects of adopting IFRSs on the consolidated financial statements

The consolidated interim financial statements for the quarter ended June 30, 2010 are the first to be presented in accordance with IFRSs. Editora applied the accounting policies set out in notes 2 and 3 to all reporting periods presented, including the 2010 interim financial statements and the balance sheet as at the date of transition, defined as January 1, 2009. In measuring the adjustments of the opening balances and in preparing the balance sheet as at the transition date, management applied the mandatory exceptions and certain optional exemptions to the retrospective application prescribed by IFRS 1 and CPC 37(R1) *First-time Adoption of International Financial Reporting Standards*.

The tables below present the reconciliation from the adoption of IFRSs with the former accounting practices:

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

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Effects on the consolidated balance sheet

Line items	Item	At 6/30/2010 (date of interim period presented according to previous accounting policies)								
		At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)			At 6/30/2010 (date of interim period presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to IFRSs	IFRSs	Former BR GAAP	Effects of transition to IFRSs	IFRSs	Former BR GAAP	Effects of transition to IFRSs	IFRSs
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents		37,823	-	37,823	38,762	-	38,762	4,312	-	4,312
Trade receivables		199,643	-	199,643	216,331	-	216,331	183,604	-	183,604
Inventories	5.3.h)	216,331	(3,173)	213,158	297,597	(4,879)	292,718	292,886	(4,680)	288,206
Recoverable taxes		19,211	-	19,211	24,154	-	24,154	44,819	-	44,819
Deferred income tax and social contribution	5.3.c)	10,923	(10,923)	-	12,345	(12,345)	-	7,757	(7,757)	-
Other receivables		5,690	-	5,690	13,592	-	13,592	9,052	-	9,052
Prepaid expenses		367	-	367	845	-	845	15,135	-	15,135
Total current assets		489,988	(14,096)	475,892	603,626	(17,224)	586,402	557,565	(12,437)	545,128
NONCURRENT ASSETS										
Long-term assets:										
Deferred income tax and social contribution	5.3.c)	19,454	11,805	31,259	19,692	13,137	32,829	24,242	8,553	32,795
Escrow deposits	5.3.e)	7,986	17,513	25,499	9,950	17,013	26,963	10,002	17,172	27,174
Recoverable taxes		-	-	-	8,954	-	8,954	9,010	-	9,010
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,601	-	1,601
Other		145	-	145	42	-	42	42	-	42
		31,777	29,318	61,095	40,173	30,150	70,323	44,897	25,725	70,622
Other investments		543	-	543	543	-	543	566	-	566
Property, plant and equipment		67,682	17,089	84,771	104,331	17,089	121,420	105,511	17,089	122,600
Intangible assets		11,610	-	11,610	17,635	-	17,635	21,684	-	21,684
Goodwill		80,841	-	80,841	77,267	-	77,267	77,267	-	77,267
Total noncurrent assets		192,453	46,407	238,860	239,949	47,239	287,188	249,925	42,814	292,739
TOTAL ASSETS		682,441	32,311	714,752	843,575	30,015	873,590	807,490	30,377	837,867
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Trade payables		173,927	-	173,927	197,851	-	197,851	143,131	-	143,131
Borrowings and financing		42,317	-	42,317	81,458	-	81,458	66,515	-	66,515
Accrued payroll and related taxes		12,521	-	12,521	14,774	-	14,774	17,941	-	17,941
Taxes payable		4,669	-	4,669	5,719	-	5,719	2,577	-	2,577
Provision for income tax and social contribution		4,703	-	4,703	703	-	703	3,516	-	3,516
Copyrights payable		11,515	-	11,515	7,090	-	7,090	711	-	711
Management profit sharing		3,956	-	3,956	4,065	-	4,065	2,255	-	2,255
Dividends and interest on capital		19,776	-	19,776	20,724	-	20,724	44	-	44
Deferred revenue - customer loyalty program	5.3.d)	2,681	2,594	5,275	3,776	2,329	6,105	4,761	2,341	7,102
Operating leases - store rentals		6,542	-	6,542	7,565	-	7,565	5,244	-	5,244
Other payables		12,503	-	12,503	8,001	-	8,001	5,832	-	5,832
Total current liabilities		295,110	2,594	297,704	351,726	2,329	354,055	252,527	2,341	254,868
NONCURRENT LIABILITIES										
Borrowings and financing		21,822	-	21,822	92,348	-	92,348	131,099	-	131,099
Deferred income tax and social contribution		13,034	5,810	18,844	20,817	5,810	26,627	23,431	5,810	29,241
Provision for tax, civil and labor contingencies	5.3.e)	5,578	17,513	23,091	2,844	17,013	19,857	1,562	17,172	18,734
Taxes payable		2,618	-	2,618	958	-	958	697	-	697
Other payables		8,336	-	8,336	5,688	-	5,688	5,384	-	5,384
Total noncurrent liabilities		51,388	23,323	74,711	122,655	22,823	145,478	162,173	22,982	185,155
EQUITY										
Capital		147,774	-	147,774	190,978	-	190,978	190,978	-	190,978
Treasury shares		(2,870)	-	(2,870)	(2,870)	-	(2,870)	(1,965)	-	(1,965)
Valuation adjustments to equity		-	11,279	11,279	-	11,279	-	11,279	11,279	11,279
Earnings reserve		190,978	(4,885)	186,093	181,023	(6,416)	174,607	183,426	(6,416)	177,010
Retained earnings		-	-	-	-	-	-	20,300	191	20,491
Equity attributable to owners of the Company		335,882	6,394	342,276	369,131	4,863	373,994	392,739	5,054	397,793
Noncontrolling interests		61	-	61	63	-	63	51	-	51
Total equity		335,943	6,394	342,337	369,194	4,863	374,057	392,790	5,054	397,844
TOTAL LIABILITIES AND EQUITY		682,441	32,311	714,752	843,575	30,015	873,590	807,490	30,377	837,867

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Reconciliation of consolidated equity

	Equity		
	6/30/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	<u>392,739</u>	<u>369,131</u>	<u>335,882</u>
Adjustments arising from the application of CPCs and IFRSs:			
Unrealized profit on inventories (sale of Editora products to Livraria)	(4,680)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,341)	(2,329)	(2,594)
Difference in deemed cost of property, plant and equipment - "land"	17,089	17,089	17,089
Deferred income tax and social contribution	<u>(5,014)</u>	<u>(5,018)</u>	<u>(4,928)</u>
Subtotal	5,054	4,864	6,394
Noncontrolling interests	<u>51</u>	<u>63</u>	<u>61</u>
Under new accounting standards	<u>397,844</u>	<u>374,057</u>	<u>342,337</u>

Effects on the consolidated income statement

Line items	Item	At 6/30/2010 (date of interim period presented according to previous accounting policies)			At 6/30/2009 (date of comparative quarter presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to		Former BR GAAP	Effects of transition to	
			IFRSs	IFRSs		IFRSs	IFRSs
NET OPERATING REVENUE	5.3.d)	704,546	(1,017)	703,529	581,329	(2,800)	578,529
COST OF SALES AND SERVICES	5.3.h)	(388,876)	219	(388,657)	(300,106)	1,314	(298,792)
GROSS PROFIT		<u>315,670</u>	<u>(798)</u>	<u>314,872</u>	<u>281,223</u>	<u>(1,486)</u>	<u>279,737</u>
OPERATING (EXPENSES) INCOME							
Selling expenses		(198,316)	-	(198,316)	(175,172)	-	(175,172)
General and administrative expenses		(59,780)	-	(59,780)	(58,895)	-	(58,895)
Depreciation and amortization		(12,899)	-	(12,899)	(9,282)	-	(9,282)
Other operating expenses	5.3.c)	1,773	(2,240)	(467)	12,202	(12,620)	(418)
Other operating income	5.3.d)	-	3,225	3,225	-	13,247	13,247
		<u>(269,222)</u>	<u>985</u>	<u>(268,237)</u>	<u>(231,147)</u>	<u>627</u>	<u>(230,520)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>46,448</u>	<u>187</u>	<u>46,635</u>	<u>50,076</u>	<u>(859)</u>	<u>49,217</u>
FINANCIAL INCOME (EXPENSES)							
Financial income		1,710	-	1,710	1,508	-	1,508
Financial expenses		<u>(16,273)</u>	-	<u>(16,273)</u>	<u>(8,498)</u>	-	<u>(8,498)</u>
		<u>(14,563)</u>	-	<u>(14,563)</u>	<u>(6,990)</u>	-	<u>(6,990)</u>
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>31,885</u>	<u>187</u>	<u>32,072</u>	<u>43,086</u>	<u>(859)</u>	<u>42,227</u>
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(8,932)	-	(8,932)	(14,606)	-	(14,606)
Deferred		(2,652)	4	(2,648)	(2,067)	(81)	(2,148)
PROFIT BEFORE NONCONTROLLING INTERESTS		<u>20,301</u>	<u>191</u>	<u>20,492</u>	<u>26,413</u>	<u>(940)</u>	<u>25,473</u>
Noncontrolling interests	5.3.i)	(1)	-	(1)	-	-	-
PROFIT FOR THE PERIOD		<u>20,300</u>	<u>191</u>	<u>20,491</u>	<u>26,413</u>	<u>(940)</u>	<u>25,473</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of consolidated net income

	Profit	
	<u>6/30/10</u>	<u>6/30/09</u>
Under prevailing accounting policies before adopting of new accounting standards	<u>20,300</u>	<u>26,413</u>
Adjustments arising from the application of CPCs and IFRSs:	199	(1,096)
Unrealized profit on inventories (sale of Editora products to its subsidiary)	199	(1,096)
Saraiva Plus customer loyalty program	(12)	237
Deferred income tax and social contribution	<u>4</u>	<u>(81)</u>
Subtotal	191	(1,096)
Noncontrolling interests	<u>1</u>	<u>940</u>
Under new accounting standards	<u>20,492</u>	<u>25,473</u>

There were no effects of the transition to IFRSs on the statement of cash flows.

5.2. Effects of adopting the new accounting pronouncements issued by the CPC on the individual financial statements

With the enactment of Law 11638/07, which was designed to update the Brazilian Corporate Law, so as to enable the convergence of accounting practices adopted in Brazil with IFRSs, new accounting standards and technical pronouncements have been issued by the Accounting Pronouncements Committee (CPC).

In preparing its individual financial statements, management adopted all the accounting pronouncements and the related interpretations and guidelines issued by the CPC and approved by the CVM, which together with the accounting practices included in the Brazilian Corporate Law are called the accounting practices adopted in Brazil (BR GAAP).

Editora applied the accounting policies set out in notes 2 and 3 to all reporting periods presented, from the interim financial statements for the quarter ended March 31, 2010, which includes the balance sheet as at the date of transition, defined as January 1, 2009. In measuring the adjustments to and preparing this opening balance sheet, Editora applied the requirements set out in CPC 43(R1) *First-time Adoption of CPCs 15 to 40*, and adjusted its individual financial statements so that when consolidated they produced the same amounts of equity, attributable to the owners of the parent, and profit of the consolidation prepared in accordance with IFRSs by applying IFRS 1 and CPC 37(R1). Accordingly, Editora made to the two sets of individual financial statements the adjustments made upon the adoption of IFRSs in the consolidated financial statements.

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

01047-2 - SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Effects on the individual balance sheet

Line items	Item	At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)			At 6/30/2010 (date of interim period presented according to previous accounting policies)		
		Effects of		Restated	Effects of		Restated	Effects of		Restated
		Former	transition to		Former	transition to		Former	transition to	
		BR GAAP	CPCs	BR GAAP	BR GAAP	CPCs	BR GAAP	BR GAAP	CPCs	BR GAAP
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents		31,730	-	31,730	30,063	-	30,063	1,434	-	1,434
Trade receivables		64,162	-	64,162	62,974	-	62,974	37,534	-	37,534
Inventories		82,381	-	82,381	102,779	-	102,779	113,964	-	113,964
Recoverable taxes		4,780	-	4,780	5,824	-	5,824	5,950	-	5,950
Deferred income tax and social contribution	5.3.e)	1,174	(1,174)	-	630	(630)	-	71	(71)	-
Other receivables		2,178	-	2,178	8,116	-	8,116	5,484	-	5,484
Prepaid expenses		123	-	123	530	-	530	14,888	-	14,888
Total current assets		186,528	(1,174)	185,354	210,916	(630)	210,286	179,325	(71)	179,254
NONCURRENT ASSETS										
Long-term assets:										
Intragroup loans		52,167	-	52,167	6,964	-	6,964	30,759	-	30,759
Deferred income tax and social contribution	5.3.e)	1,324	1,174	2,498	741	630	1,371	700	71	771
Escrow deposits	5.3.e)	7,240	8,328	15,568	8,512	7,495	16,007	8,504	7,506	16,010
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,601	-	1,601
Other		133	-	133	30	-	30	30	-	30
		65,056	9,502	74,558	17,782	8,125	25,907	41,594	7,577	49,171
Investments:										
In subsidiaries	5.3.h) / 5.3.d)	178,778	(4,885)	173,893	242,138	(6,416)	235,722	245,876	(6,225)	239,651
Other		408	-	408	408	-	408	431	-	431
Property, plant and equipment		18,327	17,089	35,416	18,575	17,089	35,664	18,269	17,089	35,358
Intangible assets		5,380	-	5,380	6,901	-	6,901	7,363	-	7,363
Goodwill		14,596	-	14,596	14,596	-	14,596	14,596	-	14,596
Total noncurrent assets		282,545	21,706	304,251	300,400	18,798	319,198	328,129	18,441	346,570
TOTAL ASSETS		469,073	20,532	489,605	511,316	18,168	529,484	507,454	18,370	525,824

Line items	Item	At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)			At 6/30/2010 (date of interim period presented according to previous accounting policies)		
		Effects of		Restated	Effects of		Restated	Effects of		Restated
		Former	transition to		Former	transition to		Former	transition to	
		BR GAAP	CPCs	BR GAAP	BR GAAP	CPCs	BR GAAP	BR GAAP	CPCs	BR GAAP
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Trade payables		49,160	-	49,160	35,655	-	35,655	23,579	-	23,579
Borrowings and financing		11,269	-	11,269	10,344	-	10,344	5,693	-	5,693
Accrued payroll and related taxes		5,832	-	5,832	6,755	-	6,755	8,346	-	8,346
Taxes payable		1,742	-	1,742	1,651	-	1,651	1,219	-	1,219
Provision for income tax and social contribution		4,703	-	4,703	703	-	703	3,516	-	3,516
Copyrights payable		10,803	-	10,803	6,342	-	6,342	-	-	-
Management profit sharing		3,956	-	3,956	4,065	-	4,065	-	-	-
Dividends and interest on capital		19,776	-	19,776	20,724	-	20,724	44	-	44
Operating leases - store rentals		50	-	50	517	-	517	536	-	536
Other payables		6,814	-	6,814	2,114	-	2,114	2,807	-	2,807
Total current liabilities		114,105	-	114,105	88,870	-	88,870	45,740	-	45,740
NONCURRENT LIABILITIES										
Borrowings and financing		10,247	-	10,247	43,203	-	43,203	59,205	-	59,205
Deferred income tax and social contribution		5,891	5,810	11,701	7,741	5,810	13,551	7,787	5,810	13,597
Provision for tax, civil and labor contingencies	5.3.e)	1,258	8,328	9,586	1,276	7,495	8,771	1,185	7,506	8,691
Taxes payable		1,481	-	1,481	958	-	958	697	-	697
Other payables		209	-	209	137	-	137	101	-	101
Total noncurrent liabilities		19,086	14,138	33,224	53,315	13,305	66,620	68,975	13,316	82,291
EQUITY										
Capital		147,774	-	147,774	190,978	-	190,978	190,978	-	190,978
Treasury shares		(2,870)	-	(2,870)	(2,870)	-	(2,870)	(1,965)	-	(1,965)
Valuation adjustments to equity		-	11,279	11,279	-	11,279	11,279	-	11,279	11,279
Earnings reserve		190,978	(4,885)	186,093	181,023	(6,416)	174,607	183,426	(6,416)	177,010
Retained earnings		-	-	-	-	-	-	20,300	191	20,491
Total equity		335,882	6,394	342,276	369,131	4,863	373,994	392,739	5,054	397,793
TOTAL LIABILITIES AND EQUITY		469,073	20,532	489,605	511,316	18,168	529,484	507,454	18,370	525,824

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of the individual equity

	Equity		
	6/30/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	392,739	369,131	335,882
Adjustments arising from the application of CPCs and IFRSs:	(4,680)	(4,879)	(3,173)
Unrealized profit on inventories (sale of Editora products to Livraria)	(4,680)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,341)	(2,329)	(2,594)
Difference in deemed cost of property, plant and equipment - "land"	17,089	17,089	17,089
Deferred income tax and social contribution	(5,014)	(5,018)	(4,928)
Subtotal	5,054	4,864	6,394
Under new accounting standards	397,793	373,994	342,276

Effects on the individual income statement

Line items	Item	At 6/30/2010 (date of interim period presented according to previous accounting policies)			At 6/30/2009 (date of comparative quarter presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP	Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP
NET OPERATING REVENUE		164,769	-	164,769	154,652	-	154,652
COST OF SALES AND SERVICES		(39,925)	-	(39,925)	(35,195)	-	(35,195)
GROSS PROFIT		124,844	-	124,844	119,457	-	119,457
OPERATING (EXPENSES) INCOME							
Selling expenses		(62,822)	-	(62,822)	(55,842)	-	(55,842)
General and administrative expenses		(30,228)	-	(30,228)	(29,945)	-	(29,945)
Depreciation and amortization		(2,323)	-	(2,323)	(2,362)	-	(2,362)
Equity in subsidiary	5.3.h) / 5.3.d)	3,726	191	3,917	658	(940)	(282)
Other operating expenses	5.3.c)	571	(630)	(59)	10,253	(10,276)	(23)
Other operating income		-	630	630	-	10,276	10,276
		(91,076)	191	(90,885)	(77,238)	(940)	(78,178)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		33,768	191	33,959	42,219	(940)	41,279
FINANCIAL INCOME (EXPENSES)							
Financial income		2,301	-	2,301	2,854	-	2,854
Financial expenses		(6,191)	-	(6,191)	(3,874)	-	(3,874)
		(3,890)	-	(3,890)	(1,020)	-	(1,020)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		29,878	191	30,069	41,199	(940)	40,259
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(8,932)	-	(8,932)	(13,717)	-	(13,717)
Deferred		(646)	-	(646)	(1,069)	-	(1,069)
PROFIT FOR THE PERIOD		20,300	191	20,491	26,413	(940)	25,473

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of individual net income

	Profit	
	<u>6/30/10</u>	<u>6/30/09</u>
Under prevailing accounting policies before adopting of new accounting standards	<u>20,300</u>	<u>26,413</u>
Adjustments arising from the application of CPCs and IFRSs:	199	(1,096)
Unrealized profit on inventories (sale of Editora products to its subsidiary)	199	(1,096)
Saraiva Plus customer loyalty program	(12)	237
Deferred income tax and social contribution	<u>4</u>	<u>(81)</u>
Subtotal	<u>191</u>	<u>(1,096)</u>
Under new accounting standards	<u>20,491</u>	<u>25,473</u>

There were no effects of the transition to BR GAAP restated in accordance with CPCs on the individual statement of cash flows.

