

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

Saraiva S.A.
Livreiros Editores

*Interim Financial Statements for the
Three-month and Nine-month Periods
Ended September 30, 2004 and
Independent Accountants' Review Report*

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

1. We have performed a special review of the accompanying interim financial statements of Saraiva S.A. Livreiros Editores and subsidiary (Company and Consolidated), consisting of the balance sheets as of September 30, 2004, and the related statements of operations for the three-month and six-month periods then ended and the performance report, all expressed in Brazilian reais, prepared in accordance with accounting practices adopted in Brazil under the responsibility of the Company's management.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, and (b) review of the information and subsequent events that have or might have had material effects on the financial position and results of operations of the Company and its subsidiary.
3. Based on our special review, we are not aware of any material modifications that should be made to the financial statements referred to in paragraph 1 for them to be in conformity with accounting practices adopted in Brazil and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.
4. We had previously reviewed the Company and consolidated balance sheets as of June 30, 2004, presented for comparative purposes, and issued an unqualified special review report thereon, dated August 12, 2004. The Company and consolidated statements of operations for the three-month and nine-month periods ended September 30, 2003, presented for comparative purposes, were reviewed by other independent auditors whose special review report thereon, dated November 13, 2003, was unqualified.
5. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, November 12, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marco Antonio Brandão Simurro
Engagement Partner

(Tentative and preliminary. Only for discussion.)

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**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2004
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

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

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS Av. Marquês de São Vicente n. 1697		2 - SUBURB OR DISTRICT Barra Funda		
3 - POSTAL CODE 01139-904	4 - MUNICIPALITY São Paulo		5 - STATE SP	
6 - AREA CODE 011	7 - TELEPHONE 3611-3344	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 011	12 - FAX 3611-3308	13 - FAX -	14 - FAX -	
15 - E-MAIL http://www.editorasaraiva.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

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

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2004	12/31/2004	3	07/01/2004	09/30/2004	2	04/01/2004	06/30/2004
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - PARTNER RESPONSIBLE Marco Antonio Brandão Simurro					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 755.400.708-44		

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01.05 - CAPITAL COMPOSITION

NUMBER OF SHARES (THOUSAND)	1 - CURRENT QUARTER 09/30/2004	2 - PRIOR QUARTER 06/30/2004	3 - SAME QUARTER IN PRIOR YEAR 09/30/2003
Paid-up Capital			
1 - Common	9,622	9,622	9,622
2 - Preferred	13,647	13,647	13,647
3 - Total	23,269	23,269	23,269
Treasury Shares			
4 - Common	0	0	0
5 - Preferred	333	333	333
6 - Total	333	333	333

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial and Other Company
2 - SITUATION Operational
3 - NATURE OF OWNERSHIP National Private
4 - ACTIVITY CODE 110 - Graphics, Editors
5 - MAIN ACTIVITY Publishing and printing books
6 - TYPE OF CONSOLIDATION Total
7 - TYPE OF REPORT OF INDEPENDENT ACCOUNTANT Unqualified

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME
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01.08 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - INCOME	5 - BEGINNING OF THE PAYMENT	6 - SHARE TYPE	7 - INCOME PER SHARE
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**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
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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 reais)	4 - AMOUNT OF THE ALTERATION (In thousands of reais)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (Thousands)	7 - SHARE PRICE ON ISSUE DATE (Reais)
01	04/29/2004	41,977	2,256	Profit Reserve	0	0.0000000000

01.10 - INVESTORS RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
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02.01 - BALANCE SHEET - ASSETS (In thousands of Brazilian reais)

Code	Description	09/30/2004	06/30/2004
1	Total assets	183,418	172,664
1.01	Current assets	104,812	92,550
1.01.01	Cash and cash equivalents	431	325
1.01.01.01	Cash and banks	431	325
1.01.01.02	Financial applications	0	0
1.01.02	Credits	24,572	22,899
1.01.02.01	Clients	18,442	20,746
1.01.02.02	Dividends receivable from subsidiary	0	0
1.01.02.03	Taxes recoverable	4,599	1,669
1.01.02.05	Others	1,531	484
1.01.03	Inventory	71,647	62,625
1.01.03.01	Finished products	35,661	29,172
1.01.03.02	Merchandise for resale	3	3
1.01.03.03	Products in production	18,749	13,814
1.01.03.04	Raw materials	16,793	19,164
1.01.03.05	Packaging and consumable materials	441	472
1.01.04	Others	8,162	6,701
1.01.04.01	Deferred expenses	8,162	6,701
1.02	Long-term assets	2,059	1,533
1.02	Miscellaneous credits	0	0
1.02.02	Credits with Associates	0	278
1.02.02.01	With Affiliates	0	0
1.02.02.02	With Subsidiaries	0	278
1.02.02.03	With other associates	0	0
1.02.03	Others	2,059	1,255
1.02.03.01	Deposits for tax incentives	0	0
1.02.03.02	Judicial deposits	1,530	205
1.02.03.03	Deferred income tax and social contr.	483	470
1.02.03.04	Dep. linked account - company acquisition	0	533
1.02.03.05	Others	46	47
1.03	Permanent assets	76,547	78,581
1.03.01	Investments	46,551	47,640
1.03.01.01	Interest in affiliates	0	0
1.03.01.02	Interest in subsidiaries	46,143	47,232
1.03.01.02.01	Livraria e Papelaria Saraiva S.A	46,143	47,232
1.03.01.02.02	Formato Editorial Ltda.	0	0
1.03.01.03	Other investments	408	408
1.03.01.03.01	Tax incentives	352	352
1.03.01.03.02	Others	56	56
1.03.02	Permanent investments	26,463	26,813
1.03.02.01	Land	2,029	2,029
1.03.02.02	Buildings and constructions	5,228	5,301
1.03.02.03	Furniture, fixtures and installations	4,005	4,346
1.03.02.04	Vehicles	1,599	868
1.03.02.05	Machinery and equipment	3,764	3,922

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

Code	Description	09/30/2004	06/30/2004
1.03.02.06	Software and computer equipment	9,238	9,747
1.03.02.07	Other permanent investments	600	600
1.03.03	Deferred	3,533	4,128
1.03.03.01	Unamortized goodwill	2,282	2,786
1.03.03.02	Others	1,251	1,342

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

Code	Description	09/30/2004	06/30/2004
2	Total liabilities	183,418	172,664
2.01	Current liabilities	69,242	55,033
2.01.01	Loans and financing	30,324	24,236
2.01.02	Debentures	0	0
2.01.03	Suppliers	28,915	19,890
2.01.04	Taxes, fees and contributions	1,416	1,348
2.01.04.01	Income tax	0	0
2.01.04.02	Social contribution	0	0
2.01.04.03	Taxes and social burdens	1,416	1,348
2.01.05	Payable dividends	0	0
2.01.06	Provisions	4,749	7,558
2.01.06.01	Provision for vacation and burdens	3,080	2,644
2.01.06.02	Income tax provision	0	2,801
2.01.06.03	Social contribution provision	0	427
2.01.06.04	Management interest	590	1,275
2.01.06.05	Provision for holiday bonus and burdens	1,079	411
2.01.07	Debts with associates	0	0
2.01.08	Others	3,838	2,001
2.01.08.01	Accounts and expenses payable	1,192	429
2.01.08.02	Royalties payable	0	1,313
2.01.08.03	Equity capital interest	17	17
2.01.08.04	Management interest payable	0	0
2.01.08.05	Losses in derivatives transactions	2,629	242
2.01.08.06	Acquisition of subsidiary	0	0
2.02	Long-term liabilities	18,833	11,119
2.02.01	Loans and financing	7,339	8,150
2.02.02	Debentures	0	0
2.02.03	Provisions	6,494	2,436
2.02.03.01	Contributions and taxes	6,494	2,436
2.02.04	Debts with associates	0	0
2.02.04.01	Subsidiary	0	0
2.02.05	Others	0	533
2.03	Deferred income	0	0
2.05	Shareholders' equity	100,343	106,512
2.05.01	Paid-in capital	41,977	41,977
2.05.02	Capital reserves	13,947	13,947
2.05.02.01	Tax incentive reserve	4,427	4,427
2.05.02.02	Investors' goodwill reserve	8,653	8,653
2.05.02.03	Working capital reserve	724	724
2.05.02.04	Others	143	143
2.05.03	Revaluation reserves	0	0
2.05.03.01	Owned assets	0	0
2.05.03.02	Subsidiaries/affiliates	0	0
2.05.04	Revenue reserves	37,871	37,871
2.05.04.01	Legal reserve	6,980	6,980

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BRAZILIAN SECURITIES COMMISSION (CVM)
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02.02 - BALANCE SHEET - LIABILITIES (In thousands of Brazilian reais)