5.3. Comments on the reconciliations

The transition to IFRSs (consolidated) and the adoption of accounting pronouncements CPC 15 to 43 (individual) resulted in the following changes in accounting policies:

a) CPC 22/IFRS 8 Operating Segments

CPC 22/IFRS 8 prescribes the need to disclose discrete information by operating segment, defined as a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses; b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and c) for which discrete financial information is available. The information on operating segments is disclosed in note 32.

b) CPC 24/IAS 10 *Events after the Reporting Period and ICPC 08 Accounting for Proposed Dividend Payments*

Interest on capital are approved by the Board of Directors and attributed to mandatory dividends, less income tax effect. The portion of dividends exceeding mandatory minimum dividends, declared by management after the end of the reporting period, but before the authorization for the issue of the financial statements is recognized in line item "Proposed additional dividends", in equity.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

c) CPC 26/IAS 1 *Presentation of Financial Statements*

CPC 26/IAS 1 prescribes the basis for presentation of financial statements, including individual and consolidated financial statements, to ensure comparability both with an entity's financial statements of previous periods and with the financial statements of other entities. The main impact is the presentation of deferred income tax and social contribution in noncurrent assets in the balance sheet and the presentation of other operating income and expenses in the income statement.

d) CPC 30/IAS 18 *Revenue*

CPC 30/IAS 18 prescribes that revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably at fair value. The main impact is the amount of and the way Livraria's customer loyalty program ("Saraiva Plus") is accounted for.

Under the accounting standards referred to above, the points accumulated by the customer loyalty program participants are recognized as an identifiable and separable component of the sales revenues to which they are related, measured at its fair value on the date of sales and recognized as revenue when the points are redeemed by customers, the right to redeem the points expires, and part of the balance of the provision related to the expected expiry of the right to redeem points is amortized, calculated at the historical base of occurrences.

The effects of the customer loyalty program are as follows:

	<u>6/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	6,105	5,275
Deferred revenue related to accumulated points	27,097	21,346
Revenue recognized due to redemption of accumulated points	<u>(26,100)</u>	<u>(20,516)</u>
Balance at end of period/year	7,102	6,105
Balances recognized under former polices	<u>4,761</u>	<u>3,776</u>
Adjustment to new accounting polices	<u>2,341</u>	<u>2,329</u>

e) CPC 39/IAS 32 *Financial Instruments: Presentation*

As required by CPC 39/IAS 32, Editora and Livraria reclassified their balances of escrow deposits, previously classified as a reduction of noncurrent liabilities, in those cases there was a provision for tax, civil and labor contingencies related to the deposit, to noncurrent assets.

f) *CPC 40/IFRS 7 Financial Instruments: Disclosure*

CPC 40/IFRS 7 requires disclosures in the financial statements that enable users to evaluate the significance of financial instruments for an entity's financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed, and how the entity manages those risks. Management is required to analyze the additional disclosure required in its financial statements based on financial and business exposures, and its risk and capital management.

Editora and Livraria complied with the disclosure requirements previously required by CPC 14 *Financial Instruments: Recognition, Measurement and Disclosure* to prepare the financial statements originally presented for the quarter ended the March 31, 2010 and the year ended December 31, 2009. The interim financial statements for the same quarter comply, comparatively to the financial statements for the year ended December 31, 2009, with the requirements of CPC 40/IFRS 7, as disclosed in note 31.

g) *IAS 41/IAS 33 Earnings per Share*

CPC 41/IAS 33 prescribes that earnings per share shall be calculated and disclosed as (i) basic, by dividing profit or loss by the weighted average number of common shares held by the shareholders, less treasury shares; and (ii) diluted, in which the earnings or loss per share attributable to common shareholders (own common shares) and the weighted average number of total shares held by the shareholders (outstanding) are adjusted to reflect the effect of all potentially dilutive shares, as described in note 30.

h) *ICPC 09 Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements, and Application of the Equity Method of Accounting*

ICPC 09 requires that unrealized profits on intragroup transactions be fully eliminated. In the individual financial statements, the unrealized profit on sales of parent's inventories to the subsidiary must be eliminated from the calculation of equity in subsidiary, by deducting from the share of profits of the subsidiary 100% of the profit embedded in the asset since held by the group. In the consolidated financial statements, the amount exceeding the parent's share in the profits of the subsidiary is recognized as due to noncontrolling interests.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

The effects of unrealized profits on Livraria's inventories are as follows:

	<u>6/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	4,879	3,173
Net sales revenue	20	3,806
Cost of sales	<u>(219)</u>	<u>(2,100)</u>
Balance at end of period/year	<u>4,680</u>	<u>4,879</u>

i) *CPC 36/IAS 27 Consolidated and Separate Financial Statements*

Under CPC 36/IAS 27, noncontrolling interests are presented in the balance sheet as part of equity, stated separately from equity attributable to the owners of the Company. In the income statement, noncontrolling interests are not deducted in the valuation of profit, and is instead stated separately from profit attributable to the owners of the Company.

j) *ICPC 10 Interpretation on the First-time Adoption of CPCs 27, 28, 37 and 43 Technical Pronouncements to Property, Plant and Equipment and Investment Property*

Editora and Livraria's management elected to review the historical cost of property, plant and equipment items and use the deemed cost, as allowed by ICPC 10, paragraphs 20-29, only with respect to the land where the distribution center and the paper warehouse of Editora are built.

Based on the analysis conducted by management of the other material items recognized in property, plant and equipment, basically represented by IT equipment, facilities, and leasehold improvements, it was concluded that the historical cost approximates the fair values of such assets and, therefore, the deemed cost criterion is not applicable. This conclusion is based on the following: (i) IT equipment is recurrently upgraded as they become obsolete; and (ii) stores leased by Livraria are periodically renovated to modernize them and make them more appropriate and attractive to its customers. In the past five years approximately 71% of Livraria stores were renovated to the current store layout, including 36 of the 56 Siciliano stores acquired in 2008; and (iii) the head office and the distribution centers were transferred to other locations in 2008, and the leased buildings were renovated in that year.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

The opening balance of deemed cost of land was adjusted on the date of transition, January 1, 2009, to its fair value, estimated based on a valuation report issued by an experienced specialized firm engaged specifically for this purpose.

	<u>Land</u>
Balance at December 31, 2008	1,438
Adjustments from adoption of deemed cost	<u>17,089</u>
Balance at January 1, 2009	<u>18,527</u>

k) CPC 32/IAS 12 *Income Taxes*

The differences pointed out in the reconciliation of profit and equity between the accounting practices previously adopted in Brazil and the application of CPCs/IFRSs were analyzed for the purpose of recording deferred income tax and social contribution, considering the previously described criteria. Editora recognized deferred income tax and social contribution on the adjustments from changes in accounting policies pointed out in the reconciliation corresponding to d) and j) of this note.

5.4. Application of IFRS 1 and CPC 37(R1) *First-time Adoption*

The consolidated interim financial statements of Editora for the quarter ended June 30, 2010 are the first to be presented in accordance with IFRSs. Editora prepared the opening balance sheet as at January 1, 2009 pursuant to IFRS 1, and applied the mandatory exception and certain exemptions, retrospectively, to the full application of the IFRSs.

Editora adopted the following optional exemptions to the full retrospective application:

- a) Exemption for business combination - management elected not to retrospective apply IFRS 3/CPC 15 to past business combinations.
- b) Exemption for presentation at fair value of tangible and intangible assets as acquisition cost - management elected not to remeasure the fair value of tangible assets on the date of transition, and elected to maintain the acquisition cost according to previous policies, except for "land", as described in note 5.3.
- c) Exemption for measurement of employee benefit plan - Editora did not have an employee benefit plan on the date of transition to IFRSs/CPCs.
- d) Exemption related to the measurement of compound financial instruments (derivatives) - Editora did not have compound financial instruments (derivatives) on the date of transition to IFRSs.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- e) Exemption related to the recognition of interests in subsidiary - the subsidiary of Editora did not present IFRS financial statements of the date of transition; accordingly, management elected to adopted the same date of transition for its subsidiary.
- f) Exemption related to the classification of compound financial instruments - Editora elected to classify and measure its financial instruments according to IAS 32 and IAS 39 (equivalent to CPC 38 and CPC 39, respectively) on the date of transition; therefore, the retrospective analysis of the original contracts of the current financial instruments was not conducted on the date of transition to IFRSs. All financial instruments contracted after the date of transition were analyzed and classified in accordance with IFRSs/CPCs on inception date.

Editora adopted the following mandatory exemptions to retrospective application:

- a) Exemption for non-recognition of financial assets and financial liabilities - management concluded that there were no non-derivative financial assets and financial liabilities that should be excluded from accounting records on the date of transition to IFRSs.
- b) Exemption for hedge accounting - Editora did not have any transaction classified as hedge for IFRS purposes on the date of transition; therefore, there were not adjustments to be accounted for.
- c) Exemption from estimates - Editora did not make any adjustment to the estimates recognized according to the previous policies since it believes that such estimates were in accordance with IFRSs on the date of transition.
- d) Exemption for assets classified as available for sale and discontinued operations - Editora did not have any assets classified as available for sale and did not report any discontinued operation on the date of transition to IFRSs.

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6. CASH AND CASH EQUIVALENTS

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
	Cash and banks	1,434	1,044	1,693	4,312	9,743
Short-term investments (*)	-	29,019	30,037	-	29,019	30,037
	<u>1,434</u>	<u>30,063</u>	<u>31,730</u>	<u>4,312</u>	<u>38,762</u>	<u>37,823</u>

(*) Short-term investments consist of bank certificates of deposit (CDBs), which yield rates ranging from 100 to 100.5 percent of the interbank deposit rate (CDI), can be immediately converted into a known cash amount, and are subject to an immaterial risk of change in value,

7. TRADE RECEIVABLES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
	Trade notes receivable	27,556	53,485	56,773	33,938	59,608
Trade notes receivable - Livraria	7,181	7,308	4,706	-	-	-
Credit cards	67	90	117	150,309	157,774	137,254
Checks receivable	<u>4,362</u>	<u>4,000</u>	<u>4,911</u>	<u>5,811</u>	<u>5,801</u>	<u>6,717</u>
	39,166	64,883	66,507	190,058	223,183	206,765
Allowance for doubtful accounts	<u>(1,632)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(6,454)</u>	<u>(6,852)</u>	<u>(7,122)</u>
	<u>37,534</u>	<u>62,974</u>	<u>64,162</u>	<u>183,604</u>	<u>216,331</u>	<u>199,643</u>

Maximum exposure to credit risk at the end of the reporting period is the carrying amount of each aging range, as shown in the aging list below.

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a) Aging list of receivables

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
	Current	32,140	58,930	60,733	177,785	211,613
Past-due:						
Up to 60 days	3,203	2,143	2,569	3,571	2,654	2,841
From 61 to 90 days	1,222	834	420	1,239	884	442
From 91 to 180 days	969	1,067	440	1,009	1,180	601
More than 180 days	<u>1,632</u>	<u>1,909</u>	<u>2,345</u>	<u>6,454</u>	<u>6,852</u>	<u>71,22</u>
	<u>39,166</u>	<u>64,883</u>	<u>66,507</u>	<u>190,058</u>	<u>223,183</u>	<u>206,765</u>

b) Changes in the allowance for doubtful accounts

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Balance at beginning of period/year	(1,909)	(2,345)	(2,075)	(6,852)	(7,122)	(7,173)
Write-off of receivables assessed as uncollectible	1,544	1,871	1,674	2,396	2,624	2,374
Receivables assessed as uncollectible in the period/year	(1,424)	(1,544)	(1,871)	(2,162)	(2,396)	(2,242)
Reversal of prior year allowance	365	474	401	494	536	455
Allowance for the period/year	<u>(208)</u>	<u>(365)</u>	<u>(474)</u>	<u>(330)</u>	<u>(494)</u>	<u>(536)</u>
Balance at end of period/year	<u>(1,632)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(6,454)</u>	<u>(6,852)</u>	<u>(7,122)</u>

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The amount recognized in profit or loss is as follows:

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Receivables assessed as uncollectible in the period/year	(1,424)	(450)	(2,162)	(784)
Allowance for the period/year less reversal of prior year allowance	157	173	164	188
Recovery of receivables assessed as uncollectible	<u>234</u>	<u>112</u>	<u>247</u>	<u>118</u>
	<u>(1,033)</u>	<u>(165)</u>	<u>(1,751)</u>	<u>(478)</u>

8. INVENTORIES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Goods for resale	331	145	4,784	178,092	196,044	143,207
Finished products	52,452	57,464	47,173	52,452	57,464	47,173
Work in progress	35,268	32,831	23,408	35,268	32,831	23,408
Raw materials	25,117	11,487	6,181	25,117	11,487	6,181
Packaging and consumption materials	<u>796</u>	<u>852</u>	<u>835</u>	<u>2,233</u>	<u>2,201</u>	<u>1,780</u>
	113,964	102,779	82,381	293,162	300,027	221,749
Allowance for inventory obsolescence	-	-	-	(276)	(2,430)	(5,418)
Unrealized profit on inventories (sale of Editora products to Livraria)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,680)</u>	<u>(4,879)</u>	<u>(3,173)</u>
	<u>113,964</u>	<u>102,779</u>	<u>82,381</u>	<u>288,206</u>	<u>292,718</u>	<u>213,158</u>

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9. RECOVERABLE TAXES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Tax on revenue (COFINS)	4,212	3,238	3,083	25,884	21,306	11,749
Tax on revenue (PIS)	1,738	1,393	1,697	7,095	5,939	4,005
Business income tax (IRPJ)	-	-	-	3,056	2,825	801
Social contribution on profit (CSLL)	-	1,193	-	1,309	2,326	113
State VAT (ICMS) (*)	-	-	-	16,485	624	2,447
Other	-	-	-	-	88	96
	<u>5,950</u>	<u>5,824</u>	<u>4,780</u>	<u>53,829</u>	<u>33,108</u>	<u>19,211</u>
Current assets	5,950	5,824	4,780	44,819	24,154	19,211
Noncurrent assets	-	-	-	9,010	8,954	-
	<u>5,950</u>	<u>5,824</u>	<u>4,780</u>	<u>53,829</u>	<u>33,108</u>	<u>19,211</u>

(*) Beginning 2008, the reverse charge ICMS system effective in the State of São Paulo started to include most of the products sold by several companies of the retail industry, requiring the application of specific procedures so that appropriate tax records are kept, necessary for the recovery of the tax credits claimed on transactions conducted outside the State of São Paulo.

Part of the products sold by Livraria is subject to the reverse charge system in subsequent transaction, as follows:

- Audio and video products - beginning April 2008.
- Videogame-related products - beginning September 2008.
- Console-related products - beginning May 2009.
- Stationery and toys - beginning May 2009.
- IT, telephone and electrical and electronic products - beginning June 2009.

Under the reverse charge system, ICMS due on Livraria's sales transactions is prepaid when merchandise is purchased and it is recognized as inventory cost assuming that the sales to non-taxpayers of ICMS will take place in the State of São Paulo. In transfer transactions of such merchandise to the distribution center located in the State of São Paulo, then sent to stores in other states, the prepaid ICMS is claimed as a credit to be recovered from the State of São Paulo, as provided for by State legislation.

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The recovery process is provided for by the São Paulo ICMS Regulations, Decree 45490/00, and Tax Administration Board Coordinating Committee Administrative Rule 17/99, and requires highly complex work and, among other activities to calculate the credit, the development of software to extract historical data and formatting such data into the required formats.

The calculation of tax credits also requires detailed certification work of the historical data obtained today with the same data reported in other tax documentation filed for the periods when the products are subject to such system, and the preparation of reports and media containing electronic files to be submitted to the state tax authority for recovery.

The determined credit will only be recovered as provided for by prevailing legislation after the approval of the data filed. The recovery period and the amounts that will be recovered depend on their approval by the tax authority.

In 2010, management successfully initiated the actions necessary to ensure the approval and confirmation of the credit amounts, which include: (a) discussions with trade associations and public administration agencies; (b) engagement of a specialized advisor; and (c) investments in technology and human resources.

The credit estimated and recognized at June 30, 2010 is R\$16,485 and is subject to the compliance with the requirements above and a review at the time the work is completed. The credit amount for transactions conducted in 2008 and 2009 is still to be determined and will be reasonably known when the calculation activities are completed.

10. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred income tax and social contribution

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Noncurrent assets:						
Tax loss carryforwards	-	-	-	19,621	14,924	13,431
Provision for contingencies and taxes payable	700	741	1,324	4,621	4,768	6,023
Accrued sale costs of products received on consignment	-	-	-	4,043	7,670	5,490
Saraiva Plus customer loyalty program	-	-	-	2,415	2,076	1,793
Provision for inventory obsolescence	-	-	-	94	826	1,260
Allowance for doubtful accounts	71	124	-	1,438	1,589	1,581
Other provisions	-	506	1,174	563	976	1,681
	<u>771</u>	<u>1,371</u>	<u>2,498</u>	<u>32,795</u>	<u>32,829</u>	<u>31,259</u>

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	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Noncurrent liabilities:						
Provision for book inventory losses (*)	5,982	6,529	5,888	13,476	14,149	13,031
Tax amortization of goodwill on business acquisitions	1,802	1,209	-	9,952	6,665	-
Deemed cost of property, plant and equipment - "land"	5,810	5,810	5,810	5,810	5,810	5,810
Other	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
	<u>13,597</u>	<u>13,551</u>	<u>11,701</u>	<u>29,241</u>	<u>26,627</u>	<u>18,844</u>

(*) Editora and Livraria, based on the opinion of their outside attorneys, considered the tax incentive established by Law 10753/03, as amended by Law 10833/03, concerning the deductibility of the provision for inventory losses, as a direct adjustment to the taxable base, thus recognizing the related deferred income tax liability.

Management considers the carrying amount of the deferred tax assets recognized by Editora, realizable as final and unappealable decisions of the lawsuits filed are issued; with respect to the deferred tax assets on tax loss carryforwards and temporary differences of Livraria, management assesses their realization based on future taxable income, as follows:

<u>End of the reporting period</u>	<u>Realization of deferred tax asset of Livraria</u>
December 31, 2010	8,482
December 31, 2011	10,975
December 31, 2012	8,632
December 31, 2013	<u>3,935</u>
	<u>32,024</u>

The recurring utilization of tax loss carryforwards is not an indication that Livraria will generate future taxable income as there is no correlation between the profit and taxable profit, which is the taxable base of income tax and social contribution.

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b) Reconciliation of income tax and social contribution expense

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Accounting profit before income tax and social contribution	30,069	40,259	32,072	42,227
Management profit sharing	<u>2,255</u>	<u>2,807</u>	<u>2,255</u>	<u>2,807</u>
Taxable profit	32,324	43,066	34,327	45,034
Combined tax rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution at combined tax rate	(10,990)	(14,642)	(11,671)	(15,312)
Permanent additions - nondeductible expenses	(469)	(458)	(571)	(591)
Permanent exclusions -				
Equity in subsidiary	1,332	(96)	-	-
Other deductions (additions)	202	253	203	253
Unrealized profit on inventories	-	-	68	(374)
Other	<u>347</u>	<u>157</u>	<u>391</u>	<u>(730)</u>
	<u>(9,578)</u>	<u>(14,786)</u>	<u>(11,580)</u>	<u>(16,754)</u>
Income tax and social contribution in the income statement:				
Current	(8,932)	(13,717)	(8,932)	(14,606)
Deferred	<u>(646)</u>	<u>(1,069)</u>	<u>(2,648)</u>	<u>(2,148)</u>
	<u>(9,578)</u>	<u>(14,786)</u>	<u>(11,580)</u>	<u>(16,754)</u>
Effective tax rate on profit	<u>29.63%</u>	<u>34.33%</u>	<u>33.73%</u>	<u>37.20%</u>

11. RELATED-PARTY TRANSACTIONS

a) Business transactions and intragroup loans

Related-party transactions include business purchase and sale transactions, donations, and intragroup loans. Business transactions are carried out under usual market conditions.

Editora's book sale transactions to Livraria are conducted at the books' cover prices, less usual discounts granted to booksellers and volume discounts. Receivables are settled with the transfer of Livraria funds to Editora within the deadline set in each purchase order.

Donations are made in cash to Instituto Jorge Saraiva, founded in 2004, which is engaged in social and community work.

No donations were made at the end of the reporting periods.

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Loans granted to Livraria have indeterminate maturity and bear interest equivalent to 101% of CDI. Changes in intragroup loans are as follows:

	<u>6/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	6,964	52,167
Loans less repayments	22,874	10,923
Transfer for Livraria's capital increase	-	(58,000)
Financial income	<u>921</u>	<u>1,874</u>
Balance at end of period/year	<u>30,759</u>	<u>6,964</u>

The main balance and transactions are as follows:

	<u>31/03/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Balances:			
Assets:			
Receivables (current)	7,180	7,307	3,786
Loans - intercompany loan agreement (noncurrent)	30,759	6,964	52,167
Liabilities-			
Trade payables (current)	1	1	920

	<u>6/30/10</u>	<u>6/30/09</u>
Transactions:		
Product sales	26,296	21,284
Product purchases	13	43
Financial income	921	1,786
Financial expenses	-	-

b) Management and Board of Directors compensation

The compensation of Editora's and Livraria's officers and directors is broken down as follows:

<u>Compensation</u>	<u>6/30/10</u>	<u>6/30/09</u>
Directors' salaries	1,347	1,082
Officers' salaries	<u>3,822</u>	<u>3,662</u>
Subtotal	5,169	4,744
Share-based compensation	<u>653</u>	<u>473</u>
	<u>5,822</u>	<u>5,217</u>

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Editora does not grant postemployment and severance benefits. Under the Corporate Law and Editora's bylaws, the shareholders are responsible for setting, as the shareholders' meeting, the overall compensation of the board of directors and the executive committee. Management is also entitled to profit sharing of up to 10% of profit for the year, whose accrued amount as at June 30, 2010 is R\$2,255 (R\$2,807 accrued as at June 30, 2009). The amount for 2009 was R\$4,065 (R\$3,956 as at January 1, 2009 for 2008).

12. INVESTMENTS

The interest held in and the main information on Livraria are as follows:

	<u>6/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Number of shares - in thousands	193,053	193,053	145,775
Number of shares held - in thousands	193,013	193,003	145,725
Equity interest	99.98%	99.97%	99.97%
Percentage of investment in Editora's equity (includes intragroup loans)	69.96%	64.89%	66.05%
Adjusted capital	296,317	296,317	238,317
Equity	244,383	240,664	177,127
(-) Unrealized profit	<u>(4,680)</u>	<u>(4,879)</u>	<u>(3,173)</u>
Calculation basis of investment	<u>239,703</u>	<u>235,785</u>	<u>173,954</u>
Total investment	<u>239,651</u>	<u>235,722</u>	<u>173,893</u>

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The calculation basis of equity in subsidiary recognized by Editora is broken down as follows:

	Editora (BR GAAP)	
	6/30/10	6/30/09
Calculation basis of equity in subsidiary:		
Livraria's profit	3,718	814
Unrealized profit on inventories on sales to Livraria	199	(1,096)
Adjusted calculation basis of equity in subsidiary	<u>3,917</u>	<u>(282)</u>
Equity in subsidiary	<u>3,917</u>	<u>(282)</u>

The changes recognized in investments were as follows:

	Editora (BR GAAP)	
	6/30/10	12/31/09
Balance at beginning of period/year	235,722	173,893
Capital increase in subsidiary - Livraria	-	58,000
Acquisition of noncontrolling interests	12	-
Equity in subsidiaries	<u>7,396</u>	<u>3,829</u>
Balance at end of period/year	<u>243,130</u>	<u>235,722</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Annual depreciation rate - %	Editora (BR GAAP)								
		6/30/10			12/31/09			1/1/09		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	18,527	-	18,527	18,527	-	18,527	19,100	-	19,100
Buildings and construction	4	7,361	(3,850)	3,511	7,361	(3,704)	3,657	8,172	(4,216)	3,956
Machinery and equipment	10	1,913	(1,585)	328	1,916	(1,538)	378	1,854	(1,436)	418
Furniture, fixtures and facilities	10	17,601	(10,847)	6,754	16,159	(10,431)	5,728	22,681	(20,125)	2,556
Vehicles	20	6,478	(3,285)	3,193	6,485	(3,031)	3,454	5,978	(2,418)	3,560
IT equipment	20	12,961	(10,130)	2,831	12,843	(10,014)	2,829	11,133	(9,359)	1,774
Constructions in progress	-	214	-	214	1,091	-	1,091	4,052	-	4,052
		<u>65,055</u>	<u>(29,697)</u>	<u>35,358</u>	<u>64,382</u>	<u>(28,718)</u>	<u>35,664</u>	<u>72,970</u>	<u>(37,554)</u>	<u>35,416</u>
Consolidated (IFRS & BR GAAP)										
		6/30/10			12/31/09			1/1/09		

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

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	Annual depreciation rate - %	Cost			Accumulated depreciation			Net		
		Cost	depreciation	Net	Cost	depreciation	Net	Cost	depreciation	Net
Land	-	18,530	-	18,530	18,530	-	18,530	19,103	-	19,103
Buildings and construction	4	8,802	(4,675)	4,127	8,802	(4,501)	4,301	9,613	(4,957)	4,656
Machinery and equipment	10	2,912	(2,402)	510	2,917	(2,337)	580	2,855	(2,170)	685
Furniture, fixtures and facilities	10	169,253	(92,910)	76,343	159,966	(87,916)	72,050	122,429	(85,055)	37,374
Vehicles	20	7,307	(3,748)	3,559	7,250	(3,476)	3,774	6,743	(2,751)	3,992
IT equipment	20	38,661	(27,446)	11,215	37,240	(26,117)	11,123	32,383	(23,953)	8,430
Constructions in progress	-	8,316	-	8,316	11,062	-	11,062	10,531	-	10,531
		<u>253,781</u>	<u>(131,181)</u>	<u>122,600</u>	<u>245,767</u>	<u>(124,347)</u>	<u>121,420</u>	<u>203,657</u>	<u>(118,886)</u>	<u>84,771</u>

Changes recognized in line item "Property, plant and equipment" were as follows:

	Editora (BR GAAP)								6/30/10
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	
Cost:									
Land	19,100	-	(573)	-	18,527	-	-	-	18,527
Buildings and construction	8,172	-	(811)	-	7,361	-	-	-	7,361
Machinery and equipment	1,854	62	-	-	1,916	2	(5)	-	1,913
Furniture, fixtures and facilities	22,681	3,371	(11,257)	1,364	16,159	500	(297)	1,239	17,601
Vehicles	5,978	1,250	(743)	-	6,485	341	(348)	-	6,478
IT equipment	11,133	1,932	(222)	-	12,843	489	(371)	-	12,961
Constructions in progress	4,052	-	-	(2,961)	1,091	362	-	(1,239)	214
Total cost	<u>72,970</u>	<u>6,615</u>	<u>(13,606)</u>	<u>(1,597)</u>	<u>64,382</u>	<u>1,694</u>	<u>(1,021)</u>	<u>-</u>	<u>65,055</u>
Accumulated depreciation:									
Buildings and construction	(4,216)	(292)	804	-	(3,704)	(146)	-	-	(3,850)
Machinery and equipment	(1,436)	(102)	-	-	(1,538)	(52)	5	-	(1,585)
Furniture, fixtures and facilities	(20,125)	(1,055)	10,749	-	(10,431)	(560)	144	-	(10,847)
Vehicles	(2,418)	(1,116)	503	-	(3,031)	(523)	269	-	(3,285)
IT equipment	(9,359)	(853)	198	-	(10,014)	(477)	361	-	(10,130)
Total depreciation	<u>(37,554)</u>	<u>(3,418)</u>	<u>12,254</u>	<u>-</u>	<u>(28,718)</u>	<u>(1,758)</u>	<u>779</u>	<u>-</u>	<u>(29,697)</u>
Net	<u>35,416</u>	<u>3,197</u>	<u>(1,352)</u>	<u>(1,597)</u>	<u>35,664</u>	<u>(64)</u>	<u>(242)</u>	<u>-</u>	<u>35,358</u>

	Consolidated (IFRS & BR GAAP)								6/30/10
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	
Cost:									
Land	19,103	-	(573)	-	18,530	-	-	-	18,530
Buildings and construction	9,613	-	(811)	-	8,802	-	-	-	8,802
Machinery and equipment	2,855	62	-	-	2,917	2	(7)	-	2,912
Furniture, fixtures and facilities	122,429	47,641	(11,468)	1,364	159,966	1,398	(4,508)	12,397	169,253
Vehicles	6,743	1,250	(743)	-	7,250	445	(388)	-	7,307
IT equipment	32,383	5,994	(1,137)	-	37,240	1,981	(560)	-	38,661
Constructions in progress	10,531	9,161	-	(8,630)	11,062	9,651	-	(12,397)	8,316
Total cost	<u>203,657</u>	<u>64,108</u>	<u>(14,732)</u>	<u>(7,266)</u>	<u>245,767</u>	<u>13,477</u>	<u>(5,463)</u>	<u>-</u>	<u>253,781</u>
Accumulated depreciation:									
Buildings and construction	(4,957)	(348)	804	-	(4,501)	(174)	-	-	(4,675)
Machinery and equipment	(2,170)	(167)	-	-	(2,337)	(71)	6	-	(2,402)
Furniture, fixtures and facilities	(85,055)	(13,818)	10,957	-	(87,916)	(9,211)	4,217	-	(92,910)
Vehicles	(2,751)	(1,228)	503	-	(3,476)	(581)	309	-	(3,748)
IT equipment	(23,953)	(3,262)	1,098	-	(26,117)	(1,856)	527	-	(27,446)
Total depreciation	<u>(118,886)</u>	<u>(18,823)</u>	<u>13,362</u>	<u>-</u>	<u>(124,347)</u>	<u>(11,893)</u>	<u>5,059</u>	<u>-</u>	<u>(131,181)</u>
Net	<u>84,771</u>	<u>45,285</u>	<u>(1,370)</u>	<u>(7,266)</u>	<u>121,420</u>	<u>1,584</u>	<u>(404)</u>	<u>-</u>	<u>122,600</u>

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Impairment tests are conducted on an annual basis, as described in notes 3 and 4. Management did not identify, in its best judgment, any events that would indicate that assets might be impaired at the end of the reporting period.

14. INTANGIBLE ASSETS

	Annual amortization rate - %	Editora (BR GAAP)								
		6/30/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Software	20	16,262	(13,517)	2,745	15,149	(13,091)	2,058	16,040	(12,218)	3,822
Trademarks and patents	-	188	-	188	188	-	188	188	-	188
Other intangible assets	20	1,722	(516)	1,206	1,722	(344)	1,378	-	-	-
Intangibles in progress	-	2,187	-	2,187	2,137	-	2,137	-	-	-
		<u>23,291</u>	<u>(15,928)</u>	<u>7,363</u>	<u>22,128</u>	<u>(15,227)</u>	<u>6,901</u>	<u>19,160</u>	<u>(13,780)</u>	<u>5,380</u>
Consolidated (IFRS & BR GAAP)										
	Annual amortization rate - %	Consolidated (IFRS & BR GAAP)								
		6/30/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	20	25,339	(22,474)	2,865	25,952	(22,665)	3,287	24,002	(22,076)	1,926
Assignment of rights	20	2,932	(1,895)	1,037	2,932	(1,792)	1,140	2,932	(1,562)	1,370
Software	20	30,255	(23,179)	7,076	27,396	(22,134)	5,262	27,428	(19,643)	7,785
Trademarks and patents	-	323	(65)	258	323	(64)	259	323	(63)	260
Other intangible assets	20	1,722	(517)	1,205	1,722	(344)	1,378	269	-	269
Intangibles in progress	-	9,243	-	9,243	6,309	-	6,309	-	-	-
Leased intangible	50	-	-	-	-	-	-	-	-	-
		<u>69,814</u>	<u>(48,130)</u>	<u>21,684</u>	<u>64,634</u>	<u>(46,999)</u>	<u>17,635</u>	<u>54,954</u>	<u>(43,344)</u>	<u>11,610</u>

Changes recognized in line item "Intangible assets" were as follows:

	Editora (BR GAAP)									
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	6/30/10	
Cost:										
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932	
Software	16,040	831	-	(1,722)	15,149	1,113	-	-	16,262	
Trademarks and patents	188	-	-	-	188	-	-	-	188	
Other intangible assets	-	-	-	1,722	1,722	-	-	-	1,722	
Intangibles in progress	-	540	-	1,597	2,137	50	-	-	2,187	
	<u>19,160</u>	<u>1,371</u>	<u>-</u>	<u>1,597</u>	<u>22,128</u>	<u>1,163</u>	<u>-</u>	<u>-</u>	<u>23,291</u>	
Accumulated amortization:										
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(103)	-	-	(1,895)	
Software	(12,218)	(1,217)	-	344	(13,091)	(426)	-	-	(13,517)	
Trademarks and patents	-	-	-	-	-	-	-	-	-	
Other intangible assets	-	-	-	(344)	(344)	(172)	-	-	(516)	
Total amortization	<u>(13,780)</u>	<u>(1,447)</u>	<u>-</u>	<u>(344)</u>	<u>(15,227)</u>	<u>(701)</u>	<u>-</u>	<u>-</u>	<u>(15,928)</u>	
Net	<u>5,380</u>	<u>(76)</u>	<u>-</u>	<u>1,597</u>	<u>6,901</u>	<u>462</u>	<u>-</u>	<u>-</u>	<u>7,363</u>	

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	Consolidated (IFRS & BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	6/30/10
Cost:									
Goodwill	24,002	1,950	-	-	25,952	-	(620)	7	25,339
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932
Software	27,428	1,690	-	(1,722)	27,396	2,867	(8)	-	30,255
Trademarks and patents	323	-	-	-	323	-	-	-	323
Other intangible assets	269	-	(269)	1,722	1,722	-	-	-	1,722
Intangibles in progress	-	640	-	5,669	6,309	2,932	-	2	9,243
Leased intangible	-	-	-	-	-	-	-	-	-
	<u>54,954</u>	<u>4,280</u>	<u>(269)</u>	<u>5,669</u>	<u>64,634</u>	<u>5,799</u>	<u>(628)</u>	<u>9</u>	<u>69,814</u>
Accumulated amortization:									
Goodwill	(22,076)	(589)	-	-	(22,665)	(422)	620	(7)	(22,474)
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(103)	-	-	(1,895)
Software	(19,643)	(2,835)	-	344	(22,134)	(1,043)	-	(2)	(23,179)
Trademarks and patents	(63)	(1)	-	-	(64)	(1)	-	-	(65)
Other intangible assets	-	-	-	(344)	(344)	(173)	-	-	(517)
Total amortization	<u>(43,344)</u>	<u>(3,655)</u>	<u>-</u>	<u>-</u>	<u>(46,999)</u>	<u>(1,742)</u>	<u>620</u>	<u>(9)</u>	<u>(48,130)</u>
Net	<u>11,610</u>	<u>625</u>	<u>(269)</u>	<u>5,669</u>	<u>17,635</u>	<u>4,057</u>	<u>(8)</u>	<u>-</u>	<u>21,684</u>

Impairment tests are conducted on an annual basis, as described in notes 3 and 4. Management did not identify, in its best judgment, any events that would indicate that assets might be impaired at the end of the reporting period.

15. GOODWILL

	Acquisition date	Editora (BR GAAP)		
		6/30/10	12/31/09	1/1/09
Goodwill on business acquisition:				
Formato	8/4/2003	70	70	70
Ético	12/7/2007	<u>14,526</u>	<u>14,526</u>	<u>14,526</u>
		<u>14,596</u>	<u>14,596</u>	<u>14,596</u>

	Acquisition date	Consolidated (IFRS & BR GAAP)		
		6/30/10	12/31/09	1/1/09
Goodwill on business acquisition:				
Formato	8/4/2003	70	70	70
Ético	12/7/2007	14,526	14,526	14,526
Siciliano	3/6/2008	<u>62,671</u>	<u>62,671</u>	<u>66,245</u>
		<u>77,267</u>	<u>77,267</u>	<u>80,841</u>

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Changes recognized in line item "Goodwill" were as follows:

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	12/31/09	6/30/10	12/31/09
Balance at beginning of year/period	14,596	14,596	77,267	80,841
Price adjustment (*)	-	-	-	(3,574)
Balance at end of year/period	<u>14,596</u>	<u>14,596</u>	<u>77,267</u>	<u>77,267</u>

(*) Pursuant to contractual price adjustment provisions, as a result of the analysis by the parties of possible changes in net debt and working capital positions of Siciliano between the balance sheets as at November 30, 2007 and March 6, 2008, on October 15, 2009, the purchase price was written down by R\$3,574.

Impairment tests are conducted on an annual basis, regardless of whether or not there are indications of impairment, as described in notes 3 and 4.

At the end of the reporting period, Editora measured the recoverable amount of goodwill and concluded that the amounts recognized are not impaired as at December 31, 2009 and January 1, 2009. The recoverable amounts of Siciliano's CGUs, included in the Livraria segment, and Ético, included in the Editora segment, were valued based on their value in use, using a discount rate of 12.2% per year for Ético and 13.6% per year for Siciliano.