Code	Description	09/30/2004	06/30/2004
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Contingency reserve	0	0
2.05.04.04	Unrealized revenue reserve	0	0
2.05.04.05	Retention of earnings	0	0
2.05.04.06	Special reserve for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	30,891	30,891
2.05.04.07.01	Reserve for capital increase	33,761	33,761
2.05.04.07.02	Treasury stock	(2,870)	(2,870)
2.05.05	Retained earnings/losses	6,548	12,717

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**FEDERAL PUBLIC MENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
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03.01 - STATEMENT OF OPERATIONS (In thousands of Brazilian reais)

Code	Description	3-07/01/2004 to 09/30/2004	4-01/01/2004 to 09/30/2004	5-07/01/2003 to 09/30/2003	6-01/01/2003 to 09/30/2003
3.01	Gross revenue from sales and/or services	21,454	153,982	21,935	134,302
3.02	Deductions from gross revenue	(1,985)	(11,868)	(1,021)	(6,250)
3.03	Net revenue from sales and/or services	19,469	142,114	20,914	128,052
3.04	Cost of goods and/or services sold	(4,853)	(40,195)	(6,313)	(31,350)
3.05	Gross income	14,616	101,919	14,601	96,702
3.06	Operating expense/revenue	(24,062)	(91,049)	(24,794)	(81,948)
3.06.01	Selling expenses	(9,770)	(45,458)	(10,125)	(43,401)
3.06.02	General and administrative expenses	(9,824)	(31,229)	(9,317)	(28,172)
3.06.02.01	Management fees	(811)	(2,748)	(661)	(1,984)
3.06.02.02	Others	(9,013)	(28,481)	(8,656)	(26,188)
3.06.03	Financial	(1,486)	(5,168)	(3,006)	(2,595)
3.06.03.01	Financial revenue	(48)	868	236	954
3.06.03.02	Financial expenses	(1,438)	(6,036)	(3,242)	(3,549)
3.06.04	Other operating revenue	63	166	38	306
3.06.05	Other operating expenses	(1,956)	(6,070)	(1,779)	(5,515)
3.06.05.01	Depreciation and amortization	(1,945)	(6,002)	(1,767)	(5,413)
3.06.05.02	Others	(11)	(68)	(12)	(102)
3.06.06	Equity in subsidiary's income	(1,089)	(3,290)	(605)	(2,571)
3.07	Operating income	(9,446)	10,870	(10,193)	14,754
3.08	Non-operating income	8	(90)	(135)	70
3.08.01	Revenue	0	0	(135)	70
3.08.02	Expenses	8	(90)	0	0
3.09	Earnings before taxes/interest	(9,438)	10,780	(10,328)	14,824
3.10	Provision for income tax and social cont.	6,589	(912)	3,034	(6,478)
3.11	Deferred income tax	(4,005)	(3,967)	91	578

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FEDERAL PUBLIC MENT SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

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03.01 - STATEMENT OF OPERATIONS (In thousands of reais)

Code	Description	3-07/01/2004 to 09/30/2004	4-01/01/2004 to 09/30/2004	5-07/01/2003 to 09/30/2003	6-01/01/2003 to 09/30/2003
3.12	Statutory interest/contributions	685	(590)	431	(892)
3.12.01	Interest	685	(590)	431	(892)
3.12.01.01	Management interest	685	(590)	431	(892)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of equity capital interest	0	0	0	0
3.15	Profit/loss for the period	(6,169)	5,311	(6,772)	8,032
	NUMBER OF SHARES, EX-TREASURY (THOUSAND)	22,936	22,936	22,936	22,936
	EARNINGS PER SHARE		0,23156		0,35019
	LOSS PER SHARE	(0,26897)		(0,29526)	

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FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
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09/30/2004

010470-2 SARAIVA S.A. LIVREIROS E EDITORES

60.500.139/0001-26

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

In thousands of Brazilian reais

1. Operations

Saraiva S.A. Livresiros Editores (the "Company") is engaged in the publication of elementary and high school textbooks, supplementary textbooks, legal textbooks and economics/management textbooks.

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

2. Presentation of interim financial statements

The accompanying interim financial statements have been prepared in accordance with accounting practices adopted in Brazil and standards established by the Brazilian Securities Commission (CVM).

Description of significant accounting practices is as follows:

a) Accounting estimates

Reviewed periodically and reflect management's best judgment as to the adequate amount to be recorded in the financial statements. Actual results may differ from those estimates.

b) Current and noncurrent assets

• **Temporary cash investments**

Stated at cost plus accrual income earned through the balance sheet date, which does not exceed market value.

• **Allowance for doubtful accounts**

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

• **Inventories**

Stated at average acquisition or production cost, which does not exceed market value.

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- **Other assets**

Stated at net realizable value.

c) Permanent assets

- **Investments**

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

- **Property, plant and equipment**

Recorded at acquisition or construction cost. Depreciation is computed under the straight-line method based on the useful lives of the assets.

- **Deferred charges**

Stated at cost and refers to unamortized goodwill and preoperating expenses associated with commercial assignment and expenses incurred prior to the start-up of new stores. Preoperating expenses are amortized over five years or over the terms of the lease contracts, beginning upon the start-up of new stores.

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

d) Current and long-term liabilities

- **Copyrights**

Recognized when sales are made and, in some cases, when publication rights are acquired. In the first case, copyrights are considered selling expenses and, in the second case, production cost.

- **Other**

Stated at known or estimated amounts plus charges, monetary and/or exchange variations incurred through the balance sheet date, if applicable.

e) Provision for taxes

Recognized based on the best estimates of the risk involved.

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

f) Income and social contribution taxes

Taxes on net income (loss) include current and deferred amounts.

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

Deferred income and social contribution taxes are recorded in noncurrent assets and long-term liabilities, as stated in Note 11, to reflect future tax effects on temporary differences between the reported amounts of assets and liabilities and their tax bases, and tax loss carryforwards.

Deferred tax assets are: (a) based on expected future taxable income at the tax rates in effect at yearend; (b) reviewed and adjusted annually in the event there is any substantial change in expected profits; and (c) recorded in the financial statements according to the terms of CVM Instruction No. 371 of June 27, 2002.

3. Consolidated financial statements

The consolidated financial statements include the accounts of the Company and its subsidiary, as follows:

	<u>Ownership - %</u>
	2004
Livraria e Papelaria Saraiva S.A.	99.91

The consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and standards established by the CVM, which comprise:

- Elimination of intercompany balances and transactions.
- Elimination of the Company's investment against subsidiary's shareholders' equity.
- Minority interest in shareholders' equity and net loss of the subsidiary is reported separately in the balance sheets and statements of operations, respectively.

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010470-2 SARAIVA S.A. LIVREIROS E EDITORES **60.500.139/0001-26**

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. Trade accounts receivable

	<u>Company</u>	<u>Consolidated</u>
Trade accounts receivable	16,279	14,704
Credit cards	145	13,981
Checks receivable	3,182	4,339
Allowance for doubtful accounts	<u>(1,164)</u>	<u>(1,499)</u>
	<u>18,442</u>	<u>31,525</u>

5. Inventories

	<u>Company</u>	<u>Consolidated</u>
Finished products	35,661	35,661
Products for resale	3	39,293
Work in process	18,749	18,749
Raw materials	16,793	16,793
Packing and consumption materials	<u>441</u>	<u>820</u>
	<u>71,647</u>	<u>111,316</u>

6. Investments

	<u>Company</u>	<u>Consolidated</u>
Investment in subsidiary	46,143	-
Other investments	1,810	2,480
Valuation allowance	<u>(1,402)</u>	<u>(1,937)</u>
	<u>46,551</u>	<u>543</u>

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The investment in subsidiary refers to the equity interest in Livraria e Papelaria Saraiva S.A., as detailed below:

	<u>Livraria e Papelaria Saraiva S.A.</u>
Number of shares - thousands	57,540
Number of shares held - thousands	57,490
Ownership - %	99.91
Capital - R\$	51,210
Shareholders' equity - R\$	46,183
Investment - R\$	<u>46,143</u>
Net loss, calculation basis for equity in subsidiary	<u>(3,293)</u>
Equity in subsidiary	<u>(3,290)</u>

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04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

LIVRARIA E PAPELARIA SARAIVA S.A.