16. BORROWINGS AND FINANCING

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Current - local currency:						
BNDES - FINAME	5,693	10,344	11,269	12,214	17,251	17,765
Working capital loans	-	-	-	54,301	64,207	24,552
	<u>5,693</u>	<u>10,344</u>	<u>11,269</u>	<u>66,515</u>	<u>81,458</u>	<u>42,317</u>
Noncurrent - local currency:						
BNDES - FINAME	<u>59,205</u>	<u>43,203</u>	<u>10,247</u>	<u>131,099</u>	<u>92,348</u>	<u>21,822</u>

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Summary of the characteristics of financing

Financing	Purpose	Guarantees	Maturity	Charges
Editora:				
BNDES - FINEM - November 2005 agreement	Publishing plan - 2005-2007 and IT systems	Bank guarantee	November 2010	4% + TJLP (a)
BNDES - FINEM February 2009 agreement subloans E/F	Publishing plan - 2008-2010/working capital	None	September 2014	2.32% + TJLP (a)
BNDES - FINEM February 2009 agreement subloans A/B/C/D	Publishing plan - 2008-2010/working capital	None	September 2014	2.32% + BNDES rate (b)
Livraria:				
BNDES - FINEM - November 2006 agreement	Investment projects to open 11 stores, renovate and modernize 19 chain stores, and centralization of logistics operations	Editora's guarantee	May 2012	3.1% + TJLP (a)
BNDES - FINEM February 2009 agreement subloans A/B/C	Expansion of store chain/ working capital	Editora's guarantee	September 2014	2.32% + BNDES rate (b)
BNDES - FINEM February 2009 agreement subloans E/F	Expansion of store chain/ working capital	Editora's guarantee	September 2014	2.32% + TJLP (a)
BNDES - FINEM February 2009 agreement subloan D	Expansion of stores chain	Editora's guarantee	September 2014	1.42% + TJLP (a)

(a) The Long-Term Interest Rate (TJLP) for the period ended June 30, 2010 was 6% (6% as at December 31, 2009).

(b) Benchmark rate disclosed by National Bank for Economic and Social Development (BNDES) on the date subloans are disbursed, which will correspond to the average borrowing costs of unrestricted funds and onlendings under special terms and conditions, and BNDES and BNDES Participações S.A. - BNDESPAR derivatives indexed to the Extended Consumer Price Index (IPCA).

In February 2009, Editora and Livraria entered into with new agreements with BNDES totaling R\$71,900 and R\$69,700, respectively. In the six-month period ended June 30, 2010, R\$13,658 were disbursed to Editora and R\$22,456 to Livraria. The funds will be used for working capital purposes, the development of new publishing lines, and the renovation and expansion of Livraria's store chain. The amount recognized as financial expenses for quarter ended June 30, 2010 is R\$4,149 in Editora (R\$1,584 for quarter ended June 30, 2009) and R\$8,595 in consolidated (R\$3,338 for quarter ended June 30, 2009).

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Livraria raised other working capital loans, totaling R\$77,000 in 2009, which bear average interest equivalent to 119% of CDI, respectively. The amount recognized as financial expenses for the six-month period ended June 30, 2010 was R\$2,872 (R\$159 for the six-month period ended June 30, 2009).

Contractual covenants for Editora, including those of the agreement entered into with Livraria

Editora and Livraria are required to meet restrictive covenants set out in the financing agreements entered into with the BNDES. At the end of the reporting period, Editora and Livraria are compliant with such covenants, the main of which are as follows:

- Editora is required to maintain the following financial ratios: (a) current liquidity of 1.5 or higher in 2009 and 1.7 or higher beginning 2010; (b) capitalization level of 0.43 or higher; and (c) indebtedness level of 0 or lower.22.
- Both Editora and Livraria must provide periodic information such as: (a) audited annual financial statements; (b) maintenance of headcount; and (c) store operating permits.

17. DEFERRED REVENUE - CUSTOMER LOYALTY PROGRAM

The Saraiva Plus customer loyalty program promotes purchases made by customers at the stores and the website, which are converted into award credits (points) to be used as discounts in future purchases.

Sales revenues leveraged by the loyalty program are recognized as “Deferred revenue” and in profit or loss as described in note 3.

As at June 30, 2010, deferred revenue of the loyalty program, recognized in a specific line item in consolidated, is R\$7,102 (R\$6,105 as at December 31, 2009 and R\$5,275 as at January 1, 2009).

18. TRADE PAYABLES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Domestic	23,579	35,655	49,160	141,412	195,904	171,167
Foreign	-	-	-	1,719	1,947	2,760
	<u>23,579</u>	<u>35,655</u>	<u>49,160</u>	<u>143,131</u>	<u>197,851</u>	<u>173,927</u>

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Management did not recognize any discount to present value as all transactions are short term and the effect of such discount is considered immaterial when compared to the financial statements taken as a whole.

19. TAXES PAYABLE

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
State VAT (ICMS) (a)	-	-	21	-	1,703	21
Income tax and social contribution installment plan (b)	-	-	-	279	1,193	3,044
Social contribution installment plan (c)	1,231	1,491	2,008	1,231	1,491	2,008
Withholding income tax (IRRF)	568	1,038	1,043	1,055	1,601	1,715
Taxes on revenue (PIS and COFINS)	46	40	97	377	442	296
Other	71	40	54	332	247	203
	<u>1,916</u>	<u>2,609</u>	<u>3,223</u>	<u>3,274</u>	<u>6,677</u>	<u>7,287</u>
Current liabilities	1,219	1,651	1,742	2,577	5,719	4,669
Noncurrent liabilities	<u>697</u>	<u>958</u>	<u>1,481</u>	<u>697</u>	<u>958</u>	<u>2,618</u>
	<u>1,916</u>	<u>2,609</u>	<u>3,223</u>	<u>3,274</u>	<u>6,677</u>	<u>7,287</u>

- (a) Includes ICMS payable calculated on product inventories existing on April 30 and May 31, 2009, as a result of the change in São Paulo State legislation requiring that the products sold by Livraria be taxed under the reverse change system. This amount was settled in ten monthly installments, since June 30, 2009, for the amount calculated on inventories as at April 30, and since July 31 for the amount calculated on inventories as at May 31, 2009.
- (b) Application filed with the National Treasury Attorney General in October 2005 for the payment in installments of accrued amounts related to lawsuits challenging the income tax and social contribution effects arising from the Real Plan - Law 8880/94.
- (c) Application filed with the Federal Revenue Service in November 2007 for the payment in installments of the debt resulting from the overruling of the administrative appeal filed against the tax assessment collecting underpaid social contribution due the deduction of interest on capital from this tax's taxable base in 1996.

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Editora and Livraria's management joined the plan created by Law 11941/09 for the payment of taxes related to administrative and court proceedings where the likelihood of an unfavorable outcome, according to management, based on the opinion of its legal counsel, is probable. The Company filed requests for the withdrawal of the administrative proceeding and the related lawsuits for which there is no final and unappealable decision. The accrued amounts will be maintained in the balance sheet and potential gains will not be recognized until the Federal Revenue Service formally declares the amounts due.

20. ACCRUED PAYROLL AND RELATED CHARGES

	Editora (BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	6/30/10
Vacation pay	2,985	4,509	(4,121)	3,373	2,272	(1,285)	4,360
13 th salary	-	3,296	(3,296)	-	1,816	(1,816)	-
Payroll	-	34,385	(34,385)	-	19,232	(19,232)	-
Severance pay fund (FGTS)	629	3,922	(3,831)	720	2,306	(2,233)	793
Social security tax (INSS)	2,218	12,387	(11,943)	2,662	7,981	(7,450)	3,193
Profit sharing	-	2,933	(2,933)	-	3,197	(3,197)	-
	<u>5,832</u>	<u>61,432</u>	<u>(60,509)</u>	<u>6,755</u>	<u>36,804</u>	<u>(35,213)</u>	<u>8,346</u>

	Consolidated (IFRS & BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	6/30/10
Vacation pay	6,604	10,039	(9,119)	7,524	5,445	(3,911)	9,058
13 th salary	-	7,153	(7,153)	-	4,043	(4,043)	-
Payroll	-	75,453	(75,453)	-	43,300	(43,300)	-
Severance pay fund (FGTS)	1,357	9,127	(8,969)	1,515	5,370	(5,207)	1,678
Social security tax (INSS)	4,560	26,224	(25,049)	5,735	16,834	(15,364)	7,205
Profit sharing	-	4,999	(4,999)	-	5,506	(5,506)	-
	<u>12,521</u>	<u>132,995</u>	<u>(130,742)</u>	<u>14,774</u>	<u>80,498</u>	<u>(77,331)</u>	<u>17,941</u>

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22. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

Changes in and breakdown of the provision for tax, civil and labor contingencies:

	Editora (BR GAAP)					
	1/1/09	Recognition/ payment	Reversal	12/31/09	Recognition/ payment	6/30/10
PIS/COFINS (a)	7,467	28	-	7,495	(88)	7,407
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	1,015	18	-	1,033	8	1,041
Civil and labor contingencies	<u>243</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>243</u>
	<u>9,586</u>	<u>(815)</u>	<u>-</u>	<u>8,771</u>	<u>(80)</u>	<u>8,691</u>

	Consolidated (IFRS & BR GAAP)					
	1/1/09	Recognition/ payment	Reversal	12/31/09	Recognition/ payment	6/30/10
PIS/COFINS (a)	16,673	364	-	17,037	(1,144)	15,893
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	2,529	48	-	2,577	21	2,598
Civil and labor contingencies (d)	1,599	-	(1,356)	243	-	243
Other (d)	<u>1,429</u>	<u>-</u>	<u>(1,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>23,091</u>	<u>(449)</u>	<u>(2,785)</u>	<u>19,857</u>	<u>(1,123)</u>	<u>18,734</u>

- (a) Editora and Livraria have challenged in courts the broadening of the PIS and COFINS tax base and the increase in the COFINS tax rate. The lawsuits were filed in 1999 and are guaranteed by escrow deposits amounting to R\$17,530, classified in noncurrent assets.
- (b) In a ruling dated August 21, 2006, the Federal Revenue Service required Livraria to pay part of the amount accrued for the lawsuit challenging the Real plan (Brazilian economic plan) - Law 8880/94, amounting to R\$4. The same ruling implicitly approves the credit under discussion represented by the provision of R\$1,613, which was reversed and recorded in 2007 in line item "Other operating income (expenses)". Editora's lawsuit was paid on November 30, 2009, utilizing the benefits set forth by Law 11941/09, totaling R\$538. Requests were filed for the withdrawal of the lawsuit and the withdrawal of the escrow deposit amounting to R\$861, classified in noncurrent assets.
- (c) The Company and Livraria, merged by Saraiva and Siciliano, filed in 1989 a lawsuit requesting the Court to declare the nonexistence of the obligation to pay the PIS, pursuant to Supplementary Law 7/70. The escrow deposits made from April 1989 to May 1992 were withdrawn under court authorization. The final decision on the case matter acknowledges the validity and applicability of Supplementary Law 7/70 and, as the appeal filed by the National Treasury was upheld, the lawsuit is now at the stage of calculation of the amounts due to the Federal Government. Therefore, Editora and Livraria recognized the related amounts as a provision, based on the opinion of the legal counsel handling the case and considering the best estimate made at the end of the reporting period to calculate the disbursement necessary to settle tax debts. On February 19, 2010, Editora and Livraria were ordered to increase escrow deposits, pursuant to the final and unappealable decision, by R\$99 and R\$1,237, respectively. The amount that settles the tax debt is still under discussion.

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- (d) Reversal of the provision recognized by Siciliano before it was acquired by Livraria e Papelaria Saraiva S.A. for civil, labor, and tax contingencies guaranteed by the purchase and sale agreement, and represented by the portion retained to secure contractual indemnification obligations.

The management of Editora and Livraria did not consider necessary to recognize a reserve to cover possible losses on ongoing lawsuits, totaling approximately R\$23,024, for which, in the opinion of its legal counsel, the likelihood of loss is possible.

Escrow deposits

Taxes and labor obligations discussed in administrative courts and courts of law guaranteed by escrow deposits are as follows:

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
PIS/COFINS (*)	7,864	7,855	7,821	17,530	17,373	17,006
Administrative proceedings - tax offsets and other	5,224	5,224	5,224	5,224	5,224	5,224
Other lawsuits and administrative proceedings	1,917	1,916	1,913	3,109	3,096	2,464
Labor lawsuits	<u>1,005</u>	<u>1,012</u>	<u>610</u>	<u>1,311</u>	<u>1,270</u>	<u>805</u>
	<u>16,010</u>	<u>16,007</u>	<u>15,568</u>	<u>27,174</u>	<u>26,963</u>	<u>25,499</u>

(*) See comment in item (a) above.

23. EQUITY

a) Capital

The Extraordinary Shareholders' Meeting held on April 23, 2009 approved the increase of capital to R\$190,978 using R\$43,203 of the earnings reserve, without changing the number of shares.

As at June 30, 2010, Editora's capital is R\$190,978, represented by 28,596,123 shares, of which 9,622,313 are common shares and 18,973,810 are preferred shares without par value and with the right to vote in shareholders' meetings, held as follows:

Editora's bylaws comply with the Level 2 Differentiated Corporate Governance Practices of BM&FBOVESPA.

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Editora is authorized to increase capital, through a new issue of new shares for subscription and regardless of any amendment to the bylaws, by up to 4,000,000 shares. Of this total, up to 500,000 shares can be granted as stock options, pursuant to the bylaws.

Editora's preferred shares, which cannot exceed two thirds of the total shares issued, entitle their holders to the following rights or advantages:

- Restricted voting rights, pursuant to the bylaws.
- Right to sell the preferred shares in the case of sale of Editora's control, pursuant to the bylaws.
- Dividends equal to those paid on common shares.
- Share in the distribution of bonus shares out of capitalization of reserves, retained earnings and any other funds, under the same terms and conditions granted to common shareholders.

Common shares cannot be converted into preferred shares, and vice versa.

b) Treasury shares - CVM Instructions 10/80 and 298/97

In the six-month period ended June 30, 2010, 115,200 treasury shares were sold to the beneficiaries of the 3rd Stock Option Plan, for a total of R\$2,656, of which R\$905 correspond to the average purchase cost and R\$1,751 to the appreciation of these shares recorded in an earnings reserve.

The remaining balance of treasury shares is R\$1,965, represented by 250,550 preferred shares with market value of R\$9,346 (R\$37.30 per share - June 30, 2010 quotation).

c) Dividends and interest on capital

Shareholders are entitled to a minimum dividend of 25% of adjusted profit for the year.

Editora cannot, unless authorized by a majority vote in a special preferred shareholders' meeting, hold, for more than four successive quarters, cash and cash equivalents in an amount greater than 25% of total assets. Cash and cash equivalents will correspond to the amounts recorded in line item "Cash and cash equivalents" exceeding the sum of the amounts recorded in line item "Borrowings and financing" in current and noncurrent liabilities. Pursuant to the bylaws, the amount of interest on capital for purposes of calculation of mandatory dividends is net of income tax.

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The Annual Shareholders' Meeting held on April 20, 2010 approved the payment of interest on capital, attributed to mandatory dividends, as approved by the Board of Directors at the meeting held on December 18, 2009, amounting to R\$20,724 (R\$0.73410209 per share), to be taxed pursuant to prevailing legislation. Payment shareholders were made beginning April 30, 2010.

d) Legal reserve

As at December 31, 2009, Editora recognized a legal reserve in the amount of R\$2,650, as prescribed by Article 193 of the Brazilian Corporate Law.

e) Stock option plan of Editora

Editora's executive committee approved the 3rd, 4th, and 5th Stock Option Plans. The options were granted to officers and employees and will be exercised by means of the issuance of new shares and/or sale of treasury shares held by Editora, at the discretion of the Board of Directors at the time of exercise.

Fair value for stock option plans was calculated on the grant date of each plan and based on the binomial pricing model. The effects were reflected in profit or loss, in line item "Operating expenses", and in equity, in line item "Earnings reserve", as follows:

<u>Grant year and plan</u>	<u>Amounts recognized</u>			<u>Total</u>	<u>Amounts to be recognized in future years</u>
	<u>Up to year ended 12/31/08</u>	<u>In year ended 12/31/09</u>	<u>In six-month period ended 6/30/10</u>		
2007 - 3 rd Plan	822	427	81	1,330	-
2008 - 4 th Plan	418	482	244	1,144	334
2009 - 5 th Plan	-	57	327	384	1,124
	<u>1,240</u>	<u>966</u>	<u>652</u>	<u>2,858</u>	<u>1,458</u>

The table below shows the changes in stock option grants in the first half of 2010:

	<u>3rd Plan</u>	<u>4th Plan</u>	<u>5th Plan</u>
Total number of stock options granted - thousands	123,800	124,600	125,000
(-) Stock options exercised - thousands (*)	(115,200)	-	-
(-) Unvested stock options - thousands	(2,200)	(2,100)	-
(=) Current balance of stock options at June 30, 2010 - thousands	<u>6,400</u>	<u>122,500</u>	<u>125,000</u>

In the period from April 23 to May 7, 2010, stock options equivalent to 115,200 shares of the 3rd Plan were exercised through the sale of treasury shares.

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In determining the fair value of stock options, the following economic assumptions were used:

	3 rd Plan	4 th Plan	5 th Plan
Grant date	3/5/2007	2/28/2008	11/30/2009
Beginning of option exercise period	3/8/2010	3/8/2011	3/8/2012
End of option exercise period	5/7/2010	5/7/2011	5/10/2012
Risk-free interest rate	12.01%	12.45%	12.20%
Number of eligible managers and employees	19	22	27
Price set - R\$	21.50	30.00	27.00
Index	IPCA	IPCA	IPCA
Number of outstanding options	<u>6,400</u>	<u>122,500</u>	<u>125,000</u>
Option fair value on grant date - per option - R\$	<u>11.20</u>	<u>12.61</u>	<u>12.06</u>
Option value for the year, adjusted by the IPCA and dividends distributed up to June 30, 2010 - R\$	<u>23.28</u>	<u>32.38</u>	<u>27.18</u>

f) Recognition of reserve for future capital increase

The remaining balance of profit for the year as at December 31, 2009, after the allocation to the legal reserve, amounting to R\$2,650, and the proposed payment of interest on capital and dividends amounting to R\$20,724, initially R\$29,633 was allocated to the reserve for future capital increase, as prescribed by the bylaws, adjusted to R\$28,102 after the adoption of CPCs and IFRSs. This allocation was submitted to the Annual Shareholders' Meeting.

g) Noncontrolling interests

	<u>6/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	63	61
Noncontrolling interests n profit for the period/year	-	2
Purchase of shares from noncontrolling shareholders	<u>(12)</u>	<u>-</u>
Balance at end of period/year	<u>51</u>	<u>63</u>

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24. NET OPERATING REVENUE

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Gross operating revenue				
Products and services - Livraria	26,283	21,241	618,679	488,439
Sale of products and services - Editora	168,038	161,941	168,038	161,941
(-) Taxes levied	(28)	(75)	(37,758)	(28,442)
(-) Returns	(29,524)	(28,455)	(44,413)	(40,609)
(-) Revenue from sale of products in Livraria's inventory	-	-	(20)	(2,410)
(-) Deferral of revenue - Saraiva Plus	-	-	(997)	(390)
	<u>164,769</u>	<u>154,652</u>	<u>703,529</u>	<u>578,529</u>

25. SELLING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Personnel expenses	18,439	15,970	56,933	49,984
Copyrights	20,057	18,716	20,062	18,744
Advertising and publicity	3,896	4,104	13,652	12,046
Rental expense	1,494	937	18,654	16,446
Common area maintenance fees	125	73	7,567	6,995
Freight and packaging	2,816	1,944	27,037	26,533
Write-off of obsolete books and discontinued editions	6,615	7,403	6,615	7,403
Expenses on credit cards, bank payment slips and collection	329	347	10,741	8,150
Allowance for doubtful accounts	1,033	165	1,751	478
Other	<u>8,018</u>	<u>6,183</u>	<u>35,304</u>	<u>28,393</u>
	<u>62,822</u>	<u>55,842</u>	<u>198,316</u>	<u>175,172</u>

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26. GENERAL AND ADMINISTRATIVE EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Personnel expenses	18,106	16,782	36,786	34,260
Rental expense	1,067	1,632	2,865	3,322
Common area maintenance fees	307	234	726	594
Lawyers' fees	501	470	1,611	1,654
Office supplies	590	462	1,410	791
IT services	2,487	1,878	3,359	3,437
Travel and lodging	213	194	1,032	1,998
Other	1,792	2,679	4,567	5,288
	<u>25,063</u>	<u>24,331</u>	<u>52,356</u>	<u>51,344</u>

27. OTHER OPERATING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Write-off of long-lived assets sold	-	-	(140)	-
PIS and COFINS on other operating income	(11)	(8)	(194)	(187)
Taxes paid in administrative proceedings	-	-	-	(154)
Other operating expenses	(48)	(15)	(133)	(77)
	<u>(59)</u>	<u>(23)</u>	<u>(467)</u>	<u>(418)</u>

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28. OTHER OPERATING INCOME

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Proceeds from sale of long-lived assets	18	10,099	18	10,836
Royalties on franchise operations	-	-	261	317
Gift cards and other advances unredeemed by Livraria customers	-	-	1,001	566
Indemnities for product losses	-	-	335	793
Sale of balances - obsolete products	68	71	142	101
Recovered expenses	375	-	375	-
Withdrawal of escrow deposits	93	87	93	207
Unredeemed customer award credits	-	-	843	-
Other operating income	76	19	157	427
	<u>630</u>	<u>10,276</u>	<u>3,225</u>	<u>13,247</u>

29. FINANCIAL INCOME (EXPENSES)

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Financial income:				
Income from short-term investments	731	401	762	463
Interest on loans to subsidiaries	921	1,786	-	-
Interest received from customers	498	646	506	661
Interest on recoverable taxes	32	-	185	34
Financial discounts obtained	81	5	149	146
Other	38	16	108	204
	<u>2,301</u>	<u>2,854</u>	<u>1,710</u>	<u>1,508</u>
Financial expenses:				
Interest and inflation adjustment on borrowings and financing	(4,149)	(1,584)	(11,467)	(3,497)
Interest borrowings granted by the parent				
Financial discounts granted	(833)	(658)	(1,124)	(877)
Other interest and inflation adjustment losses	(1,043)	(1,419)	(2,456)	(2,983)
Tax on lending transactions (IOC)	(51)	(114)	(721)	(777)
Other financial commissions	(49)	(44)	(51)	(57)
Non-deliverable forwards (NDFs)	(1)	-	(1)	-
Other financial expenses	(65)	(55)	(453)	(307)
	<u>(6,191)</u>	<u>(3,874)</u>	<u>(16,273)</u>	<u>(8,498)</u>

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30. OPERATING LEASES - STORE RENTALS

As at June 30, 2010, Livraria had 92 lease agreements with third parties for its stores. Management reviewed these agreements and concluded that they qualify as operating leases. Most of the store lease agreements provide for a variable rental expense, based on sales, or a minimum amount adjusted to inflation on an annual basis by several indexes, are effective for five years, subject to renewal, and are usually guaranteed by Editora. Rentals under lease agreements for Livraria's logistics and administrative areas and Editora's stores are fixed, with annual adjustments to inflation according to the fluctuation of the main indices.

The lease amount for properties is always the higher of: (a) the equivalent to 2 to 10 percent of a store's gross monthly sales; or (b) a minimum monthly amount annually adjusted using certain inflation indices, as applicable. Said lease agreements are effective for indeterminate or determinate periods; in the latter case, these periods range from five to ten years, subject to friendly or court-ordered (renewal lawsuit) renewal.

Rental expenses for the period, net of recoverable taxes, totaled R\$2,561 (R\$2,569 for the first half of 2009) in Editora and R\$21,519 (R\$19,768 for the half of 2009) in consolidated. The balance of "Rentals payable" recognized in "Other payable" for the period is R\$536 (R\$517 at December 31, 2009) at Editora and R\$5,244 (R\$7,565 at December 31, 2009) in consolidated.

Future obligations (consolidated), arising from these agreements at June 30, 2010 values, totaled a minimum amount of R\$128,543, as follows:

<u>Maturity</u>	<u>Amount</u>
Up to 6/30/2011	37,570
From 7/1/2011 to 6/30/2012	31,278
From 7/1/2012 to 6/30/2013	22,264
From 7/1/2013 to 6/30/2014	14,951
From 7/1/2014 to 6/30/2015	7,596
Other maturities up to 2018	<u>14,884</u>
Total	<u>128,543</u>

31. EARNINGS PER SHARE

Editora's bylaws ensure preferred shareholders dividends equal to those of common shares; accordingly, earnings per share are the same for common and preferred shares. The table below shows the calculation of earnings per share pursuant to CPC 41 and IAS 33:

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	6/30/10			6/30/09		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Profit attributed to Editora's shareholders	<u>15,186</u>	<u>29,367</u>	<u>44,553</u>	<u>8,682</u>	<u>16,791</u>	<u>25,473</u>
Weighted average of outstanding common and preferred shares (in thousands)	9,622	18,666	28,288	9,622	18,608	28,230
Shares considered as issued without any consideration related to executive stock options	<u>-</u>	<u>(35)</u>	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,622</u>	<u>18,631</u>	<u>28,253</u>	<u>9,622</u>	<u>18,608</u>	<u>28,230</u>
Basic earnings per share - R\$	1.5782	1.5782		0.9023	0.9023	
Diluted earnings per share - R\$	1.5782	1.5752		0.9023	0.9023	

As at June 30, the following potential preferred shares did not result in the dilution of earnings per share, as the adjusted exercise price added to the unrecognized average cost of the stock option plans exceed the average price per Editora share, and, therefore, these are not included in the weighted average number of common and preferred shares used to calculate diluted earnings per share:

	6/30/10	6/30/09
Stock options:		
3 rd Plan	-	123,800
4 th Plan	-	124,600
5 th Plan	125,000	-

32. FINANCIAL INSTRUMENTS

a) Capital risk management

Editora's objectives in managing its capital are to ensure the continuity of operations to generate return to shareholders, and maintain an appropriate capital structure to minimize the related costs.

Editora's capital structure comprises financial liabilities with financial institutions (note 16), cash and cash equivalents (note 6), and equity (note 22).

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The debt ratios as at June 30, 2010 are summarized as follows:

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09	6/30/10	12/31/09	1/1/09
Total borrowings	64,898	53,547	21,516	197,614	173,806	64,139
(-) Cash and cash equivalents	(1,434)	(30,063)	(31,730)	(4,312)	(38,762)	(37,823)
Net debt	63,464	23,484	(10,214)	193,302	135,044	26,316
Total equity	397,793	373,994	342,276	397,844	374,057	342,337
Total capital	461,257	397,478	320,783	591,146	509,101	357,374
Net debt ratio	13.76%	5.91%	-3.18%	32.70%	26.53%	7.36%

Periodically, management reviews the capital structure and its ability to settle its liabilities, and monitors on a timely basis the average term of trade receivables, trade payable, and inventories, and takes the necessary actions to maintain them at levels considered adequate for financial management purposes.

b) Significant accounting policies

Please refer to note 3 for a detailed description of the significant accounting policies and methods adopted, including the criteria for recognition and measurement bases of revenues and expenses for each class of financial assets and financial liabilities, in addition to equity.

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c) Categories of financial instruments

	Editora (BR GAAP)		
	<u>6/30/10</u> Carrying amount	<u>12/31/09</u> Carrying amount	<u>1/1/09</u> Carrying amount
Financial assets:			
Loans and receivables :			
Cash and cash equivalents	1,434	30,063	31,730
Trade receivables	<u>37,534</u>	<u>62,974</u>	<u>64,162</u>
	38,968	93,037	95,892
Financial liabilities:			
Borrowings and financing	64,898	53,547	21,516
Trade payables	23,579	35,655	49,160
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	<u>17</u>	<u>-</u>	<u>-</u>
	88,494	89,202	70,676
	Consolidated (IFRS & BR GAAP)		
	<u>6/30/10</u> Carrying amount	<u>12/31/09</u> Carrying amount	<u>1/1/09</u> Carrying amount
Financial assets:			
Loans and receivables :			
Cash and cash equivalents	4,312	38,762	37,823
Trade receivables	<u>183,604</u>	<u>216,331</u>	<u>199,643</u>
	187,916	255,093	237,466
Financial liabilities:			
Borrowings and financing	197,614	173,806	64,139
Trade payables	143,131	197,851	173,927
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	<u>17</u>	<u>-</u>	<u>-</u>
	340,762	371,657	238,066

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Management believes that the financial instruments, which are recognized in the individual and consolidated financial statements at their carrying amounts, approximate their fair values at the end of each reporting period.

The balance of borrowings and financing is adjusted for inflation based on market indices (CDI and TJLP) and contractual rates (note 16) and variable interest because of market conditions; therefore, the outstanding balance at the end of each reporting period approximates its fair value.

However, considering that there is no active market for these instruments, differences might arise should these amounts be settled in advance.

d) Financial risks

Editora's and Livraria's activities are exposed to some financial risks, such as the market risk, the credit risk, the liquidity risk, and the risk limited to the amount of the premium paid for the derivative intended to hedge against currency fluctuations.

Risk management is carried out by Editora's management in accordance with the policies approved by the executive committee. The treasury function identifies, values, and hedges Editora against possible financial risks in cooperation with Editora's operational units.

e) Interest rate risk management

Editora and Livraria are exposed to usual market risks arising from changes in interest rates on borrowings.

The sensitivity analysis was developed based on the exposure to CDI fluctuation, which is the main index applicable to Livraria's borrowings and the investments of cash surpluses. Management expects no significant fluctuations in this index.

f) Currency risk management

Editora's and Livraria's revenues are denominated in Brazilian reais; the currency risk arises from possible business transactions consisting mainly of product and service imports denominated in US dollars (US\$). The currency risk management policy set by Editora's management requires that any import transactions be hedged by US dollar non-deliverable forwards (NDFs), used only as a value hedging instrument and never as speculative instrument, which can be carried out for transactions exposed to foreign exchange fluctuation with a financial impact on Editora, even though they are not designated as hedges.

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Once a material import transaction is approved, the currency price that would permit the sale of the imports in the domestic market within the expected profit margin and probable delivery terms is used as basis; subsequently, the exercise price and maturity that will be used as basis to purchase US dollar put options are defined.

Beginning January 2010, NDF transactions were entered into with Banco do Brasil S.A., without physical delivery of US dollars, at the selling exchange rate of the last business day before the maturity of each forward disclosed by the Central Bank of Brazil (PTAX800), as follows:

Contract	Maturity	Exchange rate			Notional amount (US\$'000)	Recorded gain (loss) (R\$'000)
		On contract date	Maturity	6/30/2010		
1/15/2010	3/26/2010	1.7970	1.8008	-	840	3
1/15/2010	4/26/2010	1.8080	1.7624	-	840	(38)
1/15/2010	5/26/2010	1.8205	1.8811	-	840	51
6/23/2010	10/21/2010	1.8585	1.6735	1.8015	300	(17)
Total					<u>2,820</u>	<u>(1)</u>

The contracts outstanding as at June 30, 2010 are recognized at the fair value of R\$17 in line item "Other payables".

Sensitivity analysis of foreign currency

The sensitivity analysis was determined based on the exposure to US dollar exchange rates arising from the contracts described above and includes only foreign currency-denominated items outstanding at the end of the reporting period. Editora's management does not consider in its cash management assessments, the possibility of significant changes in exchange rates.

g) Supplementary sensitivity analysis of financial instruments pursuant to CVM Instruction 475/08

Editora presents below the additional disclosures on its financial instruments required by CVM Instruction 475 of December 17, 2008, specifically on the supplementary sensitivity analysis required by IFRSs and the accounting practices adopted in Brazil.

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In preparing this sensitivity analysis, Editora adopted the following assumptions:

- Identify the market risks that can result in material losses for Editora.
- Outline a probable risk scenario (Scenario I).
- Outline two additional scenarios with stresses of at least 25 and 50 percent in the risk variable considered (Scenario II and Scenario III, respectively);
- Present the impact of the scenarios outlined on the fair values financial instruments.

Interest rate risk (i)

Transaction	Risk	Amounts in R\$'000		
		Scenario I	Scenario II	Scenario III
Working capital loans subject to CDI fluctuation - Livraria	Increase of CDI	<u>55,483</u>	<u>55,677</u>	<u>55,867</u>
Gain (loss)		<u>55,483</u>	<u>55,677</u>	<u>55,867</u>

(i) Liability with interest recalculated according to previously outlined scenarios.

Exchange rate risk (ii)

Transaction	Risk	Amounts in R\$'000		
		Scenario I	Scenario II	Scenario III
Loss at end of period	US\$ depreciation	<u>17</u>	<u>139</u>	<u>279</u>

(ii) Loss on exchange rates recalculated according to previously outlined scenarios.

h) Credit risk management

The sales and credit policies of Editora and Livraria are subject to the credit policies established by their management and are intended to minimize possible problems arising from the default of their customers. This objective is attained by management through a careful selection of the customer portfolio, which considers the customer ability to pay (credit rating).

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Editora recognizes an allowance for doubtful accounts amounting to R\$1,632 and R\$6,454 in consolidated (R\$1,909 in Editora and R\$6,852 in consolidated at December 31, 2009 and R\$2,345 in Editora and R\$7,122 in consolidated at January 1, 2009), to cover credit risks.

i) Liquidity risk management

Management monitors the continuous estimates of liquidity requirements of Editora to ensure it has sufficient cash to meet its operational needs.

Because of the dynamics of their business, Editora and Livraria maintain a borrowing flexibility by maintaining credit facilities at some financial institutions.

The table below shows in detail the maturity of outstanding financial liabilities:

Transaction	Consolidated				Total
	Up to 1 year	Up to 2 year	From 3 to 5 years	Over 5 years	
Trade payables	143,131				143,131
Bank financing	66,515	49,961	81,138		197,614
Derivative instruments designated in hedge accounting	17				17

j) Risk concentration

The financial instruments that potentially expose Editora and Livraria to concentration of credit risk consist basically of banks, short-term investments, and trade receivables. The balance of line item "Trade receivables" of Livraria is substantially distributed among credit card companies. The total balance of trade receivables is denominated in Brazilian reais (R\$).

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k) Credit facilities

	Consolidated		
	6/30/10	12/31/09	1/1/09
Guaranteed overdrafts:			
Utilized	54,301	64,207	24,552
Not utilized	170,699	160,793	200,448
Financing contracted with BNDES:			
Utilized	119,478	83,364	39,587
Not utilized	30,238	58,236	-

33. OPERATING SEGMENTS

The financial and operating management of the Saraiva Group business is divided into the segments called “Editora” and “Livraria”, using management reports and internal controls, with separate information on revenues, expenses, and investments. These reports are periodically reviewed by the board of directors to assess performance and for decision-making on the allocation of resources and/or investments.

The Editora segment consists of the production and distribution of content in book, digital, and teaching systems formats. Distribution is carried out through 12 branches and representatives strategically located in the South, Southeast, Mid-west, North, and Northeast regions.

The Livraria segment refers to the retail business of cultural, leisure, and information products. Distribution is carried out through a chain of stores located in the main Brazilian cities and the ecommerce website Saraiva.com.br.

a) Assets and liabilities

	Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09
<u>Segment assets</u>			
Editora	525,824	529,484	489,605
Livraria	594,315	598,979	459,086
Elimination of intersegment transactions	(282,272)	(254,873)	(233,939)
Total consolidated assets	<u>837,867</u>	<u>873,590</u>	<u>714,752</u>

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	Consolidated (IFRS & BR GAAP)		
	6/30/10	12/31/09	1/1/09
<u>Segment liabilities</u>			
Editora	128,031	155,490	147,329
Livraria	349,932	358,315	281,959
Elimination of intersegment transactions	<u>(37,940)</u>	<u>(14,272)</u>	<u>(56,873)</u>
Total consolidated liabilities	<u>440,023</u>	<u>499,533</u>	<u>372,415</u>

b) Profit or loss

	Consolidated (IFRS & BR GAAP)			
	6/30/10			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	164,769	565,076	(26,316)	703,529
Cost of sales and services	<u>(39,925)</u>	<u>(375,235)</u>	<u>26,503</u>	<u>(388,657)</u>
Gross profit	124,844	189,841	187	314,872
Operating expenses	<u>(88,630)</u>	<u>(173,448)</u>	<u>(3,904)</u>	<u>(265,982)</u>
Operating profit before financial income (expenses)	36,214	16,393	(3,717)	48,890
Financial income (expenses)	<u>(3,890)</u>	<u>(10,673)</u>	-	<u>(14,563)</u>
Profit before income tax and social contribution	<u>32,324</u>	<u>5,720</u>	<u>(3,717)</u>	<u>34,327</u>

	Consolidated (IFRS & BR GAAP)			
	6/30/09			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	154,652	447,572	(23,695)	578,529
Cost of sales and services	<u>(35,195)</u>	<u>(286,152)</u>	<u>22,555</u>	<u>(298,792)</u>
Gross profit	119,457	161,420	(1,140)	279,737
Operating expenses	<u>(75,371)</u>	<u>(152,669)</u>	<u>327</u>	<u>(227,713)</u>
Operating profit before financial income (expenses)	44,086	8,751	(813)	52,024
Financial income (expenses)	<u>(1,020)</u>	<u>(5,969)</u>	<u>(1)</u>	<u>(6,990)</u>
Income before income tax and social contribution	<u>43,066</u>	<u>2,782</u>	<u>(814)</u>	<u>45,034</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

c) Origin of segment revenue

	Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09
Editora:		
Sales to market	164,378	154,266
Sales to government	<u>391</u>	<u>386</u>
	<u>164,769</u>	<u>154,652</u>
Livraria:		
Physical stores	364,641	293,332
Website	<u>200,435</u>	<u>154,240</u>
	<u>565,076</u>	<u>447,572</u>
	729,845	602,224
Eliminations	<u>(26,316)</u>	<u>(23,695)</u>
	<u>703,529</u>	<u>578,529</u>

34. INSURANCE

Editora and Livraria have an insurance policy that considers risk concentration and their materiality, taking into consideration the nature of their activities and the advice of insurance brokers.