BALANCE SHEET AS OF SEPTEMBER 30, 2004

(In thousands of Brazilian reais - R\$)

ASSETS	97,966	LIABILITIES AND SHAREHOLDERS' EQUITY	97,966
CURRENT ASSETS	57,133	CURRENT LIABILITIES	29,541
Cash and banks	1,309	Loans and financing	3,086
Temporary cash investments	-	Trade accounts payable	19,673
Trade accounts receivable	14,786	Income and social contribution taxes	2,101
Inventories	39,668	Other payables	4,681
Recoverable taxes	1,200		
Other receivables	51		
Prepaid expenses	119		
		LONG-TERM LIABILITIES	22,242
NONCURRENT ASSETS	18,371	Loans and financing	18,072
Deferred income and social contribution taxes	9,503	Provision for taxes	4,009
Other receivables	8,868	Other	161
PERMANENT ASSETS	22,462	SHAREHOLDERS' EQUITY	46,183
Investments	135	Capital	51,210
Property, plant and equipment	18,859	Capital reserves	2,190
Deferred charges	3,468	Accumulated deficit	(7,217)

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7. Property, plant and equipment

	Annual depreciation rate - %	Company		
		Cost	Depreciation	Net
Buildings	4	8,212	(2,984)	5,228
Machinery and equipment	10	14,977	(11,213)	3,764
Furniture, fixtures and installations	10	21,847	(18,002)	3,845
Vehicles	20	3,186	(1,587)	1,599
Software and IT equipment	20	23,933	(14,695)	9,238
Land	-	2,029	-	2,029
Property, plant and equipment in progress	-	160	-	160
Other	-	600	-	600
		<u>74,944</u>	<u>(48,481)</u>	<u>26,463</u>

	Annual depreciation rate - %	Consolidated		
		Cost	Depreciation	Net
Buildings	4	10,108	(3,702)	6,406
Machinery and equipment	10	15,288	(11,442)	3,846
Furniture, fixtures and installations	10	67,204	(50,723)	16,481
Vehicles	20	3,343	(1,674)	1,669
Software and IT equipment	20	38,569	(25,189)	13,380
Land	-	2,032	-	2,032
Property, plant and equipment in progress	-	273	-	273
Other	-	1,235	-	1,235
		<u>138,052</u>	<u>(92,730)</u>	<u>45,322</u>

8. Deferred charges

	Company	Consolidated
Preoperating expenses and other deferred charges	2,691	25,404
Goodwill	10,066	10,066
Accumulated amortization	<u>(9,224)</u>	<u>(28,469)</u>
	<u>3,533</u>	<u>7,001</u>

On February 3, 2004, the Company transferred to deferred charges the amount of R\$2,135 of goodwill from the acquisition of the subsidiary Formato Editorial Ltda. on August 26, 2003. This goodwill is being amortized under the straight-line method in 60 monthly installments beginning March 2004.

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04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

9. Loans and financing

	Company	Consolidated
Current:		
Loans:		
Bank overdraft facilities	2,678	2,678
Resolution No. 2,770	<u>19,871</u>	<u>19,871</u>
	22,549	22,549
Financing:		
In local currency-		
BNDES - FINEM	988	4,074
In foreign currency-		
International Finance Corporation - IFC	<u>6,787</u>	<u>6,787</u>
	<u>7,775</u>	<u>10,861</u>
	<u>30,324</u>	<u>33,410</u>
Long term:		
Financing:		
In local currency-		
BNDES - FINEM	742	4,751
In foreign currency-		
International Finance Corporation - IFC	<u>6,597</u>	<u>6,597</u>
	<u>7,339</u>	<u>11,348</u>

BACEN - Central Bank of Brazil

BNDES - National Economic and Social Development Bank

FINEM - Business Financing

Loans represented by bank overdraft facilities are subject to financial charges based on the variation of CDI (interbank deposit rate).

The loans obtained under BACEN Resolution No. 2,770 represent the onlending of funds raised abroad. Annual interest is added to the principal, which is also updated according to US dollar exchange rate variation. The loans are linked to interest rate swap operations equivalent to the CDI (Note 14), and are backed by promissory notes.

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Financing from the BNDES - FINEM is collateralized by mortgage and bears interest of 3.5% per year plus TJLP (long-term interest rate). Financing obtained by the subsidiary Livraria e Papelaria Saraiva S.A. from the BNDES - FINEM is 100% guaranteed by the Company and bears interest of 3% to 3.5%, plus TJLP. With respect to the financing obtained by the Company, pursuant to the contract amendment made on July 29, 2002, the use and grace periods of the remaining subcredits were extended, and additional covenants were included, such as the Company may not reduce capital; may not participate in merger, spin-off or consolidation processes; and may not encumber or sell its permanent assets without prior authorization of the BNDES.

Financing from the IFC is subject to U.S. dollar variation and interest of 3% per year above LIBOR. The agreement is not secured by any collateral and, until the financing is fully repaid, the Company must maintain the current ownership interest in Livraria e Papelaria Saraiva S.A. and the controlling shareholders must together hold at least 50% of the Company's common shares with voting rights. The agreement also requires compliance with performance indicators related to: (a) current ratio; (b) indebtedness ratio; and (c) interest coverage ratio. In the period, the Company complied with the performance indicators established in the agreement.

Financing from the BNDES - FINEM has used for the acquisition and implementation an integrated business management system (ERP) and to build a distribution center. Financing obtained by the Company from the IFC and financing obtained by the subsidiary from the BNDES - FINEM was used for investment in megastores and modernization of the subsidiary's conventional stores.

10. Related-party transactions

Transactions with related parties include purchase and sale operations and loan agreements with Livraria e Papelaria Saraiva S.A., and were made under usual market conditions.

	<u>Livraria e Papelaria Saraiva S.A.</u>
Current assets-	
Accounts receivable	1,705
Current liabilities-	
Accounts payable	14
Sales of products	7,312
Purchases of products	7

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04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. Deferred income and social contribution taxes

Deferred Income and Social Contribution Taxes have the following origin:

	<u>Company</u>	<u>Consolidated</u>
Noncurrent assets:		
Tax loss carryforwards	-	4,692
Lawsuits - PIS/COFINS/"Plano Real"	<u>483</u>	<u>5,294</u>
	<u>483</u>	<u>9,986</u>
Long-term liabilities - under the caption "Taxes payable"-		
Inventory losses - tax incentive - Law No. 10,753/03	4,041	4,041
Deferral of accelerated depreciation incentive	121	121
Unamortized goodwill - article 7 of Law No. 9,532/97	<u>165</u>	<u>165</u>
	<u>4,327</u>	<u>4,327</u>

The Company, based on the opinion of its outside attorneys, considered the tax incentive established by Law No. 10,753/03 as a temporary difference between the tax basis and the respective book value, recognizing the tax effect in accordance with CVM Regulatory Instruction No. 371/02.

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

	<u>Company</u>	<u>Consolidated</u>
Income before taxes on income	10,780	9,187
Combined tax rate - %	34.00	34.00
Taxes computed at the combined tax rate	(3,665)	(3,124)
Permanent additions:		
Equity in loss of subsidiary	(1,119)	-
Nondeductible income (expenses)	(165)	(223)
Permanent exclusions:		
Other	53	53
Other items	<u>17</u>	<u>5</u>
	<u>(4,879)</u>	<u>(3,289)</u>

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	<u>Company</u>	<u>Consolidated</u>
Income and social contribution taxes:		
Current	(912)	(912)
Deferred	<u>(3,967)</u>	<u>(2,377)</u>
	<u>(4,879)</u>	<u>(3,289)</u>
Effective tax rate - %	<u>45.30</u>	<u>35.80</u>

CVM Instruction No. 371 of June 27, 2002

The Company and its subsidiary Livraria e Papelaria Saraiva S.A., based on: (a) the expectation of future taxable income and positive cash flows discounted to present value; and (b) actions being taken by the subsidiary's management to turn around the scenario of the losses incurred in the last three years, and therefore pursuant to CVM Instruction No. 371/02, maintained in their financial statements the deferred tax asset calculated on the long-term liability represented by lawsuits challenging Federal taxes and, in the subsidiary's case, also on tax loss carryforwards.

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

The subsidiary's deferred tax asset is expected to be realized within four years from the current year, as follows:

<u>Balance sheets as of</u>	<u>Realization of deferred tax asset</u>	<u>Deferred tax asset</u>
June 30, 2004	-	9,503
December 31, 2004 (six months)	2,496	7,007
December 31, 2005	2,481	4,526
December 31, 2006	1,374	3,152
December 31, 2007	1,792	1,360
December 31, 2008	1,360	-

12. Provision for taxes

The Company and its subsidiary Livraria e Papelaria Saraiva S.A. are challenging in court the legality of Federal taxes, such as PIS and COFINS (taxes on revenue), IR (income tax) and CSLL (social contribution tax).

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The residual contingent liability, included under the caption “Provision for taxes - long-term”, is composed of:

	<u>Company</u>	<u>Consolidated</u>
PIS/COFINS - expansion of tax basis and rate increase	176	9,026
IR/CSLL - “Plano Real” (economic plan) - Law No. 8,880/94	<u>1,991</u>	<u>11,213</u>
Total	<u>2,167</u>	<u>20,239</u>

13. Shareholders’ equity

A capital increase to R\$41,977 was approved at the Annual Extraordinary Shareholders’ Meeting on April 29, 2004, through the absorption of the profit reserve in the amount of R\$2,256, without any change in the number of shares.