As at June 30, 2010 and December 31, 2009, insurance coverage is as follows:

	6/30/10	12/31/09
Loss of profits	45,000	45,000
Fire - maximum amount per store	47,595	47,595
Vehicles - only civil liability - maximum amount per vehicle	1,025	1,025

35. CASH FLOW SUPPLEMENTAL INFORMATION

Editora's management defines as "cash and cash equivalents" amounts maintained for the purpose of meeting short-term commitments and not for investment or any other purposes. Short-term investments can be immediately converted into a known cash amount and are not subject to significant changes in value. This line item is broken down, as described in note 6.

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

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

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Changes in equity not impacting Livraria's cash flows are as follows:

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	6/30/10	6/30/09	6/30/10	6/30/09
Portion of recoverable taxes installment transferred to current assets	-	-	(56)	143
Receivables for sale of property, plant and equipment transferred to current assets	-	1,438	-	1,438
Portion of financing transfer to current liabilities	972	2,968	2,477	5,497

36. AUTHORIZATION FOR COMPLETION OF THE FINANCIAL STATEMENTS

The financial statements, which include events subsequent to June 30, 2010, were approved by the board of directors and authorized for issue on March 18, 2011.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Any and all information derived from non-accounting or not accounting numbers has not been reviewed by independent auditors. The Saraiva Group operates in the editorial sector through Saraiva S.A. Livreiros Editores (Editora) and in the retail sector through Saraiva e Siciliano S.A. (Livraria). The accounting information contained in the Quarterly Information is presented according to the accounting practices adopted in Brazil in effect until December 31, 2009, and refer to the second quarter of 2010 (2Q10), except where otherwise indicated. All comparisons were made in relation to the second quarter of 2009 (2Q09), except when stated otherwise.

HIGHLIGHTS

Throughout the first half of 2010 (1H10), the Saraiva Group continued investing to strengthen its business diversification strategy.

Editora's highlights in 2Q10 were the launch of book sales in digital format and the releases of the fiction and nonfiction editorial imprint- "Benvirá" and the "Agora" public school teaching system. Revenue from editorial activities are very seasonal and are concentrated on the first quarter and on the fourth quarter of each fiscal year.

On August, 2010, the Education Ministry, through the National Education Development Fund (FNDE), announced the results of the National Textbook Program, PNLD 2011. Editora boosted its market share by around 17.0% in the new book choices for elementary students from 6th to 9th grade, without considering the sale of foreign language textbooks, which represents a market share gain of approximately 400 basis points in relation to the comparable choices of PNLD 2008. If including the replacement of books for 1st to 5th grade in Elementary Schools and for 10th to 12th grade in High Schools, the book supply contract, under the scope of PNLD 2011 to be executed in September 2010, will amount to R\$ 130 million.

Livraria opened four new stores, of which two are based on the "iTown" format, and released its new digital book sales platform through the website www.saraiva.com.br. Furthermore, in e-commerce, the highlight of 1H10 was the increase in the electronic product (+214.4%) and multimedia / games (+187.0%) categories.

Revenue - Consolidated net revenue reached R\$ 703.5 million in 1H10, up 21.1% as compared with the same period in 2009. In 2Q10, consolidated net revenue reached R\$ 265.8 million, representing a 20.0% growth in relation to 2Q09.

Livraria's more aggressive commercial approach has enabled the Company to grow steadily in e-commerce, as well as in the physical channel. The result of the first half of 2010 registered a sales growth of 26.3% as opposed to the same period of the previous year. Part of this result was due to the program to adapt the Siciliano stores to the Saraiva standard, which in 1H10 registered a growth of 44.8% under the same-store concept as compared with the same period of last year.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

EBITDA¹ - In 1H10, the consolidated EBITDA (profit before interest, taxes, depreciations and amortizations) reached R\$ 61.8 million, down 0.8% in comparison with the same year-ago period.

Result - Consolidated net profit registered R\$ 20.5 million in the first half of 2010, against R\$ 25.5 million in the same period of the previous year, down 19.6% in nominal terms. In 2Q10, Saraiva registered a loss of R\$ 24.2 million, against a loss of R\$ 15.8 million in 2Q09.

iTown - Livraria opened two iTown stores in the second quarter of 2010, one in the Barra Shopping mall in Rio de Janeiro and one in the Iguatemi Shopping mall in Salvador, Bahia state. These stores operate in differentiated conditions under the Apple Premium Reseller model and are solely dedicated to the sale of Apple products.

EDITORA (SARAIVA S/A LIVREIROS EDITORES)

Editora is the parent company of Livraria with 99.98% of its shares and the companies have separate activities and corporate names.

The following table summarizes Editora's main economic-financial performance indicators:

<i>Editora (R\$ thousand)</i>	<i>2Q10</i>	<i>2Q09</i>	<i>Chg.</i>	<i>1H10</i>	<i>1H09</i>	<i>Chg.</i>
Gross Revenue	23,066	22,760	1.3%	164,797	154,727	6.5%
Net Revenue	23,053	22,738	1.4%	164,769	154,652	6.5%
Gross Profit	14,850	14,742	0.7%	124,844	119,457	4.5%
Gross Margin	64.4%	64.8%	-42 b.p.	75.8%	77.2%	-147 b.p.
Operating Expenses	43,499	31,791	36.8%	94,802	77,896	21.7%
EBITDA	(26,665)	(14,399)	-85.2%	34,620	46,730	-25.9%
Net Financial (Revenue) Expenses	1,750	1,137	53.9%	3,890	1,020	281.4%
Net Income (Loss) Before Equity in Subsidiaries	(20,672)	(12,733)	-62.3%	16,574	25,755	-35.6%
Net Income (Loss)	(24,151)	(15,789)	-53.0%	20,491	25,473	-19.6%

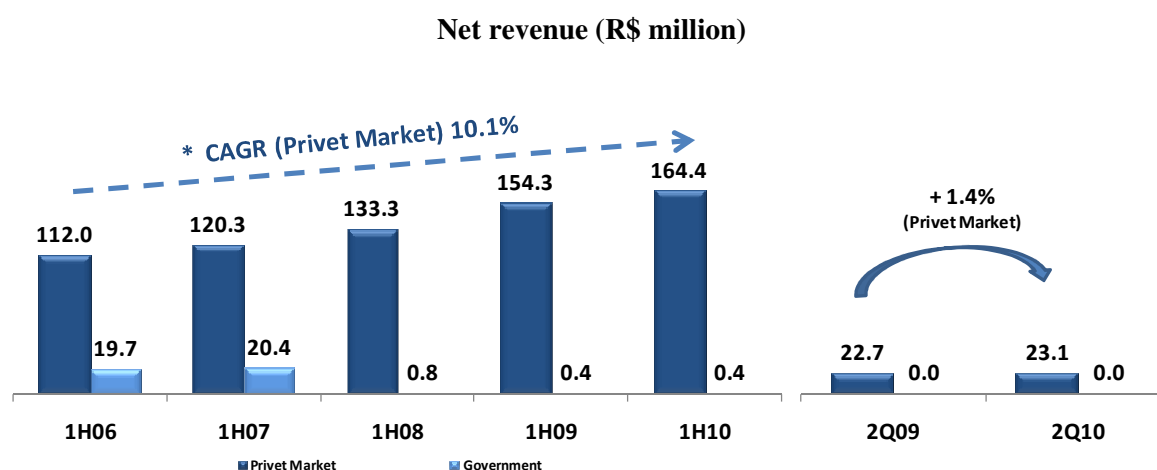
Net revenue

Editora's net revenue reached R\$ 164.8 million in 1H10, up 6.5% in relation to that of the same period last year. The growth was due to ongoing efforts to restructure its catalogue and to more aggressive competitive positioning in the private market. Net revenue in 2Q10 totaled R\$ 23.1 million, up 1.4% over 2Q09.

¹ The EBITDA represents net income before financial result, social contribution, income tax, depreciation and amortization. It is not a measure used according to the adopted accounting practices in Brazil or in the generally-accepted accounting principles of other countries and does not represent the cash flow for the periods shown and must not be considered as an alternative for net profit as an indicator of operational performance of the company or as an alternative for cash flow as an indicator of liquidity. EBITDA has not standard definition and our definition of EBITDA may not be comparable with that of other companies.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

The following graph shows Editora's performance on the private and public markets.



* CAGR: Compound Annual Growth Rate

Private Market

Book sales to the private market rose 6.5% in 1H10, fueled by a growth in the textbook and university book segment, as well as in the teaching systems division which gained a greater share in the period. This performance stems from investments made in Editora's book catalogue and the sale of customized content for universities.

In the legal book segment, the highlight was the boost in sales of collections aimed at training professionals interested in a public career. An important event for Editora in 2Q10 was the release of the book "Código Penal Comentado" (Commented Penal Code) written by renowned Law specialist Celso Delmanto and his coauthors, Roberto Delmanto, Roberto Delmanto Júnior and Fábio Delmanto.

Editora adopted more aggressive positioning in the editorial fiction and nonfiction segment through the Benvirá imprint, in addition to new books for the children's literature market through the Arx and Caramelo imprints. The highlight for 2Q10 was the second release of the Benvirá imprint, the autobiography "Eu Sou Ozzy" (I am Ozzy), which appeared in the list of most sold nonfiction books in *Veja* magazine and the *Folha de S. Paulo* newspaper.

Government

In 1H10, government sales summed R\$ 0.4 million, practically the same as the amount posted in the same period of 2009. The amounts recognized in the first half of 2010 refer to the National School Library Program (PNBE), which Editora took part in.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT**Gross Profit**

Gross profit in 1H10 reached R\$ 124.8 million, up 4.5% over that of the first half of 2009 and registered a gross margin of 75.8%, down 147 basis points as compared with the 77.2% of 1H09. This result is due to changes in Editora's product mix, which registered a greater sales share of content aimed at Elementary and High Schools during the period, including the operations of the Ético Teaching System. These editorial lines have lower margins than those in technical, scientific and professional book lines. Gross profit totaled R\$ 14.9 million in 2Q10 and gross margin went from 64.8% in 2Q09 to 64.4%. As mentioned earlier, Editora's operations are highly seasonal and the second quarter is not very relevant in the assessment of the year's results.

Operating Result

It is worthwhile noting that in the second quarter of 2009, Editora's operating result was favored by R\$ 10.0 million (before taxes) from the sale of the building that sheltered Editora's former head office. Likewise, in 2Q09, an extraordinary inventory write-off, amounting to R\$ 3.5 million arising from the removal of Editora's books that were not in compliance with the orthographic reform.

Without considering the nonrecurring result of the property sale and the inventory write-off, the operating expense on net revenue ratio reached 54.6% in 1H09. In the first half of 2010, operating expenses totaled R\$ 94.8 million and represented 57.5% of net sales.

Editora's operating result in 1H10 is being pressured by the increase in financial expenses and by expenses related to the adaptation of commercial and administrative structures for the new editorial business lines, such as the Teaching Systems Division, the Saraiva Educação Multimídia and the Benvirá imprint.

EBITDA

EBITDA before management participation totaled R\$ 34.6 million in the first half of 2010, down 25.9% in relation to the same period in 2009 when it registered R\$ 46.7 million.

In 2Q10, the EBITDA totaled a negative R\$ 26.7 million, against a negative EBITDA of R\$ 14.4 million in 2Q09.

<i>Editora (R\$ thousand)</i>	<i>2Q10</i>	<i>2Q09</i>	<i>Chg.</i>	<i>1H10</i>	<i>1H09</i>	<i>Chg.</i>
Income from Operations before Equity Income	(30,399)	(18,186)	-67.2%	26,152	40,541	-35.5%
(+) Management Participation	782	1,416	-44.8%	2,255	2,807	-19.7%
(+) Depreciation and Amortization Expenses	1,202	1,234	-2.6%	2,323	2,362	-1.7%
(+) Net Financial (Revenue) Expenses	1,750	1,137	53.9%	3,890	1,020	281.4%
(-) EBITDA	(26,665)	(14,399)	-85.2%	34,620	46,730	-25.9%
EBITDA Margin	-115.7%	-63.3%	-5,234 b.p.	21.0%	30.2%	-920 b.p.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Financial Result / Capital Structure

The financial result in 1H10 reached R\$ 3.9 million in financial expenses, higher than the R\$ 1.0 million posted in the first half of 2009. In 2Q10, the financial result registered net financial expenses of R\$ 1.8 million against a financial expense of R\$ 1.1 million in 2Q09. On June 30, 2010, net debt was R\$ 63.4 million as compared with R\$ 37.3 million at the end of March 2010. The net debt increase stems from loans contracted from the National Economic and Social Development Bank (BNDES) to finance the catalogue expansion, the creation of new multimedia products and to format the content of the Teaching Systems Division.

During 1H10, BNDES disbursed R\$ 13.7 million to Editora. A total of R\$ 55.2 million, or approximately 80% of the total, has already been disbursed under the R\$ 71.9 million contract executed in February 2009 with BNDES. The funds under the scope of this line of credit will be used to finance Editora's investments until December 2010.

Net Profit

Net profit before equity income of the subsidiary Livraria reached R\$ 16.6 million in 1H10 against a result of R\$ 25.8 million in 1H09. Net profit after equity totaled R\$ 20.5 million in the first half of 2010, compared with a profit of R\$ 25.5 million in the first half of 2009. In 2009, Editora's net profit was positively impacted by the nonrecurring result of the sale of the building that sheltered Saraiva's head office, which totaled R\$ 10.0 million (before taxes).

Investments

Investments aimed mainly at information technology projects summed R\$ 2.9 million and R\$ 1.5 million in 1H10 and 2Q10, respectively.

Teaching Systems Division

Since 2009, Editora sells complete solutions in the teaching system format for the private network in all educational segments, from child education up to the pre-university entrance exam level. This investment gives Brazilian educators another option among all those offered by Editora for the Elementary and High School teaching level. The amount of students enrolled in the system grew 81% in 1H10 as compared with the same period of last year. The Ético imprint is being used at schools in 17 Brazilian states and in the Federal District.

In order to give continuity to this strategy, Editora released, in 2Q10, the Agora teaching system imprint, which offers a full line of educational material for public schools, from Child Education up to High School, as of 2011 school year.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

LIVRARIA (Saraiva e Siciliano S.A.)

Livraria operates predominantly in the retail of books, DVDs, CDs, stationery, information technology, electronic goods and digital content - books and movies. The following table shows the Company's major economic and financial performance data:

<i>Livraria (R\$ thousand)</i>	2Q10	2Q09	Chg.	1H10	1H09	Chg.
Gross Revenue	266,606	217,190	22.8%	603,803	476,329	26.8%
Net Revenue	247,964	203,622	21.8%	565,076	447,571	26.3%
Gross Profit	84,340	74,810	12.7%	189,841	161,419	17.6%
Gross Margin	34.0%	36.7%	-270 b.p.	33.6%	36.1%	-250 b.p.
Operating Expenses	85,310	77,758	9.7%	173,447	152,668	13.6%
EBITDA	4,536	891	409.1%	26,971	15,671	72.1%
Net Financial (Revenue) Expenses	5,605	2,836	97.6%	10,673	5,969	78.8%
Net Income (Loss)	(4,379)	(3,893)	-12.5%	3,719	814	356.9%

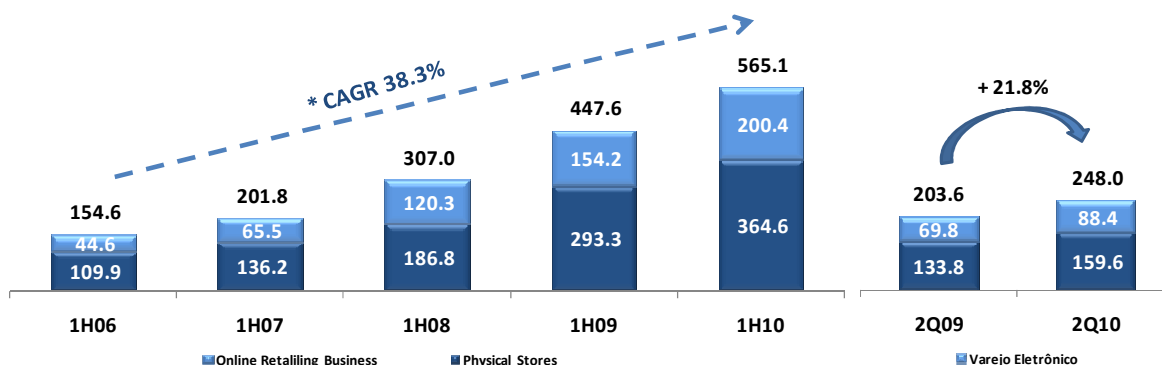
Net revenue

Livraria's sales performance in all sales channels has positively affected revenue generation. In 1H10, Livraria's net revenue totaled R\$ 565.1 million, up 26.3% as compared with that in 1H09. Physical stores in the first half registered an increase in net revenue of 24.3% and, in e-commerce, of 30.0%.

Net revenue (R\$ million)

CAGR 2006 - 2010 (Physical Stores): 35.0%

CAGR 2006 - 2010 (Online Retail): 45.6%



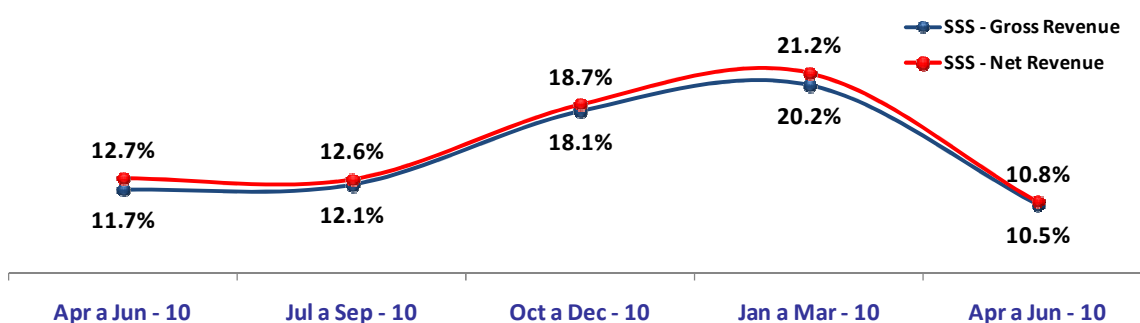
(*) CAGR: Compound Annual Growth Rate

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Livraria's net revenue in 2Q10 amounted to R\$ 248.0 million, 21.8% above that posted in 2Q09. The strong sales performance in this period was positively influenced by the growth in electronic retail (+26.5%), as well as, by the increment in revenue from physical stores (+19.3%). Under the same-store concept, the growth index in 2Q10 was 10.8%. The sales growth in 2Q10 was not greater only because of the Soccer World Cup event which attracted the attention of customers in the month of June. The index of same-store sales in July registered a recovery in relation to 2Q10 and reached 16.9%.