Fully paid-up capital as of August 30, 2004 is R\$41,977, represented by 23,269,203 shares, of which 9,622,313 are common and 13,646,890 are preferred without par value. The Company is authorized to increase its capital by up to 10,000,000 shares through the issuance of new shares for subscription, regardless of amendment to bylaw.

Preferred shares cannot exceed 2/3 of total shares issued; are nonvoting, except in the circumstances specified by law or bylaws; are nonconvertible into common shares; and entitle their holders to: (a) special treatment in the event of sale of control of the Company, according to the terms of the bylaws; (b) dividends equal to those paid on common shares; and (c) share in the distribution of bonus shares resulting from capitalization of reserves, retained earnings and any other funds, under the same conditions as the holders of common shares.

Any change in preference, rights and advantages of preferred shares is subject to prior approval, or ratification for a nonextendible term of one year, of the holders of more than a half of these shares at a special meeting.

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

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

Treasury shares - CVM Instructions No. 10/80 and No. 298/97 (included under the caption “Profit reserves”)

According to bylaws, the Company is authorized to acquire 500,000 of its own preferred shares to be held in treasury.

In the period there was no share purchase transaction. Treasury shares as of September 30, 2004 total 332,500 with market value of R\$4,090,000 (R\$12.30 per share as of September 30, 2004).

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

14. Financial instruments

Derivatives

The Company enters into operations recorded in balance sheet accounts in order to meet its operating needs and hedge against risks of foreign currency and interest rate changes. The operations are conducted with sound financial institutions and managed by the finance area by setting position and exposure limits and monitoring the risks involved.

Derivatives operations conducted by the Company in the period were as follows:

- a) Foreign exchange hedge contract - noncash swap to hedge the amortization installments of financing with the International Finance Corporation - IFC. The operations were contracted in September 2003, January 2004 and August 2004, maturing in June 2004, December 2004 and June 2005, respectively. The involved asset was US\$3,650,000, and the net gain recorded in financial income was R\$402.

The amount subject to exchange variation corresponds to the two remaining installments of the agreement with the IFC falling due in December 2005 and June 2006, equivalent to US\$2,308,000 (R\$6,597).

- b) Interest rate swap agreements linked to loans obtained under BACEN Resolution No. 2,770 in 2003 and 2004. Financial expenses recorded in the period were R\$1,232, equivalent to the variation of CDI.

Other financial instruments

In accordance with CVM Resolution No. 235/95, the carrying amounts and fair values of the financial instruments recorded in the consolidated balance sheet as of August 30, 2004 are as follows:

	<u>Consolidated</u>	
	<u>Carrying amount</u>	<u>Market value</u>
Cash and banks	1,740	1,740
Loans and financing:		
Local currency	11,503	11,503
Foreign currency	33,255	33,255

04.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Criteria, assumptions and limitations used in calculating fair values

a) Cash and cash equivalents

Cash and cash equivalents are represented by unrestricted bank deposits.

b) Loans and financing

The carrying amounts of loans and financing correspond substantially to financing from the BNDES and IFC. The fair value of this financing is equal to the carrying amounts, since there are no similar instruments in the domestic market with comparable maturity and interest rates.

c) Limitations

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

15. Financial expenses

Financial expenses are comprised of:

	<u>Company</u>	<u>Consolidated</u>
Financial expenses - operations under BACEN Resolution No. 2,770	1,232	1,232
Financial expenses - exchange hedge	502	502
Interest, monetary and exchange variations on loans and financing	880	1,629
Other interest and monetary variation	2,270	2,869
CPMF (tax on bank transactions)	760	1,511
Other financial expenses	<u>392</u>	<u>813</u>
	<u>6,036</u>	<u>8,556</u>

16. Insurance

As of August 30, 2004, the Company and its subsidiary had insurance coverage against fire and sundry risks for fixed assets and inventories, in amounts considered sufficient to cover potential losses.

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05.01 - COMMENTS FOR THE INTERIM FINANCIAL STATEMENTS

See Comments on Consolidated Performance - 08/ITR.

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06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (In thousands of Brazilian reais)

Code	Description	09/30/2004	06/30/2004
1	Total assets	233,538	222,286
1.01	Current assets	160,242	147,927
1.01.01	Cash and cash equivalents	1,740	2,051
1.01.01.01	Cash and banks	1,740	2,051
1.01.01.02	Financial applications	0	0
1.01.02	Credits	38,905	34,237
1.01.02.01	Clients	31,525	30,421
1.01.02.02	Taxes recoverable	5,798	3,225
1.01.02.04	Others	1,582	591
1.01.03	Inventory	111,316	104,913
1.01.03.01	Finished products	74,954	71,085
1.01.03.02	Products in production	18,749	13,814
1.01.03.03	Raw materials	16,793	19,164
1.01.03.04	Packaging and consumable materials	820	850
1.01.04	Others	8,281	6,726
1.01.04.01	Deferred expenses	8,281	6,726
1.02	Long-term assets	20,430	19,101
1.02.01	Other Credits	0	0
1.02.02	Credits with Associates	0	0
1.02.02.01	With Affiliates	0	0
1.02.02.02	With Subsidiaries	0	0
1.02.02.03	With other associates	0	0
1.02.03	Others	20,430	19,101
1.02.03.01	Deposits for tax incentives	0	0
1.02.03.02	Judicial deposits	10,395	9,048
1.02.03.03	Deferred income tax and social contr.	9,986	9,471
1.02.03.04	Others	49	582
1.03	Permanent assets	52,866	55,258
1.03.01	Investments	543	543
1.03.01.01	Interest in affiliates	0	0
1.03.01.02	Interest in subsidiaries	0	0
1.03.01.02.01	Livraria e Papelaria Saraiva S.A	0	0
1.03.01.03	Other investments	543	543
1.03.01.03.01	Tax incentives	487	487
1.03.01.03.02	Others	56	56
1.03.02	Permanent investments	45,322	46,794
1.03.02.01	Land	2,032	2,032
1.03.02.02	Buildings and constructions	6,406	6,499
1.03.02.03	Furniture, fixtures and installations	16,754	17,862
1.03.02.04	Vehicles	1,669	945
1.03.02.05	Machinery and equipment	3,846	4,010
1.03.02.06	Software and computer equipment	13,380	14,211

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06.01 - CONSOLIDATED BALANCE SHEET - ASSETS (In thousands of Brazilian reais)

Code	Description	09/30/2004	06/30/2004
1.03.02.07	Other permanent investments	1,235	1,235
1.03.03	Deferred	7,001	7,921
1.03.03.01	Unamortized goodwill	2,282	2,786
1.03.03.02	Others	4,719	5,135

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

Code	Description	09/30/2004	06/30/2004
2	Total liabilities	233,538	222,286
2.01	Current liabilities	97,079	81,732
2.01.01	Loans and financing	33,410	27,511
2.01.02	Debentures	0	0
2.01.03	Suppliers	46,885	37,232
2.01.04	Taxes, fees and contributions	3,517	3,074
2.01.04.01	Income tax	0	0
2.01.04.02	Social contribution	0	0
2.01.04.03	Taxes and social burdens	3,517	3,074
2.01.05	Payable dividends	0	0
2.01.06	Provisions	6,864	9,638
2.01.06.01	Provision for vacation and burdens	4,603	4,502
2.01.06.02	Income tax provision	0	2,801
2.01.06.03	Social contribution provision	0	427
2.01.06.04	Management interest	590	1,275
2.01.06.05	Provision for holiday bonus and burdens	1,671	633
2.01.07	Debts with associates	0	0
2.01.08	Others	6,403	4,277
2.01.08.01	Accounts and expenses payable	2,173	1,264
2.01.08.02	Royalties payable	0	1,313
2.01.08.03	Equity capital interest	17	17
2.01.08.04	Management interest payable	0	0
2.01.08.05	Losses in derivatives transactions	2,629	242
2.01.08.06	Rents payable	1,584	1,441
2.01.08.07	Management interest	0	0
2.02	Long-term liabilities	36,076	34,001
2.02.01	Loans and financing	11,348	12,882
2.02.02	Debentures	0	0
2.02.03	Provisions	24,566	20,329
2.02.03.01	Contributions and taxes	24,566	20,329
2.02.04	Debts with associates	0	0
2.02.05	Others	162	790
2.03	Deferred income	0	0
2.04	Subsidiary	40	41
2.05	Shareholders' equity	100,343	106,512
2.05.01	Paid-in capital	41,977	41,977
2.05.01.01	Updated capital	41,977	41,977
2.05.02	Capital reserves	13,947	13,947
2.05.02.01	Tax incentive reserve	4,427	4,427
2.05.02.02	Investors' goodwill reserve	8,653	8,653
2.05.02.03	Working capital reserve	724	724
2.05.02.04	Others	143	143
2.05.03	Revaluation reserves	0	0
2.05.03.01	Owned assets	0	0
2.05.03.02	Subsidiaries/affiliates	0	0