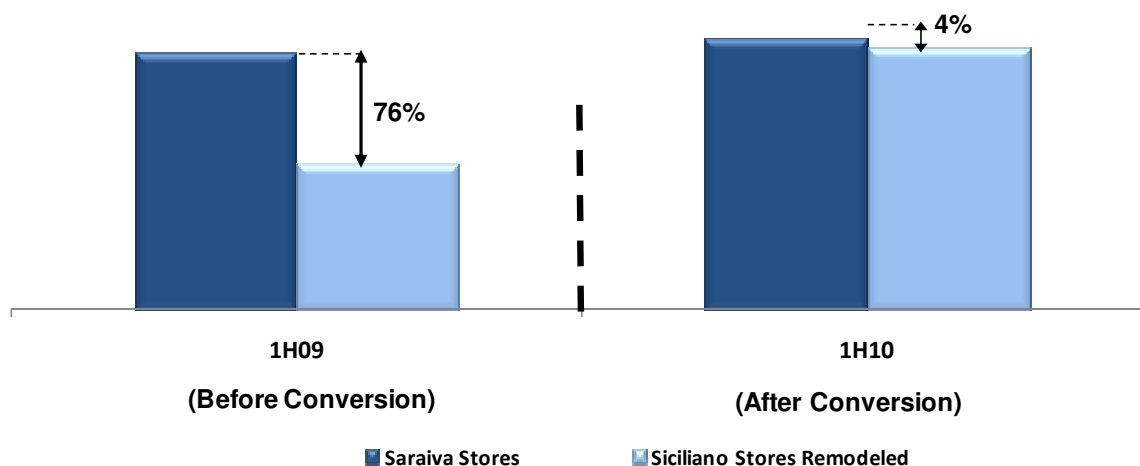
The graph below shows the quarterly evolution of growth in Livraria's same-store sales.

Same-Store Sales



The program to remodel the Siciliano stores to the Saraiva standard also contributed to Livraria's growth. In the first half of 2010, revenue from the remodeled stores grew 44.8% under the same-store concept in comparison with the same period last year. As such, the Siciliano stores that were remodeled by June 30, 2010 are now registering a performance in sales per square meter closer to that of the Saraiva network. The following table shows the progress of sales per square meter of the Siciliano chain and compares this performance with that of the Saraiva network in 1H09 and 1H10:

Sales per Square Meter



The nominal growth index of the book, newspaper, magazine and stationery sector published monthly by the Brazilian Statistics Bureau (IBGE) registered a variation of 13.3% in the first five months of 2010. During the same period, Livraria's increment in these areas was 18.1%, which confirms a market share gain.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Gross Profit

In the 12-month period, Livraria's gross profit reached R\$ 189.8 million, 17.6% greater than that of the same period in 2009, and the gross margin was 33.6%, 250 basis points lower than that registered in 1H09. This result derives basically from the introduction of the taxation changes introduced in May 2009, the change in product mix with a greater share of the electronic and computer goods category, as well as more aggressive commercial policies, in particular in e-commerce.

Gross profit in 2Q10 summed R\$ 84.3 million, up 12.7% in relation to 2Q09. Gross margin declined 270 basis points and reached 34.0% in 2Q10, against 36.7% in the same year-ago period.

Operating Result

<i>Livraria (R\$ thousand)</i>	<i>2Q10</i>	<i>2Q09</i>	<i>Var.</i>	<i>1H10</i>	<i>1H09</i>	<i>Var.</i>
Income from Operations after Net Financial Income	(6,575)	(5,784)	13.7%	5,721	2,782	105.6%
(+) Net Financial (Revenue) Expenses	5,605	2,836	97.6%	10,673	5,969	78.8%
Operating Result before Financial Expenses (EBIT)	(970)	(2,948)	67.1%	16,394	8,751	87.3%
EBIT Margin	-0.4%	-1.4%	106 b.p.	2.9%	2.0%	95 b.p.

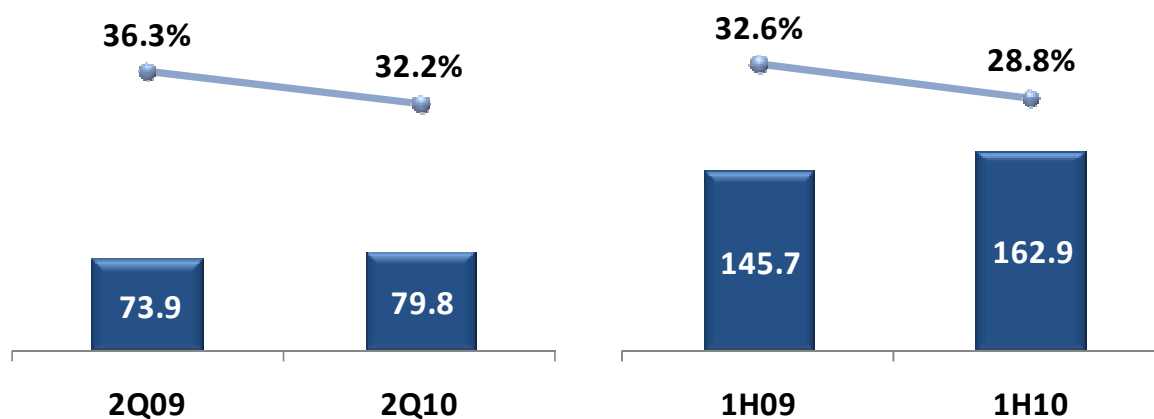
<i>Livraria (R\$ thousand)</i>	<i>2Q10</i>	<i>2Q09</i>	<i>Var.</i>	<i>1H10</i>	<i>1H09</i>	<i>Var.</i>
Operating Expenses	85,310	77,758	9.7%	173,447	152,668	13.6%
(-) Amortization and Depreciation Expenses	5,506	3,839	43.4%	10,577	6,920	52.8%
Operating Expenses before Depreciation and Amortization	79,804	73,919	8.0%	162,870	145,748	11.7%
Operating Expenses before Depreciation and Amortization / Net Revenue	32.2%	36.3%	-412 b.p.	28.8%	32.6%	-380 b.p.

Livraria's operating profit before financial result totaled R\$ 16.4 million in 1H10 (R\$ 8.8 million in 1H09) and a negative R\$ 1.0 million in 2Q10 (negative R\$ 2.9 million in 2Q09), representing a growth of respectively 87.3% and 67.1%.

Without considering expenses for depreciation and amortization, the operating expenses on net revenue ratio registered a 380 basis points gain in 1H10 and 412 basis points in 2Q10, as shown in the graph below.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Operating Expenses* (R\$ million) / Net Revenue (%)



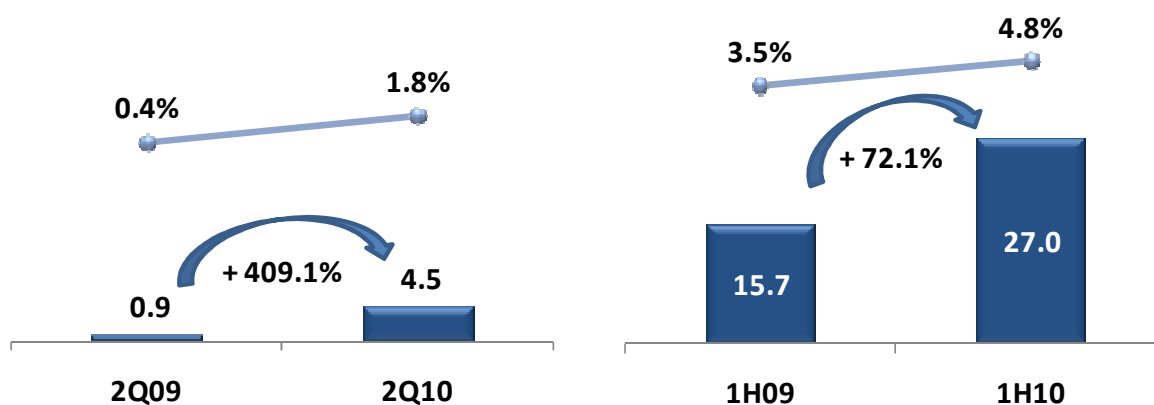
(* Without considering expenses for depreciation and amortization)

EBITDA

In the 12-month period, EBITDA totaled R\$ 27.0 million, up 72.1% over that of 1H09. The EBITDA reached R\$ 4.5 million in 2Q10, up 409.1% in relation to that of the same period last year.

Livraria (R\$ thousand)	2Q10	2Q09	Chg.	1H10	1H09	Chg.
Income from Operations after Net Financial Income	(6,575)	(5,784)	-13.7%	5,721	2,782	105.6%
(+) Depreciation and Amortization Expenses	5,506	3,839	43.4%	10,577	6,920	52.8%
(+) Net Financial (Revenue) Expenses	5,605	2,836	97.6%	10,673	5,969	78.8%
(=) EBITDA	4,536	891	409.1%	26,971	15,671	72.1%
EBITDA Margin	1.8%	0.4%	139 b.p.	4.8%	3.5%	127 b.p.

EBITDA (R\$ million) and EBITDA Margin (%)



(* Adjusted by nonrecurring expenses in 2009)

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Financial Result / Capital Structure

Net financial expenses registered R\$ 5.6 million in 2Q10, up 97.6% over the R\$ 2.8 million posted in 2Q09. The net financial debt rose from R\$ 121.6 million at the end of 1Q10 to R\$ 129.9 million at the end of 2Q10.

During 1H10, BNDES disbursed R\$ 22.5 million to Livraria. A total of R\$ 64.4 million, or approximately 92% of the total, has already been disbursed under the R\$ 69.7 million contract executed in February 2009 with BNDES. These funds are aimed at Livraria's investment plan until December 2010.

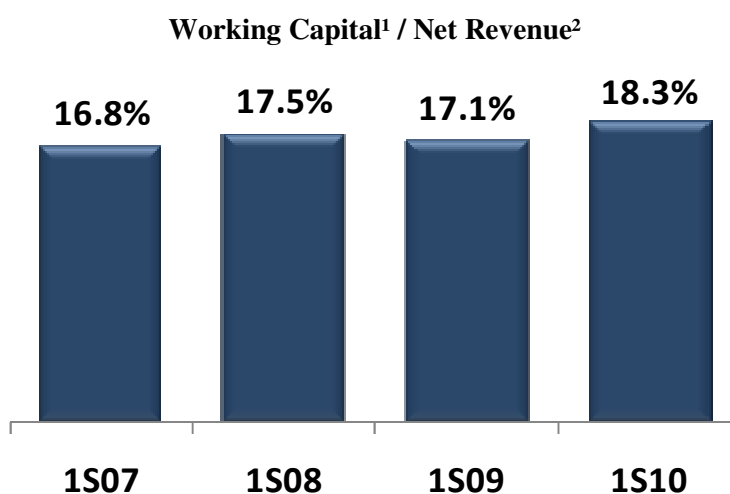
Working Capital

The working capital on net revenue ratio went from 17.1% in the first half of 2009 to 18.3% in the first half of 2010. Livraria's average operating cycle reached 78 days in the 12-month period ended on June 30, 2010, against 75 days in the same period ended in June 2009.

"Accounts Receivable" reached 48 days in the 12-month period ended on June 30, 2010, against 49 days in the 12-month period ended on June 30, 2009.

The average term of inventory coverage increased 5 days from 87 to 92 days in the 12-month period ended on June 30, 2009 and 2010, respectively.

The supplier payment period remained practically stable, changing from 61 days in the 12-month period ended on June 30, 2009 to 62 days in the 12-month period ended on June 30, 2010.



(1) Inventory + Customers - Suppliers (monthly average in the past 12 months)

(2) Net Revenue in the past 12 months

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Net Profit

In 1H10, Livraria registered a net profit of R\$ 3.7 million, up R\$ 0.8 million in relation to the previous year. Livraria's net profit in the first half of 2010 is being pressured by greater financial expenses as a result of an increase in the Company's indebtedness.

Investments

A total of R\$ 16.4 million was invested in 1H10 (R\$ 10.1 million during 2Q10) mainly in:

- Remodeling of Siciliano stores:
 - SP Market Shopping mall in São Paulo -SP (01/10/2010).
 - Praia Mar Shopping mall in Santos -SP (01/28/2010).
 - Manaíra Shopping mall in João Pessoa -PB (03/14/2010).
 - Flamboyant Shopping mall in Goiânia, GO (05/02/2010).
 - Metrô Tatuapé Shopping mall in São Paulo -SP (05/16/2010).
 - West Plaza Shopping mall in São Paulo - SP (05/27/2010).
- Opening of new stores:
 - Livraria Tradicional - University Center of Brasília - FD (01/25/2010).
 - iTown - Iguatemi Shopping mall in Salvador, BA (04/08/2010).
 - iTown - Barra Shopping mall in Rio de Janeiro - RJ (06/15/2010).
 - Mega Store - Vitória Shopping mall in Vitória - ES (06/30/2010).
- Information systems: The investments made in Livraria's information systems are aimed at improving the ERP (Enterprise Resource Planning) operational system in order to facilitate the launching of new business and product line platforms; the development of applications for the sale of digital books and customer relationship management tools (CRM).
- Logistics activities: Investments to review Livraria's supply chain are aimed at rationalizing expenses related to its logistics system and better meeting the demands of its customers in all of its sales channels.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Marketing/Partners

The “Saraiva Plus” loyalty program has consolidated itself as one of the most efficient programs for retaining customers in local retail due to a systematic that facilitates the accumulation of bonus points and simplifies their redemption. At the end of 2Q10, the membership base was 4.1 million, up 16.7% over the base registered in December 2009. In the 12-month period ended in June 2010, the membership base of the Saraiva Plus card rose 37.3%.

The Saraiva credit card, a partnership between Saraiva, Banco do Brasil and Visa, had a membership base of 85.3 thousand active cards at the end of June 2010, 23.0% above the active cards base in December 2009 and of 59.4% in relation to June of last year. This credit card offers several benefits to Livraria’s customers, which, besides accumulating bonus points for the “Saraiva Plus” program, is exempt from the payment of administrative fees and can accumulate air mileage points through a partnership with TAM.

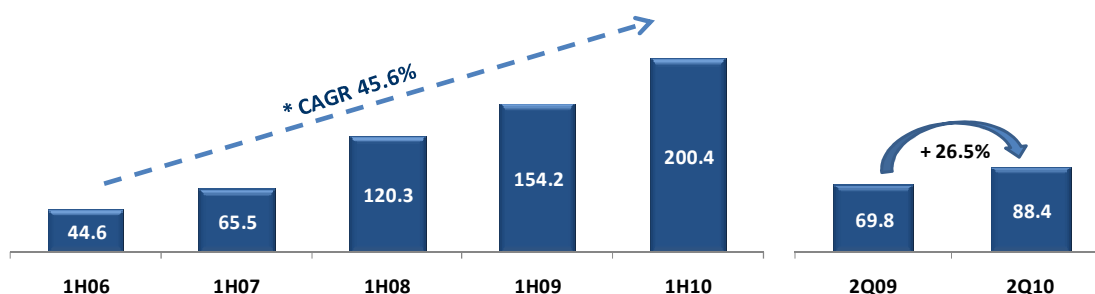
Online Retailing Business (Saraiva.Com)

E-commerce has been gaining more importance in Livraria’s operations. With a steady growth in sales terms, the share of total net revenue from the Saraiva.com website’s operations in relation to the Group’s overall retailing operations was 35.5% in 1H10.

<i>Saraiva.com (R\$ thousand)</i>	2Q10	2Q09	Chg.	1H10	1H09	Chg.
Gross Revenue	97,795	75,850	28.9%	218,581	166,071	31.6%
Net Revenue	88,377	69,841	26.5%	200,435	154,240	30.0%
Active Customers (thousand) ¹	1,379	1,204	14.5%	1,379	1,204	14.5%
% of Revenue - Livraria Saraiva Consolidated	36.7%	34.9%	176 b.p.	36.2%	34.9%	134 b.p.
Average Ticket (R\$)	165.8	138.3	19.9%	162.7	136.0	19.6%

(1) Active customers: user that has made at least one purchase in the past year.

Net revenue (R\$ million)



* CAGR: Compound Annual Growth Rate

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

The good results of e-commerce through Saraiva.com stem from the decision to continue operating mostly in the textbook and university book segments, benefitting from Saraiva's strong image in these markets, especially in the back-to-school period. The sale of books through Saraiva.com's website registered a good growth: 21.0% in 1H10. The highlight of this period was the growth in sales of the electronic product (214.4%) and multimedia / games (+187.0%) categories, which demonstrates the assertiveness of the strategy to diversify the product mix of the website, www.saraiva.com.br.

CONSOLIDATED

The following table shows the major consolidated economic and financial performance data:

<i>Consolidated (R\$ thousand)</i>	<i>2Q10</i>	<i>2Q09</i>	<i>Chg.</i>	<i>1H10</i>	<i>1H09</i>	<i>Chg.</i>
Gross Revenue	284,466	235,009	21.0%	742,304	609,772	21.7%
Net Revenue	265,809	221,418	20.0%	703,548	580,939	21.1%
Gross Profit	100,087	90,391	10.7%	314,871	279,737	12.6%
Gross Margin	37.7%	40.8%	-317 b.p.	44.8%	48.2%	-340 b.p.
Operating Expenses	128,807	109,551	17.6%	268,236	230,520	16.4%
EBITDA	(21,231)	(12,671)	-67.6%	61,789	61,306	0.8%
Net Financial (Revenue) Expenses	7,355	3,974	85.1%	14,563	6,990	108.3%
Net Income (Loss)	(24,151)	(15,789)	-53.0%	20,491	25,473	-19.6%
Total Assets	837,867	695,082	20.5%	837,867	695,082	20.5%
Shareholders' Equity	397,793	356,944	11.4%	397,793	356,944	11.4%
Net Debt	(193,301)	(109,986)	-75.8%	(193,301)	(109,986)	-75.8%

Consolidated Net revenue Mix

1H09



1H10



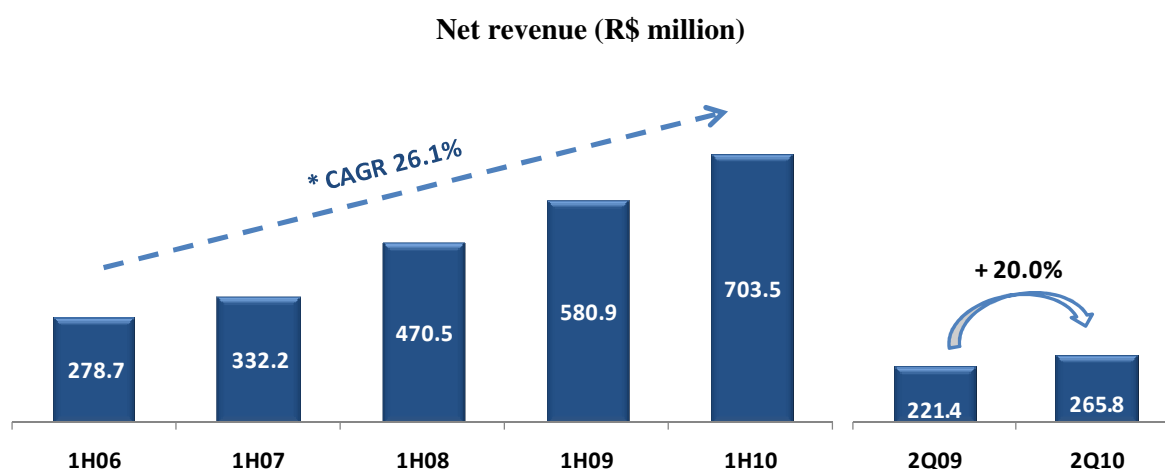
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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Net revenue

Consolidated net revenue reached R\$ 703.5 million in 1H10, up 21.1% over 1H09. In 2Q10, revenue totaled R\$ 265.8 million, an increase of 20.0% in relation to the same period of the previous year. Saraiva's growth in revenue was the result of the increase in Livraria's sales. The share of retailing activities in the consolidated figure of the group was 80.3% in 1H10 against 77.0% in 1H09.