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

Code	Description	09/30/2004	06/30/2004
2.05.04	Revenue reserves	37,871	37,871
2.05.04.01	Legal reserve	6,980	6,980
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Contingency reserve	0	0
2.05.04.04	Unrealized revenue reserve	0	0
2.05.04.05	Retention of earnings	0	0
2.05.04.06	Special reserve for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	30,891	30,891
2.05.04.07.01	Reserve for capital increase	33,761	33,761
2.05.04.07.02	Treasury stock	(2,870)	(2,870)
2.05.05	Retained earnings/losses	12,717	12,717

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

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

INTERIM FINANCIAL STATEMENTS (ITR)

COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

09/30/2004

010470-2 SARAIVA S.A. LIVREIROS E EDITORES

60.500.139/0001-26

01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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07.01 - CONSOLIDATED STATEMENT OF OPERATIONS (In thousands of Brazilian reais)

Code	Description	3-07/01/2004 to 09/30/2004	4-01/01/2004 to 09/30/2004	5-07/01/2003 to 09/30/2003	6-01/01/2003 to 09/30/2003
3.01	Gross revenue from sales and/or services	77,648	333,128	73,058	295,188
3.02	Deductions from gross revenue	(10,839)	(39,360)	(6,763)	(23,846)
3.03	Net revenue from sales and/or services	66,809	293,768	66,295	271,342
3.04	Cost of goods and/or services sold	(32,948)	(132,096)	(33,441)	(117,612)
3.05	Gross income	33,861	161,672	32,854	153,730
3.06	Operating expense/revenue	(43,794)	(152,385)	(43,184)	(139,952)
3.06.01	Selling expenses	(25,003)	(93,532)	(24,070)	(87,629)
3.06.02	General and administrative expenses	(13,319)	(41,009)	(12,235)	(37,643)
3.06.02.01	Management fees	(1,041)	(3,599)	(1,035)	(3,106)
3.06.02.02	Others	(12,278)	(37,410)	(11,200)	(34,537)
3.06.03	Financial	(2,217)	(7,568)	(3,810)	(5,256)
3.06.03.01	Financial revenue	(3)	988	299	1,116
3.06.03.02	Financial expenses	(2,214)	(8,556)	(4,109)	(6,372)
3.06.04	Other operating revenue	355	865	329	980
3.06.05	Other operating expenses	(3,610)	(11,141)	(3,398)	(10,404)
3.06.05.01	Depreciation and amortization	(3,471)	(10,683)	(3,353)	(10,245)
3.06.05.02	Others	(139)	(458)	(45)	(159)
3.06.06	Equity in subsidiary's income	0	0	0	0
3.07	Operating income	(9,933)	9,287	(10,330)	13,778
3.08	Non-operating income	(8)	(100)	(169)	(116)
3.08.01	Revenue	0	0	0	0

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

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

INTERIM FINANCIAL STATEMENTS (ITR)

COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

09/30/2004

01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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07.01 - CONSOLIDATED STATEMENT OF OPERATIONS (In thousands of reais)

Code	Description	3-07/01/2004 to 09/30/2004	4-01/01/2004 to 09/30/2004	5-07/01/2003 to 09/30/2004	6-01/01/2003 to 09/30/2003
3.08.02	Expenses	(8)	(100)	(169)	(116)
3.09	Earnings before taxes/interest	(9,941)	9,187	(10,499)	13,662
3.10	Provision for income tax and social cont.	6,589	(912)	2,961	(6,551)
3.11	Deferred income tax	(3,503)	(2,377)	334	1,810
3.12	Statutory interest/contributions	685	(590)	431	(892)
3.12.01	Interest	685	(590)	431	(892)
3.12.01.01	Management interest	685	(590)	431	(892)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of equity capital interest	0	0	0	0
3.14	Minority interest	1	3	1	3
3.15	Profit/loss for the period	(6,169)	5,311	(6,772)	8,032
	NUMBER OF SHARES, EX-TREASURY (THOUSAND)	22,936	22,936	22,936	22,936
	EARNINGS PER SHARE		0.23156		0.35019
	LOSS PER SHARE	(0.26897)		(0.29526)	

01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

The Company's operational and financial information refers to the first nine months of 2004 (9M04), unless otherwise indicated, and is consolidated and expressed in Brazilian reais, in conformity with Brazilian corporate law. All comparisons were made with the first nine months of 2003 (9M03), unless otherwise specified. Please note that, due to the strongly seasonal nature of the book publishing industry, an isolated analysis of the third quarter is little representative in relation to the year-to-date result.

HIGHLIGHTS AND OUTLOOK

The analysis of the main consolidated financial data for 9M04 indicates improvements in revenue from sales but decreases in profitability indicators. The main factors that account for the performance reduction in 9M04, and that at the same time justify the positive outlook from 2005 onwards, are as follows:

FACTOR	IMPACT ON 9M04	EVENT	OUTLOOK
PIS/COFINS (Taxes on revenue) rate	Increase in the Cofins rate from 3.0% to 7.6% effective Feb/04, resulting in a significant increase in tax burden. Total PIS/COFINS on sales changed to 9.25%	PIS/Cofins rates reduction to zero on the sale of technical and scientific books, according to Law No. 10,925/04 of July 26, 2004, whose application is pending issuance of regulations. *	Burden reduction on book production and sales, with possibly major benefits to Editora and Livraria's results and investment capacity
Financial income (expense)	Appreciation of the Brazilian real in 9M03 was 17.3%, resulting in significant reversal of exchange variation expense on long-term liabilities stated in US dollars and affecting the comparability with 9M04, when appreciation was 1.1%.	Reduction of consolidated indebtedness from R\$ 62.1 million at end of 9M03 to R\$ 45.6 million at end of 9M04. Of this total, liabilities subject to exchange variation were also reduced to US\$ 2.3 million.	Lower impact of financial expenses in net result and greater investment potential with third parties' capital in Saraiva Group companies.
Cash management	A R\$ 2.0 million impact arising from extraordinary headcount reduction payments and indemnities	Implementation of a cash management action plan for reducing costs and decreasing working capital requirements	Estimated consolidated savings of R\$ 4.1 million per year.
Textbook purchases by Government	Publicity investments for participation in the National Textbook Program (PNLD/05) and in the National High School Textbook Program (PNLEM/05)	Disclosure of official data on textbook sales: Saraiva in 3rd place in the PNLD/05 and 2nd place in the PNLEM/05	Editora's sales potential is reinforced not only by its continued participation in PNLD, but also by the 2nd place achieved in the PNLEM and the Government's intention to gradually meet the needs of all high school subjects and grades in the public school system.
Economic activity	Economic downturn scenario at the beginning of the year, with a gradual improvement over the course of the year.	Main indicators of the economic reactivation indicate economic growth	The economic growth scenario favors the publishing market's outlook, and especially Saraiva's retail activity

* Issuance of regulations depends on the release of joint standards by the Ministry of Education and the Federal Revenue Service (SRF).

01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Revenue - Consolidated gross revenue totaled R\$ 333.1 million, representing growth of 12.9% in relation to 9M03, while net revenue increased only 8.3%, due to the increase in the Cofins (tax on revenue) rate, effective since February 2004. The increase in textbook sales to the Government and the higher revenue from on-line retail sales were crucial for this performance;

EBITDA - Consolidated gross cash flow (EBITDA) reached R\$ 27.5 million in 9M04, down 5.9% from R\$ 29.3 million for the same period of 2003. The EBITDA margin was 9.4%, compared to 10.8% in 9M03. This result reflects the impact of the Cofins tax rate increase on Editora's results, and also the effect of extraordinary expenses in the amount of R\$ 2.0 million, and the changes in its sales mix resulting from a higher share of sales to the Government in the total sales volume;

Net income (loss) - Consolidated net income was R\$ 5.3 million, down from the R\$ 8.0 million obtained in 9M03;

E-Commerce - Gross revenue from electronic commerce grew 37% and accounted for 20.1% of Livraria's total revenue (16.2% in 9M03). It also contributed R\$ 2.1 million to the consolidated EBITDA (R\$ 0.5 million in 9M03).

EDITORA SARAIVA (SARAIVA S/A LIVREIROS EDITORES)

Editora Saraiva is the controlling shareholder of Livraria Saraiva, holding 99.91% of the shares - two different business activities and corporate names.

The table below summarizes the main financial and economic performance data:

Description	9M04		9M03		HA %
	R\$ 000	VA %	R\$ 000	VA %	
Gross revenue	153,982	108.4	134,302	104.9	14.7
Net revenue	142,114	100.0	128,052	100.0	11.0
Gross profit	101,919	71.7	96,702	75.5	5.4
Operating expenses	82,689	58.2	76,986	60.1	7.4
EBITDA	25,330	17.8	25,333	19.8	0.0
Financial expenses, net	5,168	3.6	2,595	2.0	99.2
Net income before equity in subsidiary	8,601	6.1	10,603	8.3	-18.9
Net income	5,311	3.7	8,032	6.3	-33.9

VA - vertical analysis

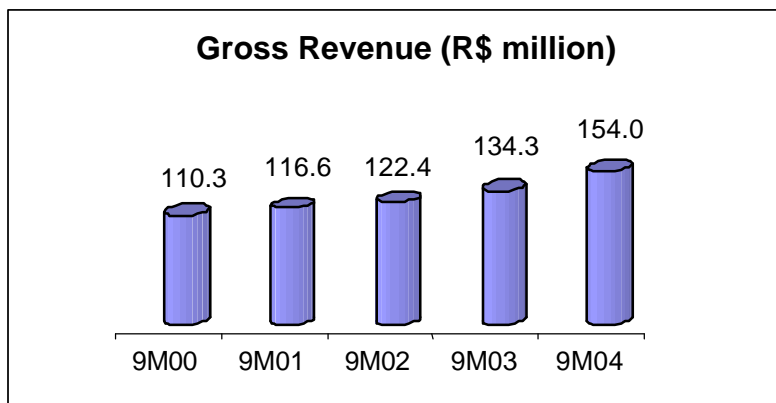
HA - horizontal analysis

01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Gross revenue



Gross revenue totaled R\$ 154.0 million in 9M04, an increase of 14.7%. Net revenue had a lower increase, of 11.0%, due to the increase in the Cofins rate.

The good sales performance in the period was basically due to two factors:

- ✓ Sales to the Government: strong growth due to the higher allocation of sales related to the PNLD/04 to 1Q04, when compared to the PNLD/03 sales recorded in 1Q03, as shown below:

PNLD (school year)

Total sales (Contract value)

R\$ million

Allocation of Sales (fiscal year)

R\$ million

2H02 1H03 2H03 1H04

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PNLD School Year	Total Sales (Contract value) R\$ million	Allocation of Sales (fiscal year) R\$ million			
		2H02	1H03	2H03	1H04
2003	41.4	36.5	4.9		
2004	85.5			57.4	28.1

- ✓ Sales in the private market: As expected, there was a reduction of 2.7% in the period, resulting from legal books' lower share of sales - there had been above-average sales in 9M03 due to the new Brazilian Civil Code, which took effect in January 2003.

01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Governmental Purchases of Textbooks

The main ongoing programs are as follows:

Program/ School Year	Total sales (Contract value) R\$ million	Stage	Estimated allocation of sales
PNLD/05 (1)	72.6	Contracted	4Q04/1Q05
PNLEM/05	5.1	Contracted	4Q04/1Q05
PNLEM MG/05 (2)	To be defined	Selection (4)	4Q04/1Q05
"HUNGRY FOR BOOKS" (3)	To be defined	Being contracted	4Q04/1Q05

(1) Includes the PNLD/05 contract with the Foundation for Education Development of the State of São Paulo (FDE/SP)

(2) The program expects to purchase 1.8 million books from participating publishers for high school students of the public school system of Minas Gerais state.

(3) The program comprises the installation of libraries in over one thousand Brazilian municipalities.

(4) The program is in the stage of choosing the books to be purchased..

Regarding the PNLEM/05, please note that this program is a pilot project, in which 2.7 million books are being purchased for students of public school systems in the North and Northeast regions. Saraiva obtained an expressive share of 24% of this volume. For the PNLEM/06, to be contracted in 2005, the Government has announced its intention to expand the purchase to cover all high school students in Brazil's public school system.

It should be emphasized that the unit price for sale within the PNLD/05 program was nearly the same as the price negotiated for the previous PNLD, in spite of production cost increases. This negotiation was closed based on the Government's argument that the regulation of Law No. 10,925/04 would be issued in time to include the zero rate for PIS and Cofins (taxes on revenue) for books sold to the program. The standardization is expected for the near future.

Gross Profit

In 9M04, gross profit was R\$ 101.9 million, representing an increase of 5.4% in relation to 9M03. The increase was lower than that observed in revenues, due to:

- ✓ Change in the sales mix, with a lower share of legal books and a higher share sales to the Government;
- ✓ Negative impact of the increase in the Cofins rate (net of credits from purchases of production inputs).

Income (Loss) from Operations

The operating expenses-operating income ratio presented a gain, from 60.1% in 9M03 to 58.2% in 9M04. The performance evaluation is even more positive when we consider that expenses, in 2004, are pressured upwards by the collective labor agreement of a 17.5% salary increase, granted in the last twelve months, and also by extraordinary expenses arising from termination payments and indemnities, amounting to R\$ 793,000.

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08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

It is important to highlight the achievements with the action plan focused on cash management, through personnel restructuring and process rationalization, with estimated annual savings of R\$ 3.6 million.

An analysis of the behavior of operating expenses, eliminating the effect of the Cofins increase and extraordinary expenses, is provided below:

R\$ 000	9M04	9M03
Operating expenses	82,689	76,986
(+) Pis/Cofins Credits on expenses	377	123
(-) Extraordinary expenses	793	0
(=) Adjusted operating expenses	82,273	77,109
Operating expenses/gross sales	53.4%	57.4%

Cash Flow

Gross cash flow remained unchanged at R\$ 25.3 million. However, the EBITDA margin was affected by a reduction in gross margin, and declined from 19.8% in 9M03 to 17.8% in 9M04.

Financial Income (Expenses)

Net financial expenses amounted to R\$ 5.2 million in 9M04, against R\$ 2.6 million in the same period of the previous year. This increase is mainly the consequence of the strong currency appreciation in 9M03, which resulted in the reversal of the exchange variation expense on long-term liabilities denominated in US dollars, and affected the comparison basis.

Net income

The lower gross margin and the increase in financial expenses resulted in lower net income figure for the period. Net income, before equity in subsidiary Livraria Saraiva, reached R\$ 8.6 million in 9M04, an amount 18.9% lower than the R\$ 10.6 million obtained in 9M03. Net income after equity in subsidiaries was R\$ 5.3 million in 9M04, or R\$ 2.7 million less than in 9M03.

Investments

Total investments in 9M04 reached R\$ 3.9 million, mostly allocated to information technology and the merger of Formato Editorial.

Product Launches

For 9M04, the following should be highlighted:

- ✓ The preparation for the launch, in the legal books area, of the *Curso & Concurso* collection. Between October 2004 and January 2005, 31 volumes will be launched, with significant sales potential;
- ✓ The launch, by means of the electronic legal content division, Saraiva Data (www.saraivajur.com.br), of the second edition of the Brazil's best selling legal software, *Concursos Jurídicos*.

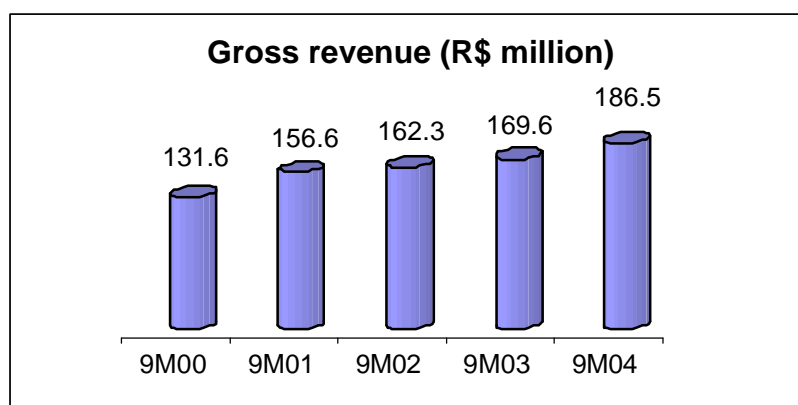
01047-2 SARAIVA S.A. LIVREIROS EDITORES

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08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER**LIVRARIA SARAIVA (LIVRARIA E PAPELARIA SARAIVA S/A)**

Shown below are the main financial and economic performance data:

Description	9M04		9M03		HA %
	R\$ 000	VA %	R\$ 000	VA %	
Gross revenue	186,466	117.3	169,636	111.6	9.9
Net revenue	158,974	100.0	152,040	100.0	4.6
Gross profit	59,761	37.6	57,043	37.5	4.8
Operating expenses	62,541	39.3	58,505	38.5	6.9
EBITDA	2,209	1.4	3,989	2.6	-44.6
Net income	(3,293)	-2.1	(2,507)	-1.6	31.4

Gross Revenue

Gross revenue of Livraria increased 9.9% in 9M04, totaling R\$ 186.5 million. This increase was higher than the nominal revenue growth for the period from January to August, of 7.9%, in the “books, newspapers, magazines and stationery” segment, according to the Monthly Commerce Survey released by the Brazilian Institute of Geography and Statistics (IBGE).

The revenue increase was leveraged by the continued excellent performance of the e-commerce division, which increased 37% in 9M04 when compared to 9M03.

The increase in net revenue was 4.6%, lower than that in gross revenue, due to the increase in the Cofins rate starting in February 2004.

Gross Profit

Gross profit in 9M04 was R\$ 59.8 million, against R\$ 57.0 million in 9M03, representing growth of 4.8%. Gross margin remained practically unchanged, at 37.6% in 9M04 and 37.5% in 9M03. Please note that, in Livraria, the effect of the increase in the Cofins rate has practically no effect on gross profit, since it is offset by the Cofins tax credit from the acquisition of products for resale.

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08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Income (Loss) from Operations

In 9M04, various actions were implemented to reduce the Company's expense structure, including personnel rationalization and renegotiation of the main contracts, especially those related to store rental.

The benefits of these actions, however, will become clearer beginning in 2005, due to the impact of extraordinary expenses on employment termination and indemnities in 2004. Please note that expenses in 9M04 are pressured upwards due to the collective labor agreement salary increase of 12.5%, granted in December 2003.

The analysis of the expense increase in the period, eliminating the effect of the increase in the Cofins rate and nonrecurring expenses, is presented below:

R\$ 000	9M04	9M03
Operating expenses	62,541	58,505
(+) Pis/Cofins tax credits on expenses	1,310	230
(-) Extraordinary expenses	1,225	0
(=) Adjusted operating expenses	62,626	58,735
Operating expenses/gross revenue	33.6%	34.6%

Cash Flow

The positive highlight is the performance of the on-line retail sales division, which contributed R\$ 2.1 million to gross operating cash flow (EBITDA) in 9M04, which was R\$ 1.6 million higher than in 9M03. However, Livraria's EBITDA declined from R\$ 4.0 million in 9M03 to R\$ 2.2 million in 9M04, under the impact of extraordinary expenses and continued economic sluggishness at the beginning of this year.

Working Capital

The Company has been working on a wide-ranging project to intensify partnerships with suppliers, and has also focused its efforts on logistics modernization and centralization of purchases in order to reduce its working capital requirements.

The results achieved are evidence of important improvements: inventory turnover was reduced by 6 days and average term for supplier payments was extended by 2 days.

Net Income (Loss)

In spite of the improvement in on-line retail sales results, the weak performance of physical stores resulted in a worse negative net margin, which increased from 1.6% in 9M03 to 2.1% in 9M04.

Investments

Investments in 9M04 totaled R\$ 1.0 million and were focused mainly on information technology and maintenance.

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60.500.139/0001-26

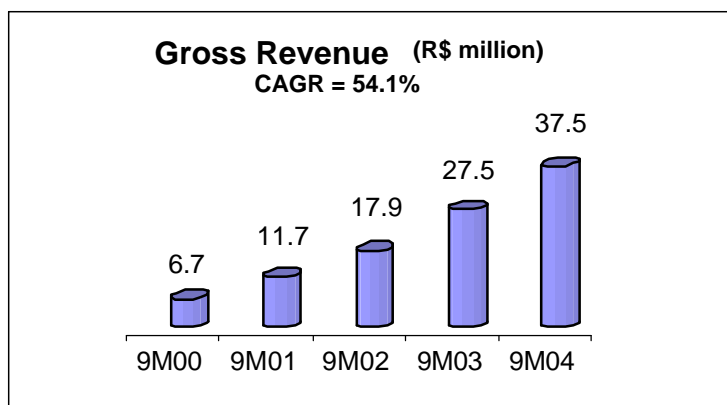
08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Saraiva.com - e-commerce Division (on-line retail sales)

The on-line retail sales division started at the end of the 1H04 the implementation of its project for expanding its mix of products available, with the inclusion of the stationery, electronics, bicycles and fitness equipment and toys areas, and also expanded computer accessories and software products.

The strategic plan involves the inclusion of new products to increase the average purchase amount, without increasing the fixed structure and adopting special supply conditions with low impact on working capital.

Results achieved in 9M04 have shown significant improvements, as demonstrated by the following indicators:



Indicators	9M04	9M03	VAR
Gross revenue (R\$ 000)	37,513	27,481	37%
EBITDA (R\$ 000)	2,105	480	339%
Trade accounts receivable (000)	1,336	933	43%
% of Livraria's gross revenue	20.1%	16.2%	24%
Average purchase amount (R\$)	75.80	68.60	10%

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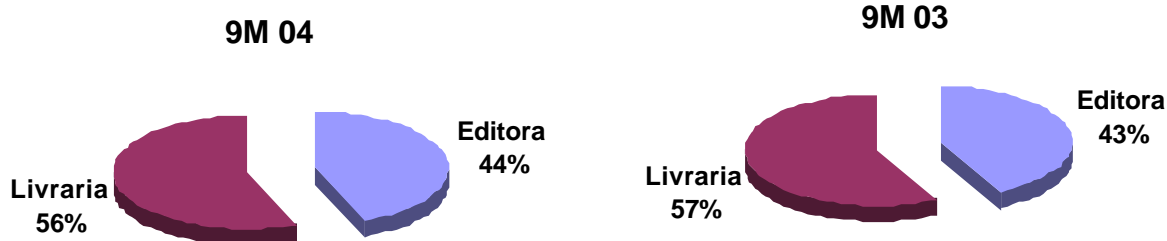
08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER**CONSOLIDATED**

The table below shows the main consolidated financial and economic performance data:

R\$ 000	9M04	9M03	VAR
Gross revenue	333,128	295,188	12.9%
Net revenue	293,768	271,342	8.3%
Gross profit	161,672	153,730	5.2%
<i>Gross margin</i>	55.0%	56.7%	
Income (loss) from operations (EBIT) (a)	16,855	19,034	-11.4%
<i>Operating margin</i>	5.7%	7.0%	
Financial income (expenses)	(7,568)	(5,256)	44.0%
Net income	5,311	8,032	-33.9%
<i>Net margin</i>	1.8%	3.0%	
EBITDA (b)	27,538	29,279	-5.9%
<i>EBITDA margin</i>	9.4%	10.8%	
Total assets	233,538	254,404	-8.2%
Shareholders' equity	100,343	98,550	1.8%
Net indebtedness	45,645	62,064	-26.5%

(a) Before financial income (expenses)

(b) Income (loss) from operations before interest, taxes, depreciation and amortization

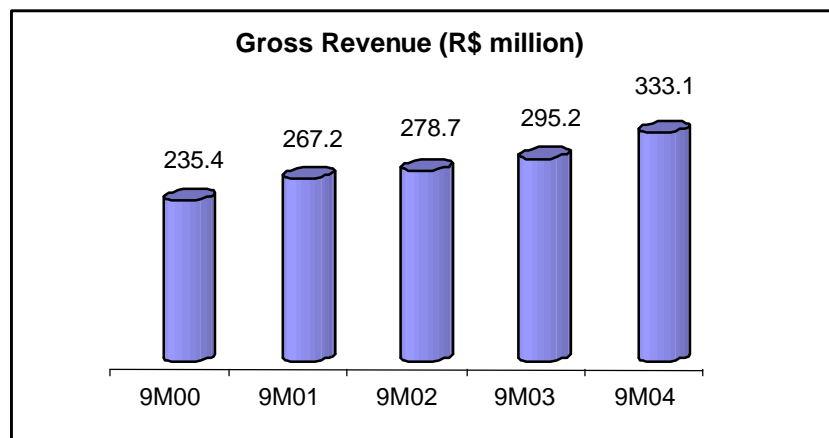
Consolidated Gross Revenue**Gross Revenue**

Consolidated gross revenue grew 12.9%, from R\$ 295.2 million in 9M03 to R\$ 333.1 million in 9M04. This performance especially reflects the increase in sales to the Government (PNLD) and the increased revenue from on-line retail sales.

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Gross Revenue (R\$ million)

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Gross Profit

Consolidated gross profit totaled R\$ 161.7 million in 9M04, exceeding the R\$ 153.7 million obtained in the same period of 2003. The negative impact of the increase of Editora's Cofins rate did not allow a more representative improvement in gross profit. The consolidated gross margin was also negatively impacted by Editora's gross margin reduction, which was due to the higher share of sales to the Government in total sales, and decreased from 56.7% in 9M03 to 55.0% in 9M04.

Income (Loss) from Operations

Income (loss) from operations before financial expenses (EBIT) was R\$ 16.9 million in 9M04, which represents an 11.4% reduction in relation to 9M03.

Cash Flow

Gross cash flow (EBITDA) declined 5.9%, from R\$ 29.3 million in 9M03 to R\$ 27.5 million in 9M04, as a result of extraordinary expenses incurred in the period and also due to economic sluggishness at the beginning of the year, in addition to the negative impact on Editora's results arising from the increase of the Cofins rate.

Reconciliation of EBITDA -R\$ 000	9M04	9M03	VAR
Income (loss) from operations after financial expense, net	9,287	13,778	-32.6%
(+) Depreciation and amortization	10,683	10,245	4.3%
(+) Financial expenses, net	7,568	5,256	44.0%
(=) EBITDA	27,538	29,279	-5.9%

Financial Income (Expenses)

In 9M04, consolidated net financial expense totaled R\$ 7.6 million, which represents a 44.0% increase in relation to the same period in the previous year. The main factor determining this increase was the strong currency appreciation in 9M03, which resulted in a significant reversal of the exchange variation expense on long-term debt denominated in US dollars, affecting the comparison basis.

01047-2 SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

Net income

Consolidated net income totaled R\$ 5.3 million in 9M04, down R\$ 2.7 million from the R\$ 8.0 million obtained in 9M03. The main factors leading to the decrease in consolidated net income were:

- ✓ Effect of extraordinary expenses on employment terminations and indemnities in the consolidated amount of R\$ 2.0 million;
- ✓ Negative impacts on Editora's results, arising from the increase in the Cofins rate and the increase in net financial expenses;
- ✓ The lower contribution of Livraria's net income.

Investments

Total consolidated investments in 9M04 reached R\$ 3.6 million, mostly allocated to information technology.

Cash Management

In 9M04 the Company implemented an action plan focused on the Company's cash management, which resulted in expected consolidated annual savings of approximately R\$ 4.1 million. The results of the adopted actions, however, will become clearer beginning in 2005, due to the recognition, in 2004, of extraordinary expenses on employment termination and indemnities.

GVA - Value-Based Management System

Over the course of 2004, the Company has been performing actions for achieving organization commitment and alignment in relation to value based management. Improvements in value creation and measurement mechanisms are planned for 2005, to allow all managers to base their decision making on the generation of value.

CAPITAL STRUCTURE

Consolidated net indebtedness continued showing strong reductions, falling from R\$62.1 million in September 2003 to R\$ 45.6 million in September 2004.

The Company maintained its strategy of minimizing the impact of exchange variation on its cash, and structuring hedge operations for current installments of long-term debt denominated in US dollars.

Financial liability subject to exchange variation, at the end of September 2004, was equivalent to R\$ 6.6 million (US 2.3 million), comprising two semiannual installments maturing in December 2005 and June 2006.

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08.01 – COMMENTS ON CONSOLIDATED PERFORMANCE FOR THE QUARTER

CAPITAL MARKET

The table below summarizes the movement of the Company's shares, comparing 9M04 and 9M03:

INDICATORS	9M04	9M03	Var. %
Number of trades ⁽¹⁾	384	367	5%
Participation in trading sessions - % ⁽¹⁾	52.7	61.5	-14%
Quantity traded – thousand shares ⁽¹⁾	2,466	1,808	36%
Volume traded - R\$ 000 ⁽¹⁾	26,058	15,862	64%
Share price - R\$ ^{(1) (2)}	12.30	8.20	50%
Total shares outstanding - thousands ⁽²⁾	22,937	22,937	0%
Market value - R\$ million ⁽²⁾	282.1	188.1	50%

Source: Bovespa

(1) Refers to registered preferred shares (SLED4)

(2) At the end of the period

SUBSEQUENT EVENTS

In a meeting held on November 10, 2004, between Federal Government representatives (with the participation of the President, the Senate President and the Ministers of Education, Culture and Finance) and representatives of book publishers and retailers, President Luiz Inácio Lula da Silva announced that the production, sale and distribution of books will be exempt from the federal taxes PIS and Cofins (their combined tax rate amounts to 9.25% on sales).

On the other hand, a contribution tax of 1% on book sales revenue will be created, to go towards a reading promotion fund.

In his announcement, the President stressed that the benefit will be granted soon, and also indicated that the tax exemption will be extended to all books instead of being restricted to technical and scientific ones, and will thus affect Editora's total revenues and a significant portion of Livraria's sales.

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01.01 - IDENTIFICATION

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09.01- SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - COMPANY	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)	4 -	5 - % Interest on the subsidiary equity	6 - % Liquid investment of the company
7 - Company	8 - Number of Shares on the six month period		9 - Number of shares on the quarter		

01	LIVRARIA E PAPELARIA SARAIVA S.A.	61.254.454/0001-83	99,91	45,99
Comercial company, Manufacturing and others		57,490		57,490

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010470-2 SARAIVA S.A. LIVREIROS E EDITORES

60.500.139/0001-26

17.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Board of Directors of

Saraiva S.A. Livreiros Editores

São Paulo - SP

1. We have performed a special review of the accompanying interim financial statements of Saraiva S.A. Livreiros Editores and subsidiary (Company and Consolidated), consisting of the balance sheets as of September 30, 2004, and the related statements of operations for the three-month and six-month periods then ended and the performance report, all expressed in Brazilian reais, prepared in accordance with accounting practices adopted in Brazil under the responsibility of the Company's management.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, and (b) review of the information and subsequent events that have or might have had material effects on the financial position and results of operations of the Company and its subsidiary.
3. Based on our special review, we are not aware of any material modifications that should be made to the financial statements referred to in paragraph 1 for them to be in conformity with accounting practices adopted in Brazil and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.
4. We had previously reviewed the Company and consolidated balance sheets as of June 30, 2004, presented for comparative purposes, and issued an unqualified special review report thereon, dated August 12, 2004. The Company and consolidated statements of operations for the three-month and nine-month periods ended September 30, 2003, presented for comparative purposes, were reviewed by other independent auditors whose special review report thereon, dated November 13, 2003, was unqualified.
5. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, November 12, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marco Antonio Brandão Simurro
Engagement Partner

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Subsidiaries/affiliates

COMPANY NAME LIVRARIA E PAPELARIA SARAIVA S.A.

18.01 - STATEMENT OF OPERATIONS - AFFILIATES AND SUBSIDIARIES (In thousands of Brazilian reais)

Code	Description	07/01/2004 to 09/30/2004	01/01/2004 to 09/30/2004	07/01/2003 to 09/30/2003	01/01/2003 to 09/30/2003
3.01	Gross revenue from sales and/or services	57,724	186,466	53,000	169,636
3.02	Deductions from gross revenue	(8,854)	(27,492)	(5,743)	(17,596)
3.03	Net revenue from sales and/or services	48,870	158,794	47,257	152,040
3.04	Cost of goods and/or services sold	(29,625)	(99,213)	(29,003)	(94,997)
3.05	Gross income	19,245	59,761	18,254	57,043
3.06	Operating expense/revenue	(20,823)	(64,634)	(19,002)	(60,596)
3.06.01	Selling expenses	(15,233)	(48,081)	(13,934)	(44,231)
3.06.02	General and administrative expenses	(3,494)	(9,780)	(2,893)	(9,446)
3.06.02.01	Management fees	(230)	(851)	(374)	(1,122)
3.06.02.02	Others	(3,264)	(8,929)	(2,519)	(8,324)
3.06.03	Financial	(733)	(2,402)	(857)	(2,714)
3.06.03.01	Financial revenue	44	119	52	151
3.06.03.02	Financial expenses	(777)	(2,521)	(909)	(2,865)
3.06.04	Other operating revenue	292	699	289	672
3.06.05	Other operating expenses	(1,655)	(5,070)	(1,607)	(4,877)
3.06.05.01	Depreciation and amortization	(1,526)	(4,680)	(1,582)	(4,828)
3.06.05.02	Others	(129)	(390)	(25)	(49)
3.06.06	Equity in subsidiary's income	0	0	0	0
3.07	Operating income	(1,578)	(4,873)	(748)	(3,553)
3.08	Non-operating income	(15)	(10)	(34)	(186)
3.08.01	Revenue	0	0	0	0

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18.01 - STATEMENT OF OPERATIONS - AFFILIATES/ SUBSIDIARIES (In thousands of reais)

Code	Description	07/01/2004 to 09/30/2004	01/01/2004 to 09/30/2004	07/01/2003 to 09/30/2003	01/01/2003 to 09/30/2003
3.08.02	Expenses	(15)	(10)	(34)	(186)
3.09	Earnings before taxes/interest	(1,593)	(4,883)	(782)	(3,739)
3.10	Provision for income tax and social cont.	0	0	0	0
3.11	Deferred income tax	502	1,590	243	1,232
3.12	Statutory interest/contributions	0	0	0	0
3.12.01	Interest	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of equity capital interest	0	0	0	0
3.15	Profit/loss for the period	(1,091)	(3,293)	(539)	(2,507)
	NUMBER OF SHARES, EX-TREASURY (THOUSAND)	57,540	57,540	57,540	57,540
	EARNINGS PER SHARE				
	LOSS PER SHARE	(0.01896)	(0.05723)	(0.00937)	(0.04357)

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18.02 - SUBSIDIARY COMMENT

See Comments on Consolidated Performance - 08/ITR.

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