CAGR: Compound Annual Growth Rate

Gross Profit

Consolidated gross profit totaled R\$ 314.9 million in 1H10 and R\$ 100.1 million in the 2Q10, representing an increase of respectively 12.6% and of 10.7%. Overall gross margin in the first six months went from 48.2% in 2009 to 44.8% in 2010 and, in the quarterly comparison, from 40.8% in 2Q09 to 37.7% in 2Q10. The greater contribution of retail in the breakdown of consolidated revenue explains the differences registered in the gross margins. Saraiva's retailing activities have lower margins than the group's publishing activities.

Operating Result

The operating result reached R\$ 32.1 million in 1H10, against R\$ 42.2 million in the same period of last year. This result is due mostly to a rise in financial expenses, caused by the increase in the Group's debt. Consolidated operating expenses were also pressured by investments in new editorial areas, in particular the Teaching Systems Division and the Benvirá imprint.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

EBITDA

EBITDA before management participation was R\$ 61.8 million in 1H10, against R\$ 61.3 million, a drop of 0.8%. The year-half EBITDA margin reached 8.8% in 2010, as compared with 10.6% in the same period of the previous year. In 2Q10, the EBITDA was a negative R\$ 21.2 million, against a negative R\$ 12.7 million in 2Q09. The EBITDA margin went from a negative 5.7% in 2Q09 to a negative 8.0% in 2Q10.

<i>Consolidated (R\$ thousand)</i>	2Q10	2Q09	Chg.	1H10	1H09	Chg.
Income from Operations after Net Financial Income	(36,075)	(23,134)	-55.9%	32,072	42,227	-24.0%
(+) Management Participation	782	1,416	-44.8%	2,255	2,807	-19.7%
(+) Depreciation and Amortization Expenses	6,707	5,073	32.2%	12,899	9,282	39.0%
(+) Net Financial (Revenue) Expenses	7,355	3,974	85.1%	14,563	6,990	108.3%
(=) EBITDA	(21,231)	(12,671)	-67.6%	61,789	61,306	0.8%
EBITDA Margin	-8.0%	-5.7%	-230 b.p.	8.8%	10.6%	-180 b.p.

Adjusted EBITDA Mix**1H09****1H10****Financial Result**

In the 12-month period, the financial result went from a net financial expense of R\$ 7.0 million in the first six months of 2009 to a net financial expense of R\$ 14.6 million in 1H10. In the quarter, the financial result went from a net financial expense of R\$ 4.0 million in 2Q09 to an expense of R\$ 7.4 million in 2Q10.

Net Profit

Consolidated net profit reached R\$ 20.5 million in the first six months of 2010, against a profit of R\$ 25.5 million in the first half of 2009. In 2Q10, Saraiva posted a loss of R\$ 24.2 million, against a loss of R\$ 15.8 million in 2Q09.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Investments

During 1H10, R\$ 19.3 million was invested to expand and remodel Livraria's store chain and on information technology projects.

CAPITAL STRUCTURE

The consolidated financial position went from a net debt of R\$ 158.9 million at the end of March 2010 to R\$ 193.3 million at the end of June 2010.

In 1H10, the Company received, in consolidated terms, R\$ 36.2 million of long-term financing contracted in February 2009 from BNDES. The contract's total value is R\$ 141.6 million, of which R\$ 119.5 million have already been disbursed by the bank. The remaining balance will be disbursed by December 2010.

These funds have contributed towards a capital structure suited to the investment projects needed to sustain Saraiva's growth.

CAPITAL MARKETS

The following indicators summarize the performance of Saraiva's shares in 1H10 as compared with 1H09. The share price, as well as the amount and volume of trades, registered significant progress in the comparison and reflect the liquidity increase of the shares issued by the Company.

Indicators*	1S10	1S09	Chg.
Number of trades ¹	9.940	7.323	35,7%
Participation in trading sessions ¹	100,0	100,0	-
Quantity traded - thousand shares ¹	5.653	7.749	-27,0%
Volume trades - R\$ thousand ¹	206.274	137.791	49,7%
Share Price - R\$ ¹	37,30	22,98	62,3%
Total shares outstanding - thousand	28.346	28.230	0,4%
Market Value - R\$ milion	1.057,3	648,7	63,0%

Source: BM&F Bovespa

(1) Referring to preferred shares (SLED4)

(*) Not reviewed by independent auditors

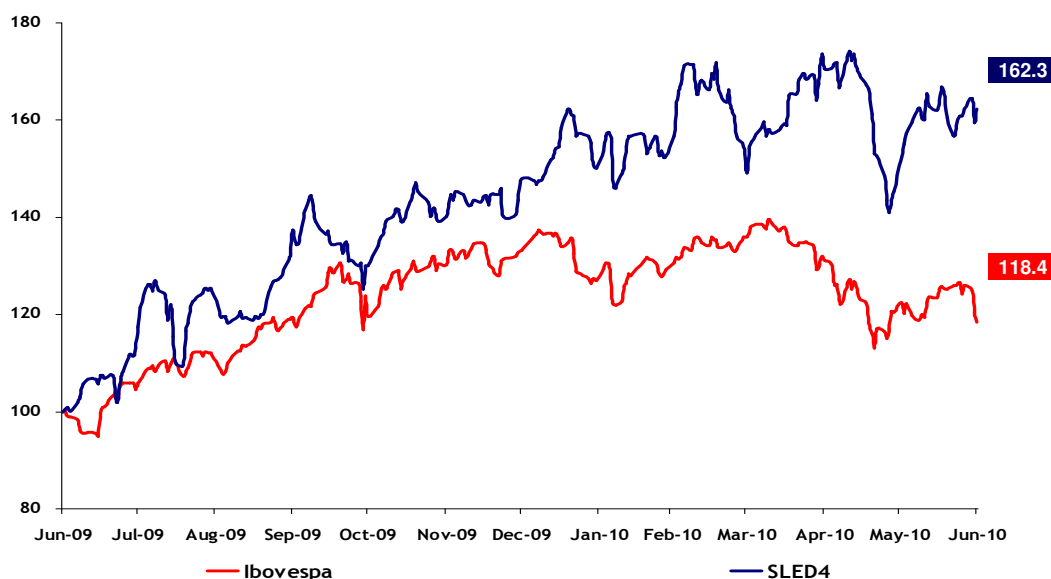
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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Saraiva's preferred shares (SLED 4), over the past 12 months, appreciated 62.3%. In the same period, Ibovespa appreciated 18.4%. On 06/30/10, Saraiva's market value was R\$ 1.1 billion.

SLED4 versus Ibovespa
From (basis 100) 06/30/2009 to 06/30/2010



SUBSEQUENT EVENT

On August 10, 2010, Editora negotiated with the National Education Development Fund (known locally as FNDE) the terms of the contract to supply textbooks for the school year of 2011, including new choices and replacements. The total amount negotiated reached R\$ 130.0 million. Saraiva's market share for the adoption of books for Elementary students from 6th to 9th grade under the National Textbook Program (PNLD 2011) reached approximately 17.0% - without considering the new foreign language textbook choices, which represents a growth of around 4.0 basis points as compared with the adoption of books for the same teaching levels under PNLD 2008. The contract under the scope of PNLD 2011 should be executed in September 2010 and the sales are expected to take place by December 2010.

In July 2010, Livraria opened a new Mega Store in the city of Belém, Pará state. This is Saraiva's first store in the state of Pará and the second store in the north region. During the same period, the Siciliano store at the Uberlândia Shopping mall (Minas Gerais state) was reopened with an enhanced product mix and more leisure, entertainment and cultural options for the region's clients.

OUTLOOK

Editora will continue to invest in new businesses to enable it to sell contents in different formats and new media, such as the Teaching Systems Division and the Benvirá fiction and nonfiction imprints. Likewise, the Company continues determined to gain a greater market share in its traditional editorial lines.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

In 2Q10, Editora started to sell books in digital format and will continue searching for possible business opportunities in new media. Currently, Editora's e-book catalogue has approximately 160 titles available at the main e-commerce websites of the country.

At **Livraria**, the project to expand the physical store chain, scheduled for the 2009/2010 period is moving ahead as planned. Saraiva's next store will be opened in São Paulo at the Granja Viana Shopping mall.

The remodeling of Siciliano's stores are in the conclusion stage, and only six (6) remain to be adapted to Saraiva's standard by December 2010.

In the electronic retailing division, there are opportunities to expand the strategy to introduce new product categories that have relevant synergies to the current operation, which strengthens the scenario of sharp growth in the local e-commerce segment.

Saraiva.com was the first to introduce the sale and rental of movies through the internet in May 2009 and, in June 2010, made its debut selling e-books through the internet. The Company's digital initiatives are aimed at offering a better shopping experience to customers who wish to use the new technologies to read content traditionally sold on printed media. Despite the sales of the so-called e-book being marginal for Livraria in the short and medium term, the Company's expectation is to lead this movement in Brazil, by offering an extensive local and international catalogue of digital books in order to gain a part of the revenue that will be subtracted from the sale of conventional books due to this new reading mode.

In July 2010, Livraria opened a new Mega Store in the city of Belem, Pará state. This is the first Saraiva store in the state of Pará and the second store in the northern region. During the same period, the Siciliano store in the Uberlândia Shopping mall (Minas Gerais state) was reopened with an enhanced product mix and more leisure, entertainment and culture options for the customers of the region.

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

FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 03/31/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

Corporate Law

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

09.01- INVESTMENTS IN SUBSIDIARIES AND/OR AFFILIATES

01 - ITEM 01	2 - SUBSIDIARY'S/AFFILIATE'S NAME SARAIVA E SICILIANO S.A.	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 61.365.284/0001-04	4 - Classification Non-public subsidiary	5 - Equity interest in investee 99.98%	6 - Investor's shareholders' equity 70.44%
7 - Company Commercial, industrial and other	8 - Number of shares held in the current quarter (in thousands) 193,013			9 - Number of shares held in the prior quarter (in thousands) 193,03,725	

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Additional Requirements for Level 2 of Corporate Governance Practices

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

OWNERSHIP POSITION OF SHAREHOLDERS WITH MORE THAN 5% OF SHARES OF EACH TYPE AND CLASS, INCLUDING INDIVIDUALS						
Company: SARAIVA S.A. LIVREIROS EDITORES					Position as of 07/31/2010 (in thousands of shares)	
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Jorge Eduardo Saraiva	4,521	47.00	30	0.16	4,551	15.91
Olga Maria Barbosa Saraiva	1,131	11.75	-	-	1,131	3.96
Maria Sylvia Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Eugênia Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Henriqueta Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Cecília Saraiva M. Gonçalves	494	5.13	13	0.07	507	1.77
Ernesto Zarzur	483	5.02	-	-	483	1.69
HSBC (i)						
The Master Trust Bank of Japan Ltd.	-	0.00	2,089	11.01	2,089	7.31
HSBC GL Invest Funds Brazil Equity	-	0.00	1,644	8.66	1,644	5.75
HSBC GL Invest Fund Lat Amer Equity	-	0.00	112	0.59	112	0.39
Trust A C S B L T H B N MO FD	-	0.00	82	0.43	82	0.29
HSBC Priv Bank World Funds PLC	-	0.00	8	0.04	8	0.03
Subtotal	-	0.00	3,935	20.73	3,935	13.77
PROFESSIONAL INVESTOR (i)						
Fundo Inv rm Ações IP Seleção	-	0.00	886	4.67	886	3.10
Hatteras LLC	1	0.01	522	2.75	523	1.83
IP Part FDO de Inv em Ações	4	0.04	499	2.63	503	1.76
Bransfield LLC	-	0.00	224	1.18	224	0.78
IP Part Institucional Master FIA	-	0.00	100	0.53	100	0.35
IP Value Hedge FIA	-	0.00	53	0.28	53	0.19
subtotal	5	0.05	2,284	12.04	2,289	8.01
AMUNDI FUNDS	-	0.00	1,814	9.56	1,814	6.34
Itaú (i)						
Itau Gov Corp Ações Fundo Inv	-	0.00	313	1.65	313	1.09
Itau Valor Ações Fundo Inv	-	0.00	244	1.29	244	0.85
Itau Seleção Ações Fundo Inv	-	0.00	216	1.14	216	0.76
Itau Momento Ações Fundo Inv	-	0.00	209	1.10	209	0.73
Small Cap Val IB Fundo Inv Ações	-	0.00	76	0.40	76	0.27
Itau Gov Corp Ações FI Genova	-	0.00	61	0.32	61	0.21
Itau FL Valor Ações Fundo Inv	-	0.00	52	0.27	52	0.18
Itau Fenix Ações FI	-	0.00	43	0.23	43	0.15
Itau Celi Ações Fundo de Inv	-	0.00	29	0.15	29	0.10
Itau Val Ações Alav Fundo Inv	-	0.00	24	0.13	24	0.08
Banco Itau Europa S.A. Londres	-	0.00	17	0.09	17	0.06
Fondo Mutuo Itau Small Cap BR	-	0.00	9	0.05	9	0.03
Goal ACC Latin BCO Itau S	-	0.00	2	0.01	2	0.01
Subtotal	-	0.00	1,295	6.83	1,295	4.52

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

ABERDEEN						
ABERDEEN G E Mark SM Comp Fund	-	0.00	493	2.60	493	1.72
ABERDEEN GL Lat Amer EQ Fund	-	0.00	275	1.45	275	0.96
Credit S Secur Europe Limited	-	0.00	270	1.42	270	0.94
Subtotal	-	0.00	1,038	5.47	1,038	3.62
Treasury shares	-	0.00	251	1.32	251	0.88
Others	1,506	15.66	8,314	43.82	9,820	34.34
Total	9,622	100.00	18,974	100.00	28,596	100.00

(i) *Investment fund.***2. Position of controlling shareholders, management and outstanding shares**

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 07/31/2010						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	13,507	0.07	663,163	2.32
Executive Board	-	0.00	181,592	0.96	181,592	0.64
Fiscal Council (ii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	250,550	1.32	250,550	0.88
Other shareholders	4,452,083	46.27	18,498,135	97.49	22,950,218	80.27
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,498,135	97.49	22,950,218	80.27

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 07/31/2009 (prior 12 months)						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	21,507	0.11	671,163	2.35
Executive Board	-	0.00	161,892	0.85	161,892	0.57
Fiscal Council (ii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	365,750	1.93	365,750	1.28
Other shareholders	4,452,083	46.27	18,394,635	96.95	22,846,718	79.88
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,394,635	96.95	22,846,718	79.88

(ii) *The Company does not have a Fiscal Council.*

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01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

21.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT - UNQUALIFIED

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

1. We have reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores ("Editora"), for the quarter ended June 30, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on August 13, 2010, are being restated as required by CVM Resolution 603/09 (as amended by CVM Resolution 656/11) to incorporate the effects of the adoption of the new pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), effective for 2010. The effects of the adoption of these standards are presented in note 5 to the interim financial statements.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

5. We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the quarter ended June 30, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.
6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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01.01 - IDENTIFICATION

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

Subsidiary: SARAIVA E SICILIANO S.A.

22.01- STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.01	Gross revenue from sales and/or services	266,606	603,803	217,190	476,329
3.02	Deductions	(18,642)	(38,727)	(13,567)	(28,757)
3.03	Net revenue from sales and/or services	247,964	565,076	203,623	447,572
3.04	Cost of products and/or services	(163,624)	(375,235)	(128,812)	(286,152)
3.05	Gross profit	84,340	189,841	74,811	161,420
3.06	Operating (expenses) income	(90,717)	(184,121)	(80,595)	(158,638)
3.06.01	Selling expenses	(65,658)	(135,507)	(59,593)	(119,374)
3.06.02	General and administrative expenses	(15,586)	(29,551)	(15,720)	(28,951)
3.06.02.01	Administration	(1,030)	(2,259)	(1,192)	(1,937)
3.06.02.02	Other	(14,556)	(27,292)	(14,528)	(27,014)
3.06.03	Financial	(5,605)	(10,673)	(2,836)	(5,969)
3.06.03.01	Financial income	165	330	243	441
3.06.03.02	Financial expenses	(5,770)	(11,003)	(3,079)	(6,410)
3.06.04	Other operating income	1,703	2,595	1,467	2,971
3.06.05	Other operating expenses	(5,771)	(10,985)	(3,913)	(7,315)
3.06.05.01	Depreciation and amortization	(5,506)	(10,577)	(3,839)	(6,920)
3.06.05.02	Other	(265)	(408)	(74)	(395)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	(6,577)	5,720	(5,784)	2,782
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(6,577)	5,720	(5,784)	2,782
3.10	Provision for income and social contribution taxes	-	-	-	(889)

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01.01 - IDENTIFICATION

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01047-2	SARAIVA S.A. LIVREIROS EDITORES	60.500.139/0001-26

Subsidiary: SARAIVA E SICILIANO S.A.

22.01- STATEMENT OF INCOME (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - 04/01/2010 to 06/30/2010	4 - 01/01/2010 to 06/30/2010	5 - 04/01/2009 to 06/30/2009	6 - 01/01/2009 to 06/30/2009
3.11	Deferred income tax	2.197	(2.002)	1,891	(1,079)
3.12	Profit sharing/contributions	-	-	-	-
3.12.01	Profit sharing	-	-	-	-
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	-	-
3.15	Net income (loss)	(4,308)	3,718	(3,893)	814
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	193,053	193,053	193,053	193,053
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.01926	-	0.00422
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.02269)	-	(0.02017)	-

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22.01 - PERFORMANCE REPORT OF THE SUBSIDIARY/AFFILIATE

Subsidiary/Affiliate: SARAIVA E SICILIANO S.A.

SEE ITEM 12.01 - COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER.