

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

***Saraiva S.A.***  
***Livreiros Editores***

*Interim Financial Statements for the  
Quarter Ended September 30, 2010 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 reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores (the "Company") and subsidiary, for the quarter ended September 30, 2010, consisting of the individual (Company) and consolidated balance sheets, the related statements of income, changes in shareholders' equity, cash flows and value added, the related notes and the performance report, prepared under the responsibility of the Company'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 Company 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 Company 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 Brazilian accounting standard and standards issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 4, during 2009, CVM approved several technical pronouncements, interpretations and instructions issued by the Accounting Pronouncements Committee (CPC), mandatory for adoption in 2010, which changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, the Company's Management elected to present its interim financial statements in accordance with the accounting standards effective in Brazil through December 31, 2009, rather than early adopting the standards effective for fiscal years ending before 2010. As required by CVM Resolution 603/09, the Company disclosed the basis of presentation of its interim financial statements in note 4, including a summary of the main changes that might impact its financial statements at yearend, as well as estimates of possible effects on shareholders' equity and net income.

Deloitte Touche Tohmatsu

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

São Paulo, November 11, 2010

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Reynaldo Awad Saad  
Engagement Partner

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**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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 <a href="http://www.saraivari.com.br">http://www.saraivari.com.br</a>				

**01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)**

1 - NAME João Luís Ramos Hopp				
2 - ADDRESS Rua Henrique Schaumann, 270 - 10º 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 <a href="mailto:jlhopp@editorasaraiva.com.br">jlhopp@editorasaraiva.com.br</a>				

**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	3	07/01/2010	09/30/2010	2	04/01/2010	06/30/2010
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - PARTNER RESPONSIBLE Reynaldo Awad Saad					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 091.000.448-06		

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**01.05 - CAPITAL**

NUMBER OF SHARES (THOUSANDS)	1 - CURRENT QUARTER 09/30/2010	2 - PRIOR QUARTER 06/30/2010	3 - SAME QUARTER IN PRIOR YEAR 09/30/2009
<b>Paid-up Capital</b>			
1 - Common	9,622	9,622	9,622
2 - Preferred	18,974	18,974	18,974
3 - Total	28,596	28,596	28,596
<b>Treasury Shares</b>			
4 - Common	0	0	0
5 - Preferred	251	251	366
6 - Total	251	251	366

**01.06 - CHARACTERISTICS OF THE COMPANY**

1 - TYPE OF COMPANY Commercial, Industrial and Other Companies
2 - SITUATION Operating
3 - NATURE OF OWNERSHIP Domestic Private
4 - ACTIVITY CODE 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
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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 11/11/2010	2 - SIGNATURE
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**02.01 - BALANCE SHEET - ASSETS (In thousands of Brazilian reais - R\$)**

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
1	Total assets	520,602	507,454
1.01	Current assets	222,822	179,325
1.01.01	Cash and cash equivalents	768	1,434
1.01.02	Receivables	63,657	49,039
1.01.02.01	Trade accounts receivable	43,389	37,534
1.01.02.02	Other receivables	20,268	11,505
1.01.02.02.01	Dividends receivable from subsidiary	-	-
1.01.02.02.02	Recoverable taxes	12,177	5,950
1.01.02.02.03	Deferred income and social contribution taxes	64	71
1.01.02.02.04	Loans to subsidiary	-	-
1.01.02.02.05	Receivables for sale of property, plant and equipment	1,643	1,601
1.01.02.02.07	Copyrights advances	4,673	2,635
1.01.02.02.08	Other	1,711	1,248
1.01.03	Inventories	141,925	113,964
1.01.04	Other	16,472	14,888
1.01.04.01	Deferred advertising expenses	16,339	14,859
1.01.04.02	Prepaid expenses	133	29
1.02	Noncurrent assets	297,780	328,129
1.02.01	Long-term assets	11,121	41,594
1.02.01.01	Other receivables	-	-
1.02.01.02	Intercompany receivables	-	30,759
1.02.01.02.01	Affiliates	-	-
1.02.01.02.02	Subsidiaries	-	30,759
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	11,121	10,835
1.02.01.03.01	Escrow deposits	8,513	8,504
1.02.01.03.02	Deferred income and social contribution taxes	681	700
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.02.01.03.04	Other	284	30
1.02.02	Permanent assets	286,659	286,535
1.02.02.01	Investments	246,712	246,307
1.02.02.01.01	In affiliates	-	-
1.02.02.01.02	In affiliates - goodwill	-	-
1.02.02.01.03	In subsidiaries	246,281	245,876
1.02.02.01.04	In subsidiaries - goodwill	23	23
1.02.02.01.05	Other investments	408	408
1.02.02.02	Property, plant and equipment	18,150	18,269
1.02.02.03	Intangible assets	21,797	21,959
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 - 09/30/2010	4 - 06/30/2010
2	Total liabilities and shareholders' equity	520,602	507,454
2.01	Current liabilities	56,576	45,740
2.01.01	Financing	3,861	5,693
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	39,076	23,579
2.01.04	Taxes payable	10,684	13,081
2.01.04.01	Income and social contribution taxes	-	3,516
2.01.04.02	Taxes payable	1,822	1,219
2.01.04.03	Social contributions	8,862	8,346
2.01.05	Dividends payable	41	44
2.01.05.01	Interest on capital	41	44
2.01.05.02	Dividends	-	-
2.01.06	Provisions	1,567	2,255
2.01.07	Intercompany payables	-	-
2.01.08	Other	1,347	1,088
2.01.08.01	Copyrights payable	-	-
2.01.08.02	Contract for acquisition of subsidiary	-	-
2.01.08.03	Payable commission	513	536
2.01.08.04	Management profit sharing	-	-
2.01.08.05	Other payables	834	552
2.02	Noncurrent liabilities	77,191	68,975
2.02.01	Long-term liabilities	77,191	68,975
2.02.01.01	Financing	61,347	59,205
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	12,893	9,669
2.02.01.03.01	Reserve for contingencies	1,190	1,185
2.02.01.03.02	Deferred income and social contribution taxes	11,137	7,787
2.02.01.03.03	Taxes payable	566	697
2.02.01.04.01	Intercompany payable	2,867	-
2.02.01.06	Other	84	101
2.03	Deferred income	-	-
2.05	Shareholders' equity	386,835	392,739
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	181,753	181,461
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 - 09/30/2010	4 - 06/30/2010
2.05.04.07	Other profit reserves	159,776	159,484
2.05.04.07.01	Reserve for future capital increase	158,591	158,591
2.05.04.07.02	Treasury shares	(1,965)	(1,965)
2.05.04.07.03	Stock option plan	3,150	2,858
2.05.05	Valuation adjustments to equity	-	-
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	14,104	20,300
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 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	42.693	207.490	40.772	195.499
3.02	Deductions	(25)	(53)	(7)	(82)
3.03	Net revenue from sales and/or services	42.668	207.437	40.765	195.417
3.04	Cost of products and/or services	(12.731)	(52.656)	(13.914)	(49.109)
3.05	Gross profit	29.937	154.781	26.851	146.308
3.06	Operating (expenses) income	(39.832)	(132.543)	(37.215)	(112.666)
3.06.01	Selling expenses	(24.286)	(87.108)	(20.319)	(76.161)
3.06.02	General and administrative expenses	(12.356)	(40.329)	(11.962)	(39.100)
3.06.02.01	Management compensation	(1.456)	(4.366)	(1.429)	(4.236)
3.06.02.02	Other	(10.900)	(35.963)	(10.533)	(34.864)
3.06.03	Financial	(1.833)	(5.723)	(2.802)	(3.822)
3.06.03.01	Financial income	810	3.111	325	3.179
3.06.03.02	Financial expenses	(2.643)	(8.834)	(3.127)	(7.001)
3.06.04	Other operating income	87	717	289	10.565
3.06.05	Other operating expenses	(1.848)	(4.230)	(2.092)	(4.477)
3.06.05.01	Depreciation and amortization	(1.234)	(3.557)	(1.153)	(3.515)
3.06.05.02	Other	(614)	(673)	(939)	(962)
3.06.06	Equity in subsidiary	404	4.130	(329)	329
3.07	Income (loss) from operations	(9.895)	22.238	(10.364)	33.642
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(9.895)	22.238	(10.364)	33.642
3.10	Provision for income and social contribution taxes	6.387	(2.545)	5.762	(7.955)
3.11	Deferred income tax	(3.376)	(4.022)	(2.510)	(3.579)

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3.12	Profit sharing/contributions	688	(1.567)	596	(2.211)
3.12.01	Profit sharing	688	(1.567)	596	(2.211)
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	-	-
3.15	Net income (loss)	(6.196)	14.104	(6.516)	19.897
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.49758	-	0.70482
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.21859)	-	(0.23082)	-

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.01	Net cash from operating activities	(32,932)	(32,189)	(28,824)	(43,713)
4.01.01	Net cash provided by operating activities	97	23,221	(721)	15,490
4.01.01.01	Net income	(6,196)	14,104	(6,516)	19,897
4.01.01.02	Depreciation and amortization	1,300	3,759	1,207	3,681
4.01.01.03	Deferred income and social contribution taxes	3,376	4,022	2,510	3,579
4.01.01.04	Allowance for doubtful accounts	553	1,586	460	625
4.01.01.05	Equity in subsidiary	(404)	(4,130)	329	(329)
4.01.01.06	Result on sale of property, plant and equipment	(21)	(34)	(142)	(10,241)
4.01.01.07	Financial charges on loans and liabilities	836	3,265	74	(1,672)
4.01.01.08	Stock option plan	292	944	237	711
4.01.01.09	Other operating provisions	361	(295)	1,120	(761)
4.01.02	Decrease in assets and liabilities	(33,029)	(55,410)	(28,103)	(59,203)
4.01.02.01	Trade accounts receivable	(2,882)	21,398	(9,411)	18,755
4.01.02.02	Receivables from subsidiary - sale of goods	(3,526)	(3,399)	3,125	2,727
4.01.02.03	Dividends - subsidiary	-	-	-	-
4.01.02.04	Inventories	(27,961)	(39,146)	(21,738)	(27,235)
4.01.02.05	Other receivables	(10,619)	(28,667)	(3,792)	(15,536)
4.01.02.06	Trade accounts payable	15,497	3,421	12,629	(20,416)
4.01.02.07	Income and social contribution taxes	(3,516)	(703)	(8,345)	(4,703)
4.01.02.08	Payment of interest on financing	(359)	(1,226)	(609)	(1,749)
4.01.02.10	Other operating liabilities	337	(7,088)	38	(11,046)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	(999)	2,458	234	(2,726)
4.02.01	Purchase of property, plant and equipment	(1,579)	(4,436)	(1,453)	(5,301)

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4.02.02	Receipts from sales of property, plant and equipment items	580	6,929	1,687	2,575
4.02.03	Acquisition of shares from minority shareholders	-	(35)	-	-
4.03	Net cash used in financing activities	33,265	436	28,136	15,488
4.03.01	Loans and financing	4,862	18,520	18,268	47,567
4.03.02	Loans granted - subsidiary	31,201	8,327	12,662	(3,963)
4.03.03	Amortization of loans and financing	(2,795)	(8,384)	(2,794)	(8,383)
4.03.04	Disposal of Treasury Shares	-	2,656	-	-
4.03.05	Debt payment on interest on capital	(3)	(20,683)	-	(19,733)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Decrease in cash and cash equivalents	(666)	(29,295)	(454)	(30,951)
4.05.01	Cash and cash equivalents at beginning of year	1,434	30,063	1,233	31,730
4.05.02	Cash and cash equivalents at end of year	768	768	779	779

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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 07/01/2010 TO 09/30/2010 (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	181,461	20,300	0	392,739
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	181,461	20,300	0	392,739
5.04	Net income (loss)	0	0	0	0	(6,196)	0	(6,196)
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	292	0	0	292
5.12.01	Stock option plan	0	0	0	292	0	0	292
5.12.02	Disposal of Treasury Shares	0	0	0	0	0	0	0
5.13	Ending balance	190,978	0	0	181,753	14,104	0	386,835

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

**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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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**05.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 09/30/2010 (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	178,153	0	0	369,131
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	178,153	0	0	369,131
5.04	Net income (loss)	0	0	0	0	14,104	0	14,104
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	3,600	0	0	3,600
5.12.01	Stock option plan	0	0	0	944	0	0	944
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	181,753	14,104	0	386,835

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
1	Total assets	887,215	807,490
1.01	Current assets	626,209	557,565
1.01.01	Cash and cash equivalents	3,535	4,312
1.01.02	Receivables	281,990	245,232
1.01.02.01	Trade accounts receivable	200,304	183,604
1.01.02.02	Other receivables	81,686	61,628
1.01.02.02.01	Recoverable taxes	61,975	44,819
1.01.02.02.02	Deferred income and social contribution taxes	8,110	7,757
1.01.02.02.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.01.02.02.04	Copyrights advances	4,747	2,710
1.01.02.02.05	Other	5,211	4,741
1.01.03	Inventories	323,815	292,886
1.01.04	Other	16,869	15,135
1.01.04.01	Deferred advertising expenses	16,511	15,059
1.01.04.02	Prepaid expenses	358	76
1.02	Noncurrent assets	261,006	249,925
1.02.01	Long-term assets	54,375	44,897
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	54,375	44,897
1.02.01.03.01	Deferred income and social contribution taxes	24,846	24,242
1.02.01.03.02	Escrow deposits	10,017	10,002
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.02.01.03.04	Recoverable taxes	17,565	9,010
1.02.01.03.05	Other	304	42
1.02.02	Permanent assets	206,631	205,028
1.02.02.01	Investments	566	566
1.02.02.01.01	In affiliates	-	-
1.02.02.01.02	In subsidiary	23	23
1.02.02.01.03	Other investments	543	543
1.02.02.02	Property, plant and equipment	104,997	105,511
1.02.02.03	Intangible assets	101,068	98,951
1.02.02.04	Deferred charges	-	-

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**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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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**08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (In thousands of Brazilian reais - R\$)**

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2	Total liabilities and shareholders' equity	887,215	807,490
2.01	Current liabilities	331,601	252,527
2.01.01	Financing	95,573	66,515
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	191,645	143,131
2.01.04	Taxes payable	24,702	24,034
2.01.04.01	Income and social contribution taxes	-	3,516
2.01.04.02	Taxes payable	5,262	2,577
2.01.04.03	Social contributions	19,440	17,941
2.01.05	Dividends payable	41	44
2.01.05.01	Interest on capital	41	44
2.01.05.02	Dividends	-	-
2.01.06	Provisions	6,371	7,016
2.01.06.01	Management profit sharing	1,567	2,255
2.01.06.02	Customer Loyalty Program	4,804	4,761
2.01.07	Intercompany payables	-	-
2.01.08	Other	13,269	11,787
2.01.08.01	Copyrights payable	711	711
2.01.08.02	Contract for acquisition of subsidiary	5,847	5,244
2.01.08.03	Payable commission	-	-
2.01.08.04	Freight and commissions payable	-	-
2.01.08.05	Commercial assignment	1,196	1,013
2.01.08.06	Advances from customers	3,797	3,687
2.01.08.07	Management profit sharing	-	-
2.01.08.08	Other payables	1,718	1,132
2.02	Noncurrent liabilities	168,728	162,173
2.02.01	Long-term liabilities	168,728	162,173
2.02.01.01	Financing	133,060	131,099
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	30,290	25,690
2.02.01.03.01	Deferred income and social contribution taxes	28,202	23,431
2.02.01.03.02	Reserve for contingencies	1,522	1,562
2.02.01.03.03	Taxes payable	566	697
2.02.01.04	Intercompany payables	-	-
2.02.01.05	Advances to future capital increase	-	-
2.02.01.06	Other	5,378	5,384
2.02.01.06.01	Payables to former shareholders	5,016	4,888
2.02.01.06.02	Other	362	496
2.03	Deferred income	-	-
2.04	Minority interest	51	51
2.05	Shareholders' equity	386,835	392,739
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)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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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1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2.05.04	Profit reserves	181,753	181,461
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	-	-
2.05.04.03	Reserve for contingencies	-	-
2.05.04.07	Other profit reserves	159,776	159,484
2.05.04.07.01	Reserve for future capital increase	158,591	158,591
2.05.04.07.02	Treasury shares	(1,965)	(1,965)
2.05.04.07.03	Stock option plan	3,150	2,858
2.05.05	Valuation adjustments to equity	-	-
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	14,104	20,300
2.05.07	Advances for future capital increase	-	-

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**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	335.353	1.077.657	274.478	884.250
3.02	Deductions	(12.770)	(50.528)	(14.500)	(42.943)
3.03	Net revenue from sales and/or services	322.583	1.027.129	259.978	841.307
3.04	Cost of products and/or services	(199.728)	(588.604)	(157.883)	(457.989)
3.05	Gross profit	122.855	438.525	102.095	383.318
3.06	Operating (expenses) income	(132.312)	(413.842)	(112.953)	(348.283)
3.06.01	Selling expenses	(92.474)	(290.790)	(76.835)	(252.007)
3.06.02	General and administrative expenses	(27.470)	(84.995)	(23.798)	(79.886)
3.06.02.01	Management compensation	(2.621)	(7.790)	(2.622)	(7.366)
3.06.02.02	Other	(24.849)	(77.205)	(21.176)	(72.520)
3.06.03	Financial	(7.572)	(22.135)	(6.268)	(13.258)
3.06.03.01	Financial income	614	2.324	407	1.915
3.06.03.02	Financial expenses	(8.186)	(24.459)	(6.675)	(15.173)
3.06.04	Other operating income	5.341	8.566	1.217	14.464
3.06.05	Other operating expenses	(10.137)	(24.488)	(7.269)	(17.596)
3.06.05.01	Depreciation and amortization	(7.127)	(20.026)	(5.998)	(15.280)
3.06.05.02	Other	(3.010)	(4.462)	(1.271)	(2.316)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	(9.457)	24.683	(10.858)	35.035
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(9.457)	24.683	(10.858)	35.035
3.10	Provision for income and social contribution taxes	6.387	(2.545)	5.762	(8.844)
3.11	Deferred income tax	(3.814)	(6.466)	(2.016)	(4.083)

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.12	Profit sharing/contributions	688	(1.567)	596	(2.211)
3.12.01	Profit sharing	688	(1.567)	596	(2.211)
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	-	-
3.14	Minority interest	-	(1)	-	-
3.15	Net income (loss)	(6.196)	14.104	(6.516)	19.897
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,230	28,2305
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.49758	-	0.70482
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.21859)	-	(0.23082)	-

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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 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.01	Net cash from operating activities	(19,099)	(39,420)	(10,922)	(42,779)
4.01.01	Net cash provided by operating activities	12,035	62,392	6,630	36,545
4.01.01.01	Net income	(6,196)	14,104	(6,516)	19,897
4.01.01.02	Depreciation and amortization	7,545	21,180	6,373	16,167
4.01.01.03	Deferred income and social contribution taxes	3,814	6,466	2,016	4,083
4.01.01.04	Allowance for doubtful accounts	823	2,574	708	1,186
4.01.01.05	Result on sale of property, plant and equipment	27	156	(97)	(10,933)
4.01.01.06	Financial charges on loans and liabilities	1,340	6,339	626	1,620
4.01.01.07	Stock option plan	292	944	237	711
4.01.01.08	Other provisions	4,390	10,641	3,283	3,814
4.01.01.09	Minority interest - subsidiary	-	(12)	-	-
4.01.02	Decrease in assets and liabilities	(31,134)	(101,812)	(17,552)	(79,324)
4.01.02.01	Trade accounts receivable	(17,523)	13,453	13,696	66,135
4.01.02.02	Inventories	(30,929)	(26,218)	(32,189)	(56,285)
4.01.02.03	Other receivables	(28,408)	(68,497)	(6,894)	(34,291)
4.01.02.04	Trade accounts payable	48,513	(6,207)	21,534	(37,078)
4.01.02.05	Income and social contribution taxes	(3,516)	(703)	(8,345)	(4,703)
4.01.02.06	Payment of interest on financing	(1,861)	(6,339)	(1,914)	(4,158)
4.01.02.08	Other payables	2,590	(7,301)	(3,440)	(8,944)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	(9,176)	(22,098)	(12,106)	(42,932)
4.02.01	Purchase of property, plant and equipment	(9,780)	(29,056)	(13,764)	(46,217)
4.02.02	Acquisition of shares from minority shareholders	-	(23)	-	-
4.02.03	Receipts from sales of property, plant and equipment items	604	6,981	1,658	3,285
4.03	Net cash used in financing activities	27,498	26,291	20,512	50,933
4.03.01	Obtained loans and financing	32,000	68,114	45,000	127,983

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.03.02	Amortization of loans and financing	(4,499)	(23,796)	(24,488)	(57,317)
4.03.03	Disposal of Treasury Shares	-	2,656	-	-
4.03.04	Debt payment on interest on capital	(3)	(20,683)	-	(19,733)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Decrease in cash and cash equivalents	(777)	(35,227)	(2,516)	(34,778)
4.05.01	Cash and cash equivalents at beginning of year	4,312	38,762	5,561	37,823
4.05.02	Cash and cash equivalents at end of year	3,535	3,535	3,045	3,045

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

**11.01 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 07/01/2010 TO 09/30/2010 (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	181,461	20,300	0	392,739
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	181,461	20,300	0	392,739
5.04	Net income (loss)	0	0	0	0	(6,196)	0	(6,196)
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	292	0	0	292
5.12.01	Stock option plan	0	0	0	292	0	0	292
5.12.02	Disposal of Treasury Shares	0	0	0	0	0	0	0
5.13	Ending balance	190,978	0	0	181,753	14,104	0	386,835

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

**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
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

**11.02 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 09/30/2010 (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	178,153	0	0	369,131
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	178,153	0	0	369,131
5.04	Net income (loss)	0	0	0	0	14,104	0	14,104
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	3,600	0	0	3,600
5.12.01	Stock option plan	0	0	0	944	0	0	944
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	181,753	14,104	0	386,835

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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1. CORE BUSINESS

Saraiva S.A. Livreiros Editores (the “Company”) is primarily engaged in publishing elementary and high school textbooks, supplementary textbooks, legal books and economics and management books. Development of digital content; development of content for the so-called Ético Teaching System (“Ético”), which consists of teaching material for elementary and high schools, as well as of preparation courses for college admission tests. The Company experiences seasonality in its business, with 80% of its sales concentrated in the first and fourth quarters of the year. This sales concentration is due to two factors: (i) the back-to-school period in the first quarter; and (ii) the sale of textbooks to the government in the fourth and first quarters of the year.

Saraiva e Siciliano S.A. (“Livraria”), a subsidiary of the Company, is engaged in retail sale of books, DVDs, music, stationery, computer, electro-electronic products, and digital content - books and movies. The Distribution is conducted through an Internet-based sales platform and a chain of 100 stores, of which 40 are “megastores”, 2 are “iTown”, 52 are conventional stores, and 6 franchises.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The Company’s and its subsidiaries’ individual and consolidated financial statements have been prepared in accordance with the Brazilian accounting practices valid until December 31, 2009, including all changes in accounting practices introduced by Laws 11638/07 and 11941/09, regulated by the Brazilian Securities Commission (CVM).

3. SIGNIFICANT ACCOUNTING PRACTICES

a) General principles

Results of operations are determined on the accrual basis. Sales revenues and costs are recorded upon the transfer of risks and benefits associated to the products and services.

b) Current and noncurrent assets

- Cash and cash equivalents

Comprises cash balances and bank deposits that can be immediately converted into a known cash amount and are subject to immaterial risk of change in value.

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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- Allowance for doubtful accounts

Trade accounts receivable are recorded and stated in balances sheets at their original amounts. Accounts receivable are controlled by aging, and an allowance for losses is recognized for receivables past due for more than 180 days. Uncollectible receivables are charged directly to income.

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

- Inventories

Stated at average acquisition or production cost, less allowance for adjustment write-down to fair or realizable value, when lower, and allowance for losses with slow-moving items, excessive, or not realizable, based on periodic analysis conducted by Management.

- Advanced advertising expenses

Refers to incurred costs of advertising and promotion for the National Book Program - NBP, which will be amortized in proportion to the delivery schedule of books to the government.

- Other noncurrent assets

Recorded at cost or at the net realizable value, when the latter is lower.

- Investments

Investments in the subsidiary are accounted for under the equity method, and other investments are stated at cost, less a provision for write-down to market value, when applicable.

- Property, plant and equipment and intangible assets

Stated at acquisition or construction cost, less depreciation and amortization and, when applicable, provision for reduction to recoverable value. Depreciation and amortization are calculated under the straight-line method, based on the estimated useful lives of the assets and rights. Livraria's facilities and leasehold improvements are depreciated over the shortest of the lease term or the economic useful lives of the assets.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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Carrying amounts of intangible assets with a defined useful life and property and equipment indicating impairment losses are reviewed to make sure that a provision for losses in their carrying amount in relation to the recoverable value is recognized in the statements of income.

The cash generating units defined by Management and used to evaluate the recoverability of the carrying amount of the related assets correspond to the operation of the Company and each of the stores, and the website “Saraiva.com”, in the case of Livraria. The evaluation process uses operating and financial performance indicators established by Management and, upon indication of an impairment loss, a comparative analysis is performed for each cash generating unit between the amount determined by the cash flow discounted to present value and the respective carrying amount. As of September 30, 2010, Management, in its best judgment, did not identify assets recorded at amounts higher than their recoverable value.

- Goodwill

Goodwill resulting from the acquisition of investments is based on the projected earnings capacity of the acquired businesses over the estimated period for return on investment in 60 months. Goodwill is amortized under the straight-line method at the rate of 20% per year until December 31, 2008. Beginning January 1, 2009, goodwill will no longer be amortized and will be tested for recoverable value on an annual basis.

The cash generating units defined by Management and used to evaluate the recoverability of the carrying amount of the goodwill correspond to the operation of the stores purchased from Siciliano S.A. (“Siciliano”) and Ético’s operations, and, as of September 30, 2010, Management, in its best judgment, did not identify the need to recognize a provision for reduction of the carrying amount of the recorded goodwill.

c) Current and noncurrent liabilities

- Loans and financing

Adjusted based on the contractual interest and financial charges incurred through the balance sheet dates.

- Copyrights

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

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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- Leasing operations

Lease agreements for the Company's and Livraria's commercial units are classified as operating leases, and the respective costs are recognized in the nine months end September 30, 2010 statements of income as operating expenses.

- Other current and noncurrent liabilities

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

d) Income and social contribution taxes

Taxes on income include current and deferred amounts.

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

Deferred income and social contribution taxes are calculated on tax loss carryforwards of Livraria and on temporary differences of the Company and Livraria. Deferred taxes are recorded in current and noncurrent assets and noncurrent liabilities, according to note 14.a). Deferred tax assets are supported by a study on the expected realization of future taxable income, which is reviewed annually and adjusted in the event that a significant reduction in the projected income is expected.

e) Share-based payments

Fair value for stock option plans is calculated on the grant date of each plan and based on the binomial pricing model. The effects are reflected in the net income and shareholders' equity for the period comprised between the grant date and the date on which all eligibility conditions under each plan are met.

f) Reserve for contingencies

Adjusted through the balance sheet date for the probable loss amount, according to the nature of each contingency and based on the opinion of the Company's legal counsel. For financial statement purposes, the reserve is stated net of related judicial deposits. The bases for and nature of the reserves for tax, civil, and labor risks are described in note 15.

g) Earnings (losses) per share

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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h) Accounting estimates

The preparation of financial statements requires the Management of the Company and Livraria to make estimates and assumptions that affect the reported amounts of assets, liabilities and other transactions. Accordingly, the financial statements include several estimates related to the allowance for doubtful accounts, allowance for inventory losses, reserve for contingencies, assessment of the useful lives of property and equipment and intangible assets, and related projections to determine the impairment of property and equipment, intangible assets, goodwill, and deferred income tax assets. These estimates consider the best available indications and are based on assumptions existing as of September 30, 2010. Actual results in the realization or settlement of the underlying assets and liabilities could differ from those estimates.

4. CHANGES IN ACCOUNTING PRACTICES ADOPTED IN BRAZIL

With the enactment of Law 11638/07, which introduced changes in Brazilian Corporate Law to enable convergence of accounting practices adopted in Brazil with the International Financial Reporting Standards (IFRS), new accounting standards and technical pronouncements have been issued in conformity with IFRS by the Accounting Pronouncements Committee (CPC).

During 2009 the CPC issued new technical pronouncements, interpretations and instructions (CPCs, ICPCs and OCPCs, respectively), approved by CVM resolutions, whose mandatory application was postponed to December 2010, with optional early adoption encouraged, pursuant to CVM Resolution 603/09 issued on November 10, 2009, and CVM Official Letter 01/2010, issued on March 31, 2010.

The Management of Editora and Livraria elected the option granted by said Resolution for the third quarter of 2010 and prepared the related interim financial statements pursuant to the accounting practices effective until December 31, 2009. Upon the full adoption of the new CPCs, ICPCs and OCPCs, these interim financial statements will be restated comparatively with the 2009 figures and adjusted for such pronouncements.

This decision was made so that the Company can complete its analyses regarding the changes and the impacts arising from the full adoption of the new CPCs, ICPCs and OCPCs.

Management presents below, based on its best judgment, the main changes that could have an impact on the financial statements for the nine months end September 30, 2010, and an estimate of their possible effects on shareholders' equity and net income and disclosures from the application of said pronouncements:

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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- *CPC 22 Operating Segments* - Determines the need to disclose separate information by operating segment, defined as the components 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. Management should analyze the additional disclosure required in its financial statements based on how its business is currently managed.
- *CPC 40 Financial Instruments: Disclosures* - Requires disclosures in the financial statements that enable users to evaluate the significance of financial instruments for the 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 should analyze the additional disclosure required in its financial statements based on financial and business exposures, and its risk and capital management.
- *CPC 24 Events after the Reporting Period* - Prescribes when an entity should adjust its financial statements for events after the reporting period; and b) the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. The main impact is in the accounting of proposed dividends for approval by the Annual Shareholders' Meeting. Under this CPC, the liability can only be recognized as regards mandatory minimum dividends provided for in bylaws. Additional dividends must be recognized after their approval by the Editora decision-making bodies.
- *CPC 26 Presentation of Financial Statements* - Prescribes the basis for presentation of financial statements, including separate and consolidated financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Its main impact is the requirement to present a statement of comprehensive income.
- *CPC 30 Revenue* - 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 will be recognized. The probable effects on shareholders' equity and net income are as follows:

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## 06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

	Shareholders' equity		Net income	
	09/2010	06/2010	09/2010	09/2009
As currently recognized	386.835	392.739	14.104	19.897
Effect of the adjustment	<u>(2.481)</u>	<u>(2.341)</u>	<u>(152)</u>	<u>264</u>
Under CPC 30	<u>384.354</u>	<u>390.398</u>	<u>13.952</u>	<u>20.161</u>

Editora and Livraria's Management is analyzing the possible effects of the other CPCs, ICPCs and OCPCs on the Company's financial statements.

## 5. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements were prepared in accordance with consolidation criteria prescribed by the Brazilian accounting practices include the accounts of the Company and Livraria, in which the Company has equity interest of 99.98%. The interim financial statements of Livraria, used in the preparation of the consolidated financial statements, were prepared as of the same date, and in accordance with the accounting practices.

The following procedures were adopted in the preparation of the consolidated interim financial statements:

- Elimination of intercompany balances and transactions.
- Elimination of the Company's investment against the subsidiary's shareholders' equity.
- Minority interest in shareholders' equity and net income of Livraria is recorded in a separate caption in the balance sheets and statements of income, respectively.

## 6. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Trade accounts receivable	30,841	27,556	35,941	33,938
Intercompany receivables - Livraria	10,707	7,181	-	-
Credit cards	137	67	164,342	150,309
Checks receivable	<u>3,921</u>	<u>4,362</u>	<u>5,401</u>	<u>5,811</u>
	45,606	39,166	205,684	190,058
Allowance for doubtful accounts	<u>(2,217)</u>	<u>(1,632)</u>	<u>(5,380)</u>	<u>(6,454)</u>
	<u>43,389</u>	<u>37,534</u>	<u>200,304</u>	<u>183,604</u>

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Aging list of accounts receivable:

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Current	40,025	32,140	196,720	177,785
Past due:				
Up to 60 days	1,465	3,290	1,673	3,658
Over 180 days	4,116	3,736	7,291	8,615
	<u>45,606</u>	<u>39,166</u>	<u>205,684</u>	<u>190,058</u>

7. INVENTORIES

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Goods for resale	463	331	180,842	177,816
Finished products	79,269	52,452	79,269	52,452
Work in process	42,000	35,268	42,000	35,268
Raw materials	19,393	25,117	19,393	25,117
Packing and consumption materials	800	796	2,311	2,233
	<u>141,925</u>	<u>113,964</u>	<u>323,815</u>	<u>292,886</u>

8. RECOVERABLE TAXES

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Taxes on revenues (COFINS)	6,525	4,212	31,515	25,884
Taxes on revenues (PIS)	1,363	1,738	7,440	7,095
Income Tax (IRPJ)	2,530	-	5,665	3,056
Social Contribution on Net Income (CSLL)	1,759	-	3,099	1,309
State VAT (ICMS) (*)	-	-	31,821	16,485
	<u>12,177</u>	<u>5,950</u>	<u>79,540</u>	<u>53,829</u>
Current assets	12,177	5,950	61,975	44,819
Noncurrent assets	-	-	17,565	9,010
	<u>12,177</u>	<u>5,950</u>	<u>79,540</u>	<u>53,829</u>

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

(\*) ICMS credits taken by Livraria on transfers from the Distribution Center in São Paulo to stores in other Brazilian states of products subject to the tax substitution system established in the State of São Paulo between April and June 2009 for a significant portion of the products sold by Livraria.

9. INVESTMENTS IN SUBSIDIARY

Direct investments in Livraria and its main information are as follows:

	<u>09/2010</u>	<u>06/2010</u>
Number of shares - thousands	193,053	193,053
Number of shares held - thousands	193,013	193,013
Ownership interest	99.98%	99.98%
Percentage of this investment in the Company's shareholders' equity (includes intercompany loans)	62.92%	70.44%
Paid-in capital	296,317	296,317
Shareholders' equity	246,332	245,927
Investment value	<u>246,281</u>	<u>245,876</u>

The calculation basis for the equity in subsidiaries recognized by Editora is as follows:

	<u>07/01 a</u> <u>09/30/2010</u>	<u>01/01 a</u> <u>09/30/2010</u>	<u>07/01 a</u> <u>09/30/2009</u>	<u>01/01 a</u> <u>09/30/2009</u>
Calculation basis for equity in subsidiary	<u>405</u>	<u>4,131</u>	<u>(329)</u>	<u>329</u>
Equity in subsidiary	<u>404</u>	<u>4,130</u>	<u>(329)</u>	<u>329</u>

The change recorded in investments for the quarter is as follows:

	<u>07/01 a</u> <u>09/30/2010</u>	<u>04/01 a</u> <u>06/30/2010</u>	<u>07/01 a</u> <u>09/30/2009</u>	<u>04/01 a</u> <u>06/30/2009</u>
Balance at beginning of the quarter	245,876	250,175	237,436	241,306
Acquisition of shares from non- controlling shareholders	1	-	-	-
Interest in Livraria	<u>404</u>	<u>(4,299)</u>	<u>(329)</u>	<u>(3,870)</u>
Balance at end of the quarter	<u>246,281</u>	<u>245,876</u>	<u>237,107</u>	<u>237,436</u>

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## 06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

The balance sheets of Livraria as of September 30 and June 30, 2010 are as follows:

	<u>09/2010</u>	<u>06/2010</u>		<u>09/2010</u>	<u>06/2010</u>
<u>ASSETS</u>	<u>626,469</u>	<u>583,852</u>	<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>626,469</u>	<u>583,852</u>
CURRENT	416,962	385,421	CURRENT	285,732	244,727
Cash and cash equivalents	2,769	2,878	Trade accounts payable	163,276	126,733
Trade accounts receivable	167,622	153,251	Financing	91,712	60,822
Inventories	181,890	178,922	Related parties	-	30,759
Recoverable taxes	49,798	38,869	Provision for income and social contribution taxes	10,579	9,595
Deferred income and social contribution taxes	8,046	7,686	Taxes payable	3,440	1,358
Related parties	2,867	-	Other	16,725	15,460
Other	3,970	3,815			
NONCURRENT	<u>209,507</u>	<u>198,431</u>	NONCURRENT	<u>94,405</u>	<u>93,198</u>
Judicial deposits	1,504	1,498	Financing	71,714	71,894
Deferred income and social contribution taxes	24,165	23,542	Reserve for contingencies	332	377
Recoverable taxes	17,565	9,010	Deferred income and social contribution taxes	17,065	15,644
Other	20	12	Other	5,294	5,283
Investments	135	135	SHAREHOLDERS' EQUITY	<u>246,332</u>	<u>245,927</u>
Property, plant and equipment	86,847	87,242	Paid-in capital	296,317	296,317
Intangible assets	79,271	76,992	Accumulated losses	(49,985)	(50,390)



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## 06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- (a) Goodwill arising from the acquisition of Formato Editorial Ltda., which was transferred to intangible assets due to the merger of the company on February 3, 2004.
- (b) Goodwill based on expected future earnings from the acquisition of Ético, merged with the Company on February 1, 2008.
- (c) Goodwill based on expected future earnings from the acquisition of Siciliano by Livraria e Papelaria Saraiva S.A., as of March 6, 2008.

Aggregated changes in “Property, plant and equipment” and “Intangible assets” during the quarter were as follows:

	Company			
	07/01 to 09/30/2010	04/01 to 06/30/2010	07/01 to 09/30/2009	04/01 to 06/30/2009
Balance at beginning of the quarter	40,228	40,177	38,388	39,902
Additions	1,579	1,471	1,453	872
Disposals	(560)	(147)	(45)	(1,096)
Depreciation and amortization	(1,300)	(1,273)	(1,207)	(1,290)
Balance at end of the quarter	<u>39,947</u>	<u>40,228</u>	<u>38,589</u>	<u>38,388</u>
	Consolidated			
	07/01 to 09/30/2010	04/01 to 06/30/2010	07/01 to 09/30/2009	04/01 to 06/30/2009
Balance at beginning of the quarter	204,462	200,261	181,500	171,629
Additions	9,780	11,534	13,764	16,328
Disposals	(632)	(240)	(59)	(1,096)
Depreciation and amortization	(7,545)	(7,093)	(6,373)	(5,361)
Balance at end of the quarter	<u>206,065</u>	<u>204,462</u>	<u>188,832</u>	<u>181,500</u>

## 11. LOAN AND FINAN'ING

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Current-				
In local currency - BNDES - FINEM	3.861	5.693	10.085	12.214
Working capital	-	-	85.488	54.301
	<u>3.861</u>	<u>5.693</u>	<u>95.573</u>	<u>66.515</u>
Noncurrent-				
In local currency - BNDES - FINEM	<u>61.347</u>	<u>59.205</u>	<u>133.060</u>	<u>131.099</u>

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## 06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

The noncurrent liabilities portion matures as follows:

	<u>Last quarter of 2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Total</u>
Company	<u>1.138</u>	<u>21.097</u>	<u>21.097</u>	<u>18.015</u>	<u>61.347</u>
Consolidated	<u>3.208</u>	<u>45.997</u>	<u>44.992</u>	<u>38.863</u>	<u>133.060</u>

Additional information on financing is as follows:

<u>Financing</u>	<u>Purpose</u>	<u>Guarantees</u>	<u>Due date</u>	<u>Charges</u>
Company:				
BNDES - FINEM - contract of 11/2005	Publishing Plan - 2005 to 2007, and information systems	Bank guarantee	11/2010	4% + TJLP (i)
BNDES - FINEM - contract of 02/2009 subloans E/F	Publishing plan - 2008/2010/working capital	None	09/2014	2.32% + TJLP (i)
BNDES - FINEM contract of 02/2009 subloans A/B/C/D	Publishing plan - 2008/2010/working capital	None	09/2014	2.32% + BNDES rate (ii)
Livraria:				
BNDES - FINEM - contract of 11/2006	Investment projects for opening of 11 stores, renovation and modernization of 19 stores of the chain, and centralization of logistics operations	Company's guarantee	05/2012	3.1% + TJLP (i)
BNDES - FINEM contract of 02/2009 subloans A/B/C	Expansion of store chain/working capital	Company's guarantee	09/2014	2.32% + BNDES rate (ii)
BNDES - FINEM - contract of 02/2009 subloans E/F	Expansion of store chain/working capital	Company's guarantee	09/2014	2.32% + TJLP (*)
BNDES - FINAME contract of 02/2009 subloan D	Expansion of stores chain	Company's guarantee	09/2014	1.42% + TJLP (i)

(i) Long-term interest rate (TJLP) for the period ended in September 30, 2010 was 6.00% per year (6.00% in June 30, 2010).

(ii) Reference rate disclosed by BNDES at the date subloans are used, which will be equivalent to the average cost of funds without being subject to onlending under specific conditions, in addition to derivatives from BNDES and BNDES Participações S.A. - BNDESPAR, indexed to the IPCA (Extended Consumer Price Index).

In February 2009, the Company and Livraria entered into new loan agreements with the National Bank for Economic and Social Development (BNDES) totaling R\$71,900 and R\$69,700, respectively. As of September 30, 2010 were released R\$15,658 to Editora and R\$22,456 to Livraria. The funds obtained will be used for working capital purposes, the development of new publishing projects, and the refurbishment and expansion of Livraria's store chain.

The Livraria raised working capital loans totaling R\$77,000 in December 2009 and R\$30,000 in September 2010, which bear average interest equivalent to 119% and 115% of the interbank deposit rate (CDI), respectably. The amount recognized as financial expenses for the period ended September 30, 2010 was R\$5,059.

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Contractual covenants for the Company, including those related to the agreement signed with Livraria

The Company and Livraria are required to meet the covenants set forth in the financing agreements with BNDES. As of September 30, 2010, the Company and Livraria are compliant with such covenants, the main of which are as follows:

- Maintain the following financial ratios: (i) current liquidity equal or higher than 1.5 in 2009 and equal or higher than 1.7 in 2010; (ii) capitalization level equal or higher than 0.43; and (iii) indebtedness level equal or lower than 0.22.

Provide periodic information, such as: (i) annual financial statements audited by external auditors; (ii) maintenance of staff; and (iii) holding valid business licenses for stores

12. LOYALTY PROGRAM - SARAIVA PLUS

Livraria has a customer loyalty program (“Saraiva Plus”) whereby purchases made by customers in stores and in the website earn points that can be discounted in future purchases. Accumulated points, net of redemptions and valued in accordance with the program regulation, are accrued considering redemption estimates. As of September 30, 2010, a provision for loyalty program in the amount of R\$4,804 (R\$4,761 as of June 30, 2010) is recorded in current liabilities under the caption “Clients loyalty program” in the interim consolidated financial statements.

13. RELATED-PARTY TRANSACTIONS

Related-party transactions include purchases and intercompany loans. Loans granted to Livraria have indeterminate maturity and bear interest of 101% of the CDI (interbank deposit rate).

Loans recorded in current assets:

	<u>07/01 to</u> <u>09/30/2010</u>	<u>04/01 to</u> <u>06/30/2010</u>	<u>07/01 to</u> <u>09/30/2009</u>	<u>04/01 to</u> <u>06/30/2009</u>
Balance receivable at beginning of quarter/year	30,759	24,496	12,578	16,166
Loans, net of repayments received	(31,201)	5,649	(12,662)	(3,892)
Financial income	<u>442</u>	<u>614</u>	<u>84</u>	<u>304</u>
Balance receivable at end of quarter/year	<u>-</u>	<u>30,759</u>	<u>-</u>	<u>12,578</u>

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Loans captured from Livraria recorded

	<u>07/01 to 09/30/2010</u>	<u>07/01 to 09/30/2009</u>
Balance payable at beginning of quarter/year	-	-
Loans, net of repayments received	2,863	18,268
Financial expenses	<u>4</u>	<u>82</u>
Balance payable at end of quarter/year	<u>2,867</u>	<u>18,350</u>

The main balances and transactions with Livraria are as follows:

	<u>01/01 to 09/30/2010</u>	<u>01/01 to 06/30/2010</u>
Balances:		
Assets:		
Trade accounts receivable (current)	10,707	7,181
Loans to subsidiary (noncurrent)	-	30,759
Liabilities-		
Trade accounts payable (current)	1	1
Loans from subsidiary (noncurrent)	2,867	-
	<u>09/2010</u>	<u>09/2009</u>
Transactions:		
Sale of products	36,492	28,766
Purchase of products	16	68
Financial income	1,368	1,870
Financial expenses	4	82

Management compensation

Under Brazilian Corporate Law and the Company's bylaws, it is the shareholders to establish the total annual amount of directors' and officers' compensation is shareholders' responsibility. Management is also entitled to a profit sharing of up to 10% of net income for the year.

Management compensation is presented is a separate line account of the statements of income for the period ended September 30, 2010 and 2009.

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14. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred taxes

Deferred income and social contribution taxes are derived from:

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Current assets:				
Accrued sale costs of products received on consignment	-	-	4,941	4,043
Program "SaraivaPlus"	-	-	1,633	1,619
Provision for inventory obsolescence	-	-	202	94
Allowance for doubtful accounts	64	71	771	1,438
Other provisions	-	-	563	563
	<u>64</u>	<u>71</u>	<u>8,110</u>	<u>7,757</u>
Noncurrent assets::				
Tax loss carryforwards	-	-	20,306	19,621
Reserves for contingencies and taxes payable	681	700	4,540	4,621
	<u>681</u>	<u>700</u>	<u>24,846</u>	<u>24,242</u>
Noncurrent liabilities:				
Provision for book inventory losses - Law 10753/03	9,036	5,982	16,603	13,476
Tax amortization of goodwill on business acquisitions	2,098	1,802	11,596	9,952
Other	3	3	3	3
	<u>11,137</u>	<u>7,787</u>	<u>28,202</u>	<u>23,431</u>

The Company and Livraria, based on the opinion of their outside attorneys, considered the tax incentive established by Law 10753/03, amended by Law 10833/03, concerning the deductibility of the provision for inventory losses, as a direct adjustment to the tax base. The tax effects of deferred liabilities were recognized in the financial statements in accordance with CVM Instruction 371/02.

Based on the expectation of future taxable income and positive cash flows, the Company and Livraria maintained in their financial statements the deferred tax assets.

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Management believes that the carrying amount of the Company's deferred tax assets from temporary differences is realizable in proportion to the final resolution of lawsuits and the settlement of liabilities; with regard to deferred tax assets from tax loss carryforwards and temporary differences of Livraria, Management considers their realization based on future taxable income as follows:

<u>Balance sheet date</u>	<u>Realization of deferred tax asset</u>
December 31, 2010	8,046
December 31, 2011	10,374
December 31, 2012	8,780
December 31, 2013	<u>5,011</u>
	<u>32,211</u>

## b) Expense reconciliation

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

	<u>Company</u>		<u>Consolidated</u>	
	<u>09/2010</u>	<u>09/2009</u>	<u>09/2010</u>	<u>09/2009</u>
Income before income and social contribution taxes	22,238	33,642	24,683	35,035
Combined tax rate - %	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Taxes computed at the combined tax rate	(7,561)	(11,438)	(8,392)	(11,911)
Permanent additions - nondeductible expenses	(668)	(589)	(877)	(773)
Permanent deductions:				
Equity in subsidiary	1,404	112	-	-
Other deductions	141	198	141	198
Others items	<u>117</u>	<u>183</u>	<u>117</u>	<u>(441)</u>
	<u>(6,567)</u>	<u>(11,534)</u>	<u>(9,011)</u>	<u>(12,927)</u>
Income and social contribution taxes:				
Current	(2,545)	(7,955)	(2,545)	(8,844)
Deferred	<u>(4,022)</u>	<u>(3,579)</u>	<u>(6,466)</u>	<u>(4,083)</u>
	<u>(6,567)</u>	<u>(11,534)</u>	<u>(9,011)</u>	<u>(12,927)</u>
Effective tax rate on net income - %	<u>29.5%</u>	<u>34.3%</u>	<u>36.5%</u>	<u>36.9%</u>

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## 15. RESERVE FOR CONTINGENCIES

Reserve for contingencies is as follows:

	Company						
	<u>12/2009</u>	<u>Recognition</u>	<u>Judicial deposits</u>	<u>06/2010</u>	<u>Recognition</u>	<u>Judicial deposits</u>	<u>09/2010</u>
PIS/COFINS - increase in tax basis (a)	252	11	-	263	6	-	269
PIS - Supplementary Law 7/70 (b)	1,033	8	-	1,041	4	-	1,045
Civil and labor contingencies	243	-	-	243	-	-	243
Judicial deposits	<u>(252)</u>	<u>-</u>	<u>(110)</u>	<u>(362)</u>	<u>-</u>	<u>(5)</u>	<u>(367)</u>
	<u>1,276</u>	<u>19</u>	<u>(110)</u>	<u>1,185</u>	<u>10</u>	<u>(5)</u>	<u>1,190</u>
	Consolidated						
	<u>12/2009</u>	<u>Recognition</u>	<u>Judicial deposits</u>	<u>06/2010</u>	<u>Recognition</u>	<u>Judicial deposits</u>	<u>09/2010</u>
PIS/COFINS - increase in tax basis (a)	9,784	191	-	9,975	68	-	10,043
PIS - Supplementary Law 7/70 (b)	2,577	21	-	2,598	12	-	2,610
Civil and labor contingencies	243	-	-	243	-	-	243
Judicial deposits	<u>(9,760)</u>	<u>-</u>	<u>(1,494)</u>	<u>(11,254)</u>	<u>-</u>	<u>(120)</u>	<u>(11,374)</u>
	<u>2,844</u>	<u>212</u>	<u>(1,494)</u>	<u>1,562</u>	<u>80</u>	<u>(120)</u>	<u>1,522</u>

- (a) The Company and Livraria are challenging in court certain aspects related to federal taxes, such as PIS and COFINS (taxes on revenue), with regard to the increase in the tax base and in the tax rate. These lawsuits were initiated in 1999 and are guaranteed by judicial deposits.
- (b) The Company and Livraria Saraiva, which was merged with and into Livraria, 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. Judicial deposits made between April 1989 and May 1992 were withdrawn upon court authorization. A final decision on the merits was rendered acknowledging the validity and applicability of Supplementary Law 7/70 and, by virtue of the granting of the National Treasury's appeal, the case is now in the stage of calculation of the amounts due to the Federal Government. Therefore, the companies recognized the respective amounts as a provision, according to the opinion from the counsel handling the case and considering the best estimates existing on the balance sheet dates to calculate the amount necessary to settle the tax debits.

On February 19, 2010, the Company and Livraria were ordered to recompute judicial 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.

The Management of the Company 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 considered as possible.

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The Company and Livraria are challenging the payment of certain taxes, contributions and labor obligations, guaranteed by judicial deposits made for the appeals filed in equivalent amounts, which await final court decisions, in the amount of R\$8,154, Company, and R\$9,659, on a consolidated basis (R\$8,146 and R\$9,644 in June 31, 2010) that are recorded in noncurrent assets.

16. TAXES PAYABLE

	Company		Consolidated	
	09/2010	06/2010	09/2010	06/2010
Tax installment payment program - Law 11941/09 (a)	618	-	2,952	-
Installment payment of IR (income tax) and CSLL (social contribution) (b)	-	-	-	279
Installment payment of CSLL (c)	1,102	1,231	1,102	1,231
Withholding income tax (IRRF)	582	568	1,021	1,055
Taxes on revenues (PIS and COFINS)	38	46	382	377
Others	48	71	371	332
	<u>2,388</u>	<u>1,916</u>	<u>5,828</u>	<u>3,274</u>
Current liabilities	1,822	1,219	5,262	2,577
Noncurrent liabilities	566	697	566	697
	<u>2,388</u>	<u>1,916</u>	<u>5,828</u>	<u>3,274</u>

- (a) The Management of Editora and Livraria joined the program created by Law 11941/09 for the payment of taxes related to administrative and court proceedings where the likelihood of loss, according to Management, based on the opinion of its legal counsel, is probable. The Company filed requests for the withdrawal of the administrative proceedings and the related lawsuits for which there is no final and unappealable decision. The amounts accrued, net of the discounts granted by said law, are R\$618 for Editora and R\$2,334 for Livraria, totaling R\$2,952.
- (b) Request filed with the National Treasury Attorney General in October 2005 for the installment payment of the accrued amounts related to lawsuits brought to discuss the effects of IR and CSLL arising from the "Plano Real" - Law 8880/94.
- (c) Request filed with Federal Revenue Service in November 2007 for the installment payment of the debt arising from the denial of the administrative appeal against the tax delinquency notice related to the deduction of interest on capital from the CSLL tax basis for 1996.

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## 17. SHAREHOLDERS' EQUITY

### a) Capital

Fully paid-up capital as of September 30, 2010 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.

The Company's bylaws comply with São Paulo Stock Exchange (BM&F BOVESPA) Level 2 of Differentiated Corporate Governance Practices.

The Company is authorized to increase capital, through a new issue of 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.

The Company's preferred shares, which cannot surpass 2/3 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 the Company's controlling interest.
- 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 conditions as holders of common shares.

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

### b) Treasury shares

In the nine months ended September 30, 2010, were sold 115,200 shares, which were in cash to the beneficiaries of the 3rd Option Plan to Purchase Shares by the total amount of R\$2,656, of which R\$905 equivalent to the average acquisition cost and R\$1,751, equivalent to the added value of these shares registered in the revenue reserve.

The remaining balance of treasury shares is R\$1,965 represented by 250,550 preferred shares with a market value of R\$9,143 (R\$36.49 per share - trading on September 30, 2010).

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c) Interest on capital and dividends

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

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

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

d) Legal reserve

In accordance with Brazilian Corporate Law and the Company's bylaws, 5% of net income for each year shall be allocated to the legal reserve.

e) Stock option plan

The Company's Board of Directors approved the 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> 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 the Company, 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 the net income, under the line account "Operating expenses", and in the shareholders' equity, under the line account "Earnings reserve", as follows:

<u>Year of grant</u>	<u>Recorded until the year ended 12/31/2009</u>	<u>Recorded in the period ended 09/30/2010</u>	<u>Total</u>	<u>Values to register in future years</u>
2007	1,249	81	1,330	-
2008	900	367	1,267	211
2009	<u>57</u>	<u>496</u>	<u>553</u>	<u>955</u>
	<u>2,206</u>	<u>944</u>	<u>3,150</u>	<u>1,166</u>

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

	<u>3<sup>rd</sup> Plan</u>	<u>4<sup>th</sup> Plan</u>	<u>5<sup>th</sup> Plan</u>
Date of grant	03/05/2007	02/28/2008	11/30/2009
Beginning of option exercise period	03/08/2010	03/08/2011	03/08/2012
End of option exercise period	05/07/2010	05/07/2011	05/10/2012
Risk-free interest rate	12.01%	12.45%	12.20%
Number of managers and employees eligible	19	22	27
Fixed price - R\$	21.50	30.00	.27,00
Index	IPCA	IPCA	IPCA
Number of outstanding options	<u>123,800</u>	<u>124,600</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 exercise, adjusted by the IPCA until September 30, 2010 - R\$	<u>23.28</u>	<u>32.40</u>	<u>27.19</u>

The following table presents the changes during the quarter of options granted:

	<u>3<sup>rd</sup> Plan</u>	<u>4<sup>th</sup> Plan</u>	<u>5<sup>th</sup> Plan</u>
Total share options granted (thousands)	123,800	124,600	125,000
(-) Exercise of stock options - in thousand (*)	(115,200)	-	-
Options cancelled - in thousand	(2,200)	(2,100)	-
(-) Options not exercised	(6,400)	-	-
Balance as at June 30, 2010 (thousands)	<u>-</u>	<u>122,500</u>	<u>125,000</u>

(\*) In the period between April 23 and May 7, 2010, 115,200 options of the 3<sup>rd</sup> Plan were exercised by means of sale of shares held in treasury.

## 18. FINANCIAL INSTRUMENTS

### a) Derivative transactions

Derivative transactions, when performed, are entered into with prime banks and managed by the finance area within the position and exposure limits set, and the inherent risks are monitored.

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In the nine months ended September 30, 2010, the following transactions with Banco do Brasil related to the purchase terms of the amount of U.S. dollar, without physical delivery, the rate of exchange established by the sale price on the first business day preceding the expiration date of each contract disclosed by the Central Bank of Brazil - PTAX800. The transactions were contracted to reduce the exposure to the risk of fluctuations in the US dollar rate in purchasing inputs from abroad.

The results as of the balance sheet date are as follows:

Contract information			US\$ Rate			Gain (loss) registered (R\$ 000)
Date of hiring	Reference value (US\$ 000)	Maturity	Date of hiring	Maturity	Period ended September 30, 2010	
01/15/2010	840	03/26/2010	1.7970	1.8008	-	3
01/15/2010	840	04/26/2010	1.8080	1.7624	-	(38)
01/15/2010	840	05/26/2010	1.8205	1.8811	-	51
06/23/2010	300	10/21/2010	1.8585	-	1.6942	(49)
09/02/2010	<u>1,300</u>	01/18/2011	1.7906	-	1.6942	<u>(125)</u>
Total	<u>4,120</u>					<u>(158)</u>

The amount of net loss in the transactions was recorded directly in income for the period ended September 30, 2010. The current operation, due on October 21, 2010 and January 18, 2011 are recorded in current liabilities under "Other liabilities".

The contracts are free of fines or penalties for early repayment, but are marked to market on the day of early settlement. The Editora does not expect significant results in the expiration date of the last contract.

The transaction, maturing on 10/21/2010, resulted in a loss of R\$55.

On October 4, 2010, a new transaction was entered into with Banco do Brasil, under the same terms and conditions as the previous ones. The transaction amount totaled US\$310 thousand, equivalent to R\$532 at the dollar rate on the contracting date. The transaction will mature on November 30, 2010.

Sensitivity analyses, concerning contracts due on October 21, 2010 and January 18, 2011 were developed considering the exposure to changes in the U.S. dollar, as follows:

Operations	Risk	Scenarios (in thousand R\$)		
		Probable (i)	Possible (ii)	Remote (iii)
Loss in the contract end	U.S. \$ Increase	<u>125</u>	<u>175</u>	<u>1,430</u>

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The balances include exposure to derivative contracts calculated as follows:

- (i) Based on the current price of U.S. dollar
- (ii) Considering a 25% decrease in the price of U.S. dollar.
- (iii) Assuming a 50% decrease in the price of U.S. dollar.

b) Other financial instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable and current liabilities approximate fair values, since the maturity of a significant portion of these balances is near the balance sheet dates. The carrying amounts of financing correspond to funds obtained from the BNDES, are subject to interest that does not differ from interest currently charged by the BNDES in similar transactions.

c) Market risks

- Credit risk: to minimize possible losses on customer default, the Company adopts strict policies for granting credit, consisting of careful analyses of customer profiles, as well as timely monitoring of accounts receivable.
- Inventory obsolescence risk: discontinued products and new technologies may lead to excess and obsolete inventories. To minimize these conditions, the Company and Livraria periodically monitor inventory levels and take necessary action for inventory realization.

d) Interest rate

Livraria is exposed to normal market risks arising from changes in interest rates on loans obtained during the period.

The sensitivity analysis was developed based on the exposure to the CDI variation, which is the only index applicable to loans obtained by Livraria:

<u>Transaction</u>	<u>Risk</u>	<u>Scenarios (in R\$ thousands)</u>		
		<u>Probable (i)</u>	<u>Possible (ii)</u>	<u>Remote (iii)</u>
Balance of secured account loans subject to CDI variation	CDI increase	<u>86,755</u>	<u>87,060</u>	<u>87,666</u>

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Balances include interest calculated as follows:

- (i) Based on current average CDI variation.
- (ii) Considering a 25% increase in CDI variation.
- (iii) Considering a 50% increase in CDI variation.

19. OTHER OPERATING REVENUES AND EXPENSES

	Company		Consolidated	
	09/2010	09/2009	09/2010	09/2009
Other income:				
Gain on sale of permanent assets	34	10,241	(156)	10,933
Royalties on franchise operations	-	-	393	506
Revenue from credit card and gift cards	-	-	1,467	354
Indemnities for product losses	-	38	381	1,099
Sale of excessive and obsolete products	117	168	235	219
Recovered expenses	375	-	375	-
Income from favorable court decisions	93	87	221	207
Reversal of operating accruals	-	-	857	-
Recoverable State VAT (ICMS) (i)	-	-	2,814	-
Reversal of provisions (ii)	-	-	1,500	-
Other operating income	<u>98</u>	<u>31</u>	<u>479</u>	<u>1,146</u>
	<u>717</u>	<u>10,565</u>	<u>8,566</u>	<u>14,464</u>
Other expenses:				
Provision for loyalty program - SaraivaPlus	-	-	(1,028)	(844)
PIS/Cofins over other operating revenues	(17)	(21)	(263)	(289)
Adherence Installment payment of tax - Law n° 11.941/09	(608)	-	(2,903)	-
Taxes paid in administrative proceedings	-	(926)	-	(926)
Other operating provisions	<u>(48)</u>	<u>(15)</u>	<u>(268)</u>	<u>(257)</u>
	<u>(673)</u>	<u>(962)</u>	<u>(4,462)</u>	<u>(2,316)</u>
	<u>44</u>	<u>9,603</u>	<u>4,104</u>	<u>12,148</u>

- (i) ICMS credit taken on amounts unduly paid in the period from April 2008 to December 2009.
- (ii) Reversal of a previously recognized allowance for doubtful receivables from Livraria franchises, as a result of a settlement entered into with franchisees on August 16, 2010.

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## 20. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	09/2010	09/2009	09/2010	09/2009
Financial income:				
Income from temporary cash investments	734	401	781	464
Interest on loans to subsidiary - Note n°13	1,368	1,870	-	-
Interest on trade accounts receivable	792	866	807	888
Interest on recoverable taxes	32	-	280	48
Financial discount obtained	83	11	245	152
Other financial income	<u>102</u>	<u>31</u>	<u>211</u>	<u>363</u>
	<u>3,111</u>	<u>3,179</u>	<u>2,324</u>	<u>1,915</u>
Financial expenses:				
Interest and monetary variations on financing	(5,613)	(2,731)	(16,847)	(6,705)
Financial discounts granted	(1,206)	(1,035)	(1,756)	(1,321)
Other interest and monetary variation	(1,612)	(2,783)	(3,848)	(5,521)
Interest on loans to subsidiary - Note n°13	(4)	(82)	-	-
IOC (tax on credit operations)	(77)	(227)	(1,130)	(1,120)
Other financial commissions	(74)	(53)	(78)	(66)
Loss on financial instruments - Note n°18a	(158)	-	(158)	-
Other financial expenses	<u>(90)</u>	<u>(90)</u>	<u>(642)</u>	<u>(440)</u>
	<u>(8,834)</u>	<u>(7,001)</u>	<u>(24,459)</u>	<u>(15,173)</u>
	<u>(5,723)</u>	<u>(3,822)</u>	<u>(22,135)</u>	<u>(13,258)</u>

## 21. OPERATING LEASE - STORES

As of September 30, 2010, Livraria had 93 lease agreements with third parties for its stores. Said agreements were reviewed by Management, who concluded that they fit into the classification of operating lease. Most of the store lease agreements provide for a variable rental expense, based on sales, or minimum amounts adjusted to inflation on an annual basis by several indexes, and are effective for five years, subject to renewal. Rentals under lease agreements for Livraria's logistics and administrative areas and Company's stores are fixed, with annual adjustments to inflation according to the variation of the main indexes.

In the nine months ended September 30, 2010, rental expenses, net of recoverable taxes, totaled R\$3,653 (R\$3,475 in September 30, 2009) - Company and R\$31,906 (R\$29,097 in September 30, 2009) - consolidated. The balance of "Rentals payable" included in "Other liabilities" as of September 30, 2010 is R\$513 (R\$536 as of June 30, 2010) - Company, and R\$5,847 (R\$5,244 as of June 30, 2010) - consolidated.

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Future obligations (consolidated), from these agreements, totaled the minimum amount of R\$121,196 as of September 30, 2010, as follows:

<u>Maturity</u>	<u>Value</u>
Until 09/30/2011	36,500
10/01/2011 to 09/30/2012	29,563
10/01/2012 to 09/30/2013	21,186
10/01/2013 to 09/30/2014	13,790
10/01/2014 to 09/30/2015	6,578
Other maturities until 2018	<u>13,579</u>
Total	<u>121,196</u>

22. STATEMENTS OF CASH FLOWS

The Company'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.

Changes in the financial position that did not impact cash flows are as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>09/2010</u>	<u>06/2010</u>	<u>09/2010</u>	<u>06/2010</u>
Portion of recoverable taxes transferred to current assets	1,161	-	1,161	(56)
Portion of financing transferred to current liabilities	1,943	972	3,158	2,077
Portion of other liabilities transferred to current assets	564	372	1,082	772

23. INSURANCE (NOT REVIEWED BY INDEPENDENT AUDITORS)

The Company and Livraria have an insurance policy that considers risk concentration and its materiality, obtained in amounts considered sufficient by Management taking into consideration the nature of their activities and the advice of insurance brokers.

**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Law

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## 06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

As of September 30, 2010, insurance coverage is as follows:

<u>Year</u>	<u>09/2010</u>	<u>06/2010</u>
Loss of profits	45,000	45,000
Fire - maximum amount per store	54,509	47,595
Vehicles - only civil liability - maximum amount per vehicle	1,025	1,025

## 24. STATEMENT OF VALUE ADDED FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Editora				Consolidado			
	07/01/2010 a 09/30/2010	01/01/2010 a 09/30/2010	07/01/2009 a 09/30/2009	01/01/2009 a 09/30/2009	07/01/2010 a 09/30/2010	01/01/2010 a 09/30/2010	07/01/2009 a 09/30/2009	01/01/2009 a 09/30/2009
VALUE ADDED CREATED								
Sale of products, goods and services	42,693	207,490	40,772	195,499	335,353	1,077,657	274,477	884,249
Allowance for doubtful accounts, net of reversals	(0,553)	(1,586)	(0,460)	(0,625)	(0,823)	(2,574)	(0,708)	(1,186)
Other operating income	0,645	1,512	0,335	11,899	6,038	9,527	1,278	15,816
	42,785	207,416	40,647	206,773	340,568	1,084,610	275,047	898,879
	-	-	-	-	-	-	-	-
INPUTS PURCHASED FROM THIRD PARTIES								
Raw materials consumed	(3,617)	(8,635)	8,656	(10,858)	(0,937)	(2,651)	3,220	(4,485)
Cost of sales and services	-	-	-	(0,094)	(208,809)	(598,612)	(160,572)	(464,170)
Materials, electric energy, outside services and other	(29,560)	(110,346)	(39,903)	(99,113)	(72,432)	(223,070)	(65,624)	(198,449)
Other operating expenses	(0,558)	(0,795)	(0,045)	(1,334)	(0,559)	(0,961)	(0,059)	(1,351)
	9,050	87,640	9,355	95,374	57,831	259,316	52,012	230,424
	-	-	-	-	-	-	-	-
RETENTIONS								
Depreciation and amortization	(1,253)	(3,609)	(1,167)	(3,559)	(7,498)	(21,030)	(6,275)	(15,874)
	7,797	84,031	8,188	91,815	50,333	238,286	45,737	214,550
	-	-	-	-	-	-	-	-
VALUE ADDED RECEIVED IN TRANSFER								
Equity in subsidiary	0,404	4,130	(0,329)	0,329	-	-	-	-
Financial income	0,810	3,111	0,325	3,179	0,614	2,324	0,407	1,915
	1,214	7,241	(0,004)	3,508	0,614	2,324	0,407	1,915
	9,011	91,272	8,184	95,323	50,947	240,610	46,144	216,465
	-	-	-	-	-	-	-	-
DISTRIBUTION OF VALUE ADDED								
Personnel - payroll and related charges	13,292	48,985	12,754	44,088	35,065	115,376	30,876	103,488
Government - taxes and contributions	(1,354)	13,570	(1,727)	18,033	4,330	53,598	6,328	46,617
Creditors - financial expenses, excluding CPMF and IOC	2,617	8,757	3,014	6,774	7,778	23,330	6,332	14,053
Lessees - rentals	1,340	4,289	1,255	4,320	10,659	32,635	9,720	30,199
Shareholders - dividends and interest on capital	(0,688)	1,567	(0,596)	2,211	(0,688)	1,567	(0,596)	2,211
Minority interest	-	-	-	-	(0,002)	-	-	-
Shareholders - recognition of profit reserves	(6,196)	14,104	(6,516)	19,897	(6,195)	14,104	(6,516)	19,897
	9,011	91,272	8,184	95,323	50,947	240,610	46,144	216,465

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

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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 by Brazil in effect until December 31, 2009 and refer to the third quarter of 2010 and the first nine months of 2010 (3Q10 and 9M10), except where otherwise indicated, with comparisons made in relation to the same periods of the previous year.

## HIGHLIGHTS

Investments on many business fronts have led to a sharp increase of 21.9% in the consolidated gross revenue of the Saraiva Group in the first nine months and 22.2% in the third quarter of 2010.

In 3Q10, Editora negotiated textbook supply contract with the National Education Development Fund (known locally as FNDE) under the scope of the National Textbook Programs (PNLD) for Elementary and High Schools in the 2011 school year. The total amount negotiated reached R\$ 140.4 million. Editora's market share in textbooks for the 6<sup>th</sup> and 9<sup>th</sup> grades under the Elementary School program (PNLD 2011) reached 17.0%, representing a 390 basis points growth as compared with the adoption of books for the same teaching levels under the scope of PNLD 2008.

Livraria opened two new stores in 3Q10 and concluded the negotiations to open another two new stores in 4Q10. The e-book sales platform registered for a library of 160 thousand imported titles and more than 1,200 local titles by the end of 3Q10. The e-commerce highlights in 9M10 included increases in the information technology (+171.5%) and multimedia/game (+142.6%) categories.

**Revenue** - Saraiva's consolidated gross revenue, including editorial and retail operations, totaled R\$ 1.1 billion in 9M10 and R\$ 335.4 million in 3Q10.

**Editora** - Gross revenue reached R\$ 207.5 million in 9M10 and R\$ 42.7 million in 3Q10, up respectively 6.1% and 4.7% over those registered in the same period of 2009. Revenue from the sale of books to the private market increased 7.4% in 9M10 and 11.6% in 3Q10, with emphasis on the elementary and high schools textbooks and university book segments. The teaching systems division operations also stood out in the year's overall results and registered an increase in revenue of 75.0% in 9M10 and 53.6% in 3Q10.

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


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**Livraria** - Livraria's gross revenue in 9M10 reached R\$ 906.7 million, up 26.4% over that of the same period last year, and reflected a good performance in electronic retail (+30.9%) as well as physical stores (+23.9%). In 3Q10, Livraria's gross revenue grew 25.5% in relation to that of the same quarter last year; in the same-store concept, the increase was 14.9%, and Saraiva.com's revenue rose 29.6%. In 9M10, Saraiva.com's operations accounted for 36.2% of Livraria's revenue.

**EBITDA<sup>1</sup>** - The consolidated EBITDA totaled R\$ 66.8 million in the first nine months of the year (R\$ 63.6 million in 9M09) and R\$ 5.2 million in 3Q10, which represents a growth of 272.3% in relation to 3Q09.

**Result** - Consolidated net profit in 9M10 reached R\$ 14.1 million, down 29.1% in relation to 9M09. Hefty investments in several of the Group's business fronts have pressured consolidated expenses throughout the year; however, good return prospects in the medium and long-term are expected.

## 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>	<b>3Q10</b>	<b>3Q09</b>	<b>Chg.</b>	<b>9M10</b>	<b>9M09</b>	<b>Chg.</b>
Gross Revenue	42,693	40,772	4.7%	207,490	195,499	6.1%
Net Revenue	42,668	40,765	4.7%	207,437	195,417	6.2%
Gross Profit	29,937	26,851	11.5%	154,781	146,308	5.8%
<b>Gross Margin</b>	<b>70.2%</b>	<b>65.9%</b>	<b>429 b.p.</b>	<b>74.6%</b>	<b>74.9%</b>	<b>-25 b.p.</b>
Operating Expenses	38,403	34,084	12.7%	130,950	109,173	19.9%
EBITDA	(7,232)	(6,080)	-18.9%	27,388	40,650	-32.6%
(+) Extraordinary Inventory Write off	-	-	0.0%	-	3,510	-100.0%
(-) Building Sale	-	-	0.0%	-	(10,048)	100.0%
(=) Adjusted EBITDA	(7,232)	(6,080)	-18.9%	27,388	34,112	-19.7%
Net Financial (Revenue) Expenses	1,833	2,802	-34.6%	5,723	3,822	49.7%
Net Income (Loss) Before Equity in Subsidiaries	(6,600)	(6,187)	-6.7%	9,974	19,568	-49.0%
Net Income (Loss)	(6,196)	(6,516)	4.9%	14,104	19,897	-29.1%

<sup>1</sup> 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.

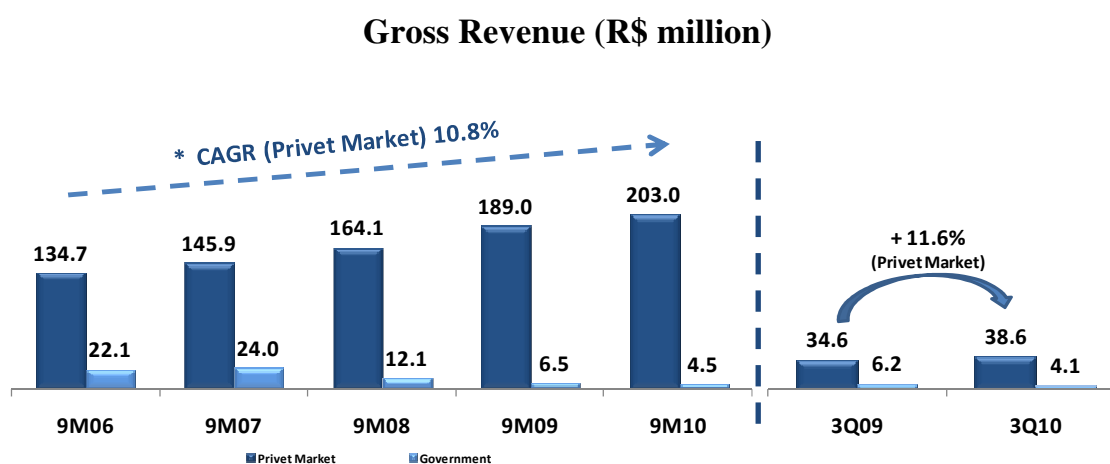
20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## Gross Revenue

In 9M10, Editora's gross revenue reached R\$ 207.5 million, up 6.1% in relation to that of the same period last year. Editora's gross revenue reached R\$ 42.7 million in 3Q10, up 4.7% in relation to the same period of last year.

Editorial operations are very seasonal throughout the fiscal year with sales concentrated in the first and fourth quarter of the year.

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 11.6% in 3Q10, fueled by a growth in the elementary and high schools textbooks and university book segment, as well as in the teaching systems division, which registered a revenue increase of 53.6% in relation to the same period of last year.

Revenue from the private market in 9M10 reached R\$ 203.0 million, representing a growth of 7.4% in relation to the same period of the previous year. This performance stems from investments made in Editora's book catalogue, the performance of the teaching systems division, which registered a growth of 75.0% in relation the same period of 2009, and the sale of customized content for universities.

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

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In the legal book segment, the highlight was the sales performance of collections aimed at training professionals interested in pursuing public careers and in the fiction and non-fiction editorial segment, the Benvirá imprint launched 10 new books since its launching in April 2010.

### **Government**

In 3Q10, Editora negotiated textbook supply contract with FNDE, under the scope of PNLD 2011 aimed at Elementary and High Schools. The total amount negotiated reached R\$ 140.4 million. Saraiva's market share in textbooks for the 6th and 9th grades under the Elementary School program (PNLD 2011) reached 17.0%, representing a 390 basis points growth as compared with the adoption of books for the same teaching levels under the scope of PNLD 2008. Revenue related to PNLD 2011 should be fully registered by December 2010; in the third quarter, the sales registered accounted for R\$ 4.1 million.

Sales to the government totaled R\$ 4.5 million in 9M10, against R\$ 6.5 million in the same period of last year.

**HS - High Schools**

**K-5 - Elementary Schools**

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

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### **Gross Profit**

In 3Q10, gross profit totaled R\$ 29.9 million, and gross margin went from 65.9% in 3Q09 to 70.2% due to a growth in book sales to the private market, which has a better margin than book contracts with the government. In 9M10, gross profit reached R\$ 154.8 million, up 5.8% over that posted in 9M09, representing a gross margin of 74.6%, close to that registered in 9M09.

### **Operating Result**

Less revenue was allocated under the scope of PNLD in 3Q10 - R\$ 4.1 million, against R\$ 6.2 million in 3Q09 -, which affected the dilution of fixed expenses in the comparison of the results of these periods.

In 9M10, operating expenses summed R\$ 131.0 million and represented 63.1% of net sales. In the same period of the previous year, the operating expenses on net revenue ratio reached 59.2% if not considering non-recurring event of the property sale (revenue of R\$ 10 million) and the obsolete inventory write-off (expenses of R\$ 3.5 million).

Editora's operating result was also pressured by expenses related to the structuring of new businesses, such as the Agora Teaching System ("Agora") for the public schools. Agora editorial activities focus elementary and high school teaching levels. In such levels investments in content and sales efforts are made in advance, with sales to be registered in the next school year (2011), after adoption by municipalities.

### **EBITDA**

EBITDA totaled R\$ 27.4 million in 9M10, down 32.6% in relation to the same period in 9M09 when it registered R\$ 40.7 million. In comparison with the adjusted EBITDA of 9M09, the decline was 19.7%. The adjusted EBITDA margin was 17.5% in 9M09 against 13.2% in 9M10. The EBITDA in 2010 was impacted by preliminary expenses for new editorial businesses, such as the Agora Teaching System, with sales projected for 2011.

In 3Q10, the EBITDA totaled a negative R\$ 7.2 million, against a negative EBITDA of R\$ 6.1 million in 3Q09.

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## 20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

<i>Editora (R\$ thousand)</i>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Income from Operations before Equity Income	(10,299)	(10,035)	-2.6%	18,108	33,313	-45.6%
(+) Depreciation and Amortization Expenses	1,234	1,153	7.0%	3,557	3,515	1.2%
(+) Net Financial (Revenue) Expenses	1,833	2,802	-34.6%	5,723	3,822	49.7%
(=) EBITDA	(7,232)	(6,080)	-18.9%	27,388	40,650	-32.6%
<b>EBITDA Margin</b>	<b>-16.9%</b>	<b>-14.9%</b>	<b>-203 b.p.</b>	<b>13.2%</b>	<b>20.8%</b>	<b>-760 b.p.</b>
(+) Extraordinary Inventory Write off	-	-	-	-	3,510	-
(-) Building Sale	-	-	-	-	(10,048)	-
(=) Adjusted EBITDA	(7,232)	(6,080)	-18.9%	27,388	34,112	-19.7%
<b>Adjusted EBITDA Margin</b>	<b>-16.9%</b>	<b>-14.9%</b>	<b>-203 b.p.</b>	<b>13.2%</b>	<b>17.5%</b>	<b>-425 b.p.</b>

## Financial Result/Capital Structure

The financial result in 9M10 reached R\$ 5.7 million in net financial expenses, higher than the R\$ 3.8 million posted in 9M09. In 3Q10, the financial result registered net financial expenses of R\$ 1.8 million against a financial expense of R\$ 2.8 million in 3Q09. On September 30, 2010, net debt was R\$ 64.4 million as compared with R\$ 42.6 million at the end of September 2009. 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. Nevertheless, Editora has a long-term debt with reasonable interest rates.

In 3Q10, R\$ 2.0 million was disbursed by BNDES under the scope of the contract, of which R\$ 57.2 million has already been disbursed, or approximately 79.5% of the total value of the contract of R\$ 71.9 million signed in February of 2009. The funds deriving from this credit line will be used to finance Editora's investments until December 2010.

## Net Profit

Net profit before equity income of the subsidiary Livraria reached R\$ 10.0 million in 9M10 against a result of R\$ 19.6 million in 9M09. Net profit after equity totaled R\$ 14.1 million in 9M10, compared with a profit of R\$ 19.9 million in 9M09. 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).

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## Investments

Investments aimed mainly at information technology projects summed R\$ 4.5 million and R\$ 1.6 million in 9M10 and 3Q10, respectively.

## Teaching Systems Division

The operation of the Ético teaching system (“Ético”) continues to grow at a rapid pace and its pedagogical solutions have already been adopted by 401 schools (263 schools in September of 2009). The amount of students that use Ético has increased 84% in 3Q10 when compared to the same period in 2009.

In 2010, Editora began to develop a differentiated solution for public schools that wish to adopt contents in the format of teaching systems. For such, it launched the Agora teaching system in April 2010. The investments in this new business area are related to the creation of a specialized sales team, in addition to the formatting of educational material.

The teaching systems division will post negative cash flows over the next two (2) years but has excellent prospects to generate value in the long term.

## 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>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Gross Revenue	302,872	241,255	<b>25.5%</b>	906,675	717,584	<b>26.4%</b>
Net Revenue	290,127	226,761	<b>27.9%</b>	856,200	674,723	<b>26.9%</b>
Gross Profit	92,922	75,266	<b>23.5%</b>	283,760	237,076	<b>19.7%</b>
<b>Gross Margin</b>	<b>32.0%</b>	<b>33.2%</b>	<b>-116 b.p.</b>	<b>33.1%</b>	<b>35.1%</b>	<b>-200 b.p.</b>
Operating Expenses	86,340	72,622	<b>18.9%</b>	260,773	225,918	<b>15.4%</b>
EBITDA	12,474	7,489	<b>66.6%</b>	39,456	22,923	<b>72.1%</b>
Net Financial (Revenue) Expenses	5,739	3,467	<b>65.5%</b>	16,412	9,436	<b>73.9%</b>
Net Income (Loss)	405	(329)	-	4,131	329	<b>&gt;500%</b>

## Gross Revenue

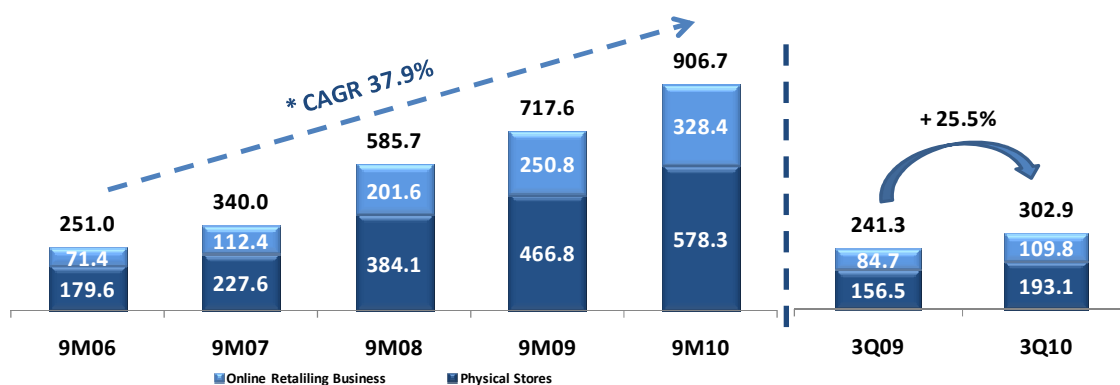
In 9M10, Livraria’s gross revenue totaled R\$ 906.7 million, up 26.4% as compared with that in 9M09. Physical stores in the same period registered an increase in gross revenue of 23.9% and, in e-commerce, of 30.9%.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

### Gross Revenue (R\$ million)

CAGR 2006 - 2010 (Physical Stores): 33.4%

CAGR 2006 - 2010 (Online Retail): 46.5%

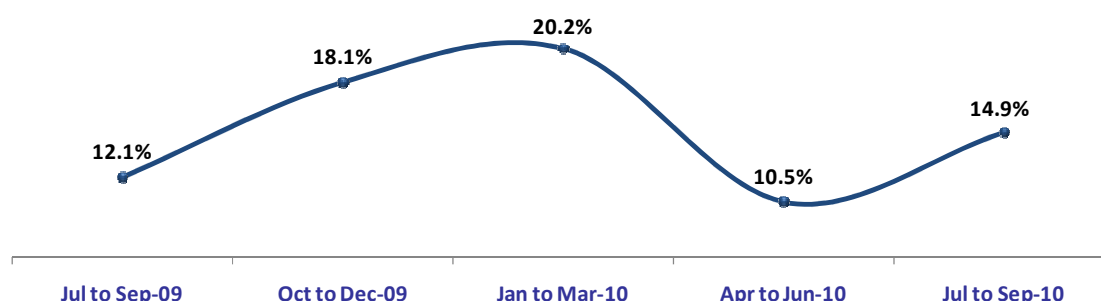


CAGR: Compound Annual Growth Rate

Livraria's gross revenue in 3Q10 amounted to R\$ 302.9 million, 25.5% above that posted in 3Q09. The strong sales performance in this period was positively influenced by the growth in electronic retail (+29.6%), as well as, by the increment in revenue from physical stores (+23.3%). Under the same-store concept, the growth index in 3Q10 was 14.9%.

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

### Same-Store Sales



The nominal growth index of the book, newspaper, magazine and stationery sector published monthly by the Brazilian Statistics Bureau (IBGE) registered a variation of 8.7% in the first eight months of 2010. During the same period, Livraria's increment in these areas was 16.5%, which confirms a market share gain.

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## 20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## Gross Profit

Gross profit in 3Q10 summed R\$ 92.9 million, up 23.5% in relation to 3Q09. Gross margin declined 1.2 percentage points and reached 32.0% in 3Q10, against 33.2% in the same year-ago period.

In the 9-month period, Livraria's gross profit reached R\$ 283.8 million, 19.7% greater than that of the same period in 2009, and the gross margin was 33.1%, 2.0 percentage points lower than that registered in 9M09. This result derives basically from 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.

## Operating Result

<i>Livraria (R\$ thousand)</i>	3Q10	3Q09	Var.	9M10	9M09	Var.
Operating Result before Financial Expenses (EBIT)	6,582	2,644	148.9%	22,987	11,158	106.0%
<b>EBIT Margin</b>	<b>2.3%</b>	<b>1.2%</b>	<b>110 b.p.</b>	<b>2.7%</b>	<b>1.7%</b>	<b>103 b.p.</b>

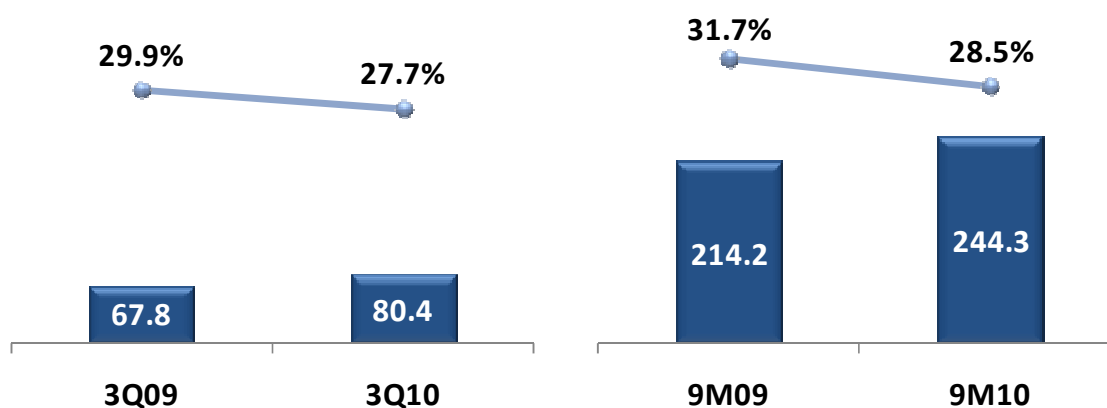
<i>Livraria (R\$ thousand)</i>	3Q10	3Q09	Var.	9M10	9M09	Var.
Operating Expenses	86,340	72,622	18.9%	260,773	225,918	15.4%
(-) Amortization and Depreciation Expenses	5,892	4,845	21.6%	16,469	11,765	40.0%
Operating Expenses before Depreciation and Amortization	80,448	67,777	18.7%	244,304	214,153	14.1%
<b>Operating Expenses before Depreciation and Amortization / Net Revenue</b>	<b>27.7%</b>	<b>29.9%</b>	<b>-216 b.p.</b>	<b>28.5%</b>	<b>31.7%</b>	<b>-321 b.p.</b>

Livraria's operating profit before financial result totaled R\$ 6.6 million in 3Q10 and R\$ 23.0 million in 9M10, representing an increase of 148.9% and 106.0% respectively.

If depreciation and amortization expenses are not considered, the operating expenses on net revenue ratio registered a drop of 3.2 percentage points in 9M10 and 2.2 percentage point in 3Q10, according to the following graph, which also shows that the steady increase in Livraria's revenue is enabling a greater dilution in fixed expenses and a consequent gain in profitability.

## 20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

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



(\*). Without considering expenses for depreciation and amortization **EBITDA**

In 3Q10, EBITDA totaled R\$ 12.5 million, against R\$ 7.5 million in 3Q09, up 66.6%. EBITDA reached R\$ 39.5 million in 9M10, representing a growth of 72.1% as compared with the same period last year. The EBITDA margin was 3.4% in 9M09, against 4.6% in 9M10.

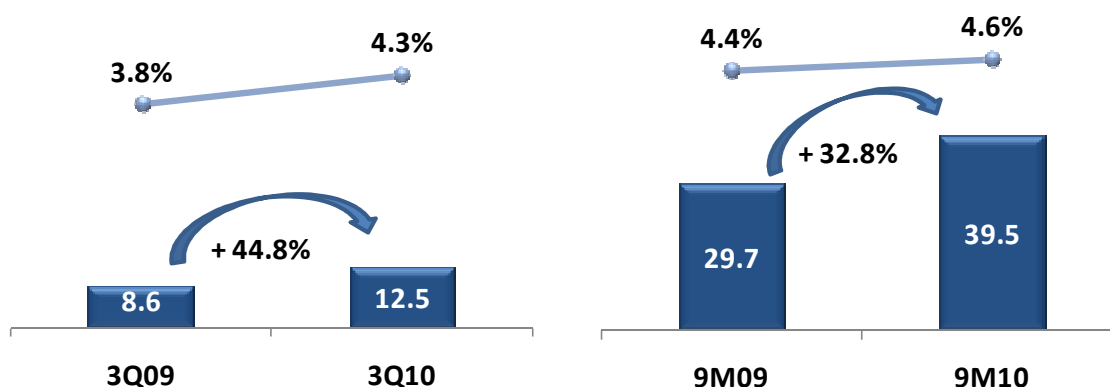
The EBITDA adjusted for non-recurring expenses reached R\$ 12.5 million in 3Q10, up 44.8% in relation to that of the same period last year. The adjusted EBITDA totaled R\$ 39.5 million in the nine-month period of 2010, up 32.8% over the adjusted EBITDA of 9M09.

Livraria (R\$ thousand)	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Income from Operations after Net Financial Income	843	(823)	-	6,575	1,722	281.8%
(+) Depreciation and Amortization Expenses	5,892	4,845	21.6%	16,469	11,765	40.0%
(+) Net Financial (Revenue) Expenses	5,739	3,467	65.5%	16,412	9,436	73.9%
(=) EBITDA	12,474	7,489	66.6%	39,456	22,923	72.1%
<b>EBITDA Margin</b>	<b>4.3%</b>	<b>3.3%</b>	<b>100 b.p.</b>	<b>4.6%</b>	<b>3.4%</b>	<b>121 b.p.</b>
(+) Non Recurring Expenses	-	1,128	-100.0%	-	6,787	-100.0%
(=) Adjusted EBITDA	12,474	8,617	44.8%	39,456	29,710	32.8%
<b>Adjusted EBITDA Margin</b>	<b>4.3%</b>	<b>3.8%</b>	<b>50 b.p.</b>	<b>4.6%</b>	<b>4.4%</b>	<b>20 b.p.</b>

The EBITDA increase confirms Livraria's scale gain and the trend for recovery in profitability through the dilution of fixed expenses.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

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



(\*) Adjusted by nonrecurring expenses in 2009

**Financial Result / Capital Structure**

Net financial expenses registered R\$ 5.7 million in 3Q10, up 65.5% over the R\$ 3.5 million posted in 3Q09. The net financial debt rose from R\$ 91.7 million at the end of 3Q09 to R\$ 160.7 million at the end of 3Q10.

Livraria has already obtained R\$ 64.4 million of the loan contracted in February 2009 from BNDES or approximately 92% of the total contract valued at R\$ 69.7 million. The funds under the scope of this line of credit will be used to finance Livraria's investments until December 2010.

**Working Capital**

The working capital on net revenue ratio went from 17.9% in 9M09 to 18.6% in 9M10. Livraria's average operating cycle reached 77 days in the 12-month period ended on September 30, 2010, against 76 days in the same period ended in September 2009.

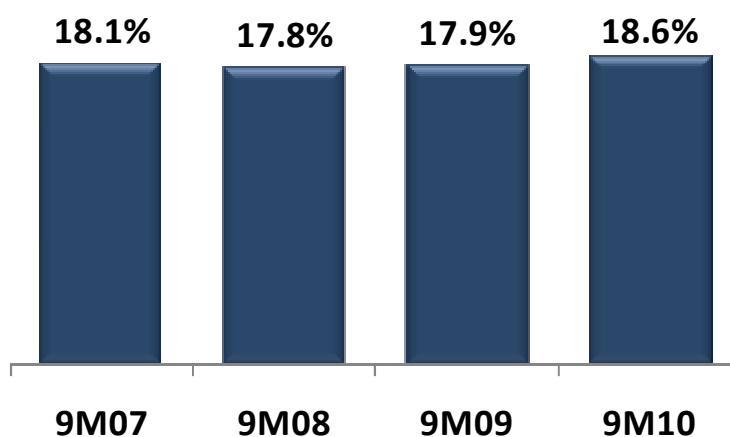
"Accounts receivable" reached 51 days in the 12-month period ended on September 30, 2010, against 49 days in the 12-month period ended on September 30, 2009.

The average term of inventory coverage remained stable at 89 days in the 12-month period ended on September 30, 2009 and 2010.

The supplier payment period increased by 1 day going from 62 days, in the 12-month period ended on September 30, 2009, to 63 days, in the 12-month period ended on September 30, 2010.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Working Capital<sup>1</sup>/Net Revenue<sup>2</sup>



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

(2) Net Revenue in the past 12 months

## Net Profit

In 9M10, Livraria registered a net profit of R\$ 4.1 million, above the R\$ 0.3 million of the previous year. Livraria's net profit in 9M10 is being pressured by greater financial expenses as a result of an increase in the Company's indebtedness.

## Investments

A total of R\$ 24.6 million was invested in 9M10 (R\$ 8.2 million of which in 3Q10) mainly in:

- Remodeling the Siciliano stores:
  - Galleria Shopping mall in Campinas - SP (09/02/2010)
  - Rua Barão de Itapetininga in São Paulo - SP (09/08/2010)
- Opening of new stores:
  - Mega Store in Uberlândia Shopping mall in Uberlândia - MG (07/27/2010)
  - Mega Store in Belém Shopping mall in Belém - PA (07/29/2010)
- E-Books: Livraria invested in its e-book sales platform throughout 3Q10. Saraiva Digital Reader is a customized solution for the management, reading and purchase of digital content and is the first Brazilian platform available in mobile devices such as iPhone, iPads, Alfa (Positivo).

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## Marketing/Partners

The “Saraiva Plus” loyalty program had a membership base of 4.4 million card members at the end of 3Q10, representing a growth of 25.0% in comparison with the cards base in December 2009. In the 12-month period ending in September 2010, the Saraiva Plus membership base grew 34.5%. 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.

The Saraiva credit card, a partnership between Livraria, Banco do Brasil and Visa, had a membership base of 96.5 thousand active cards at the end of September 2010, 13.1% above the active cards base in June 2010 and 59.4% in relation to September of last year. This credit card offers several benefits to Livraria’s customers, which, besides accumulating bonus points for the “Saraiva Plus” program, are exempt from the payment of administrative fees and can accumulate air mileage points through a partnership with TAM.

## Online Retailing Business (Saraiva.com)

In 9M10, gross revenue reached R\$ 328.4 million, 30.9% higher than that posted in the same period of last year. In 3Q10, gross revenue totaled R\$ 109.8 million, up 29.6% over 3Q09.

E-commerce has been gaining more importance in Livraria’s operations. With a steady growth in sales terms, the share of total gross revenue from the Saraiva.com website’s operations in relation to the Group’s overall retailing operations was 36.2% in 9M10.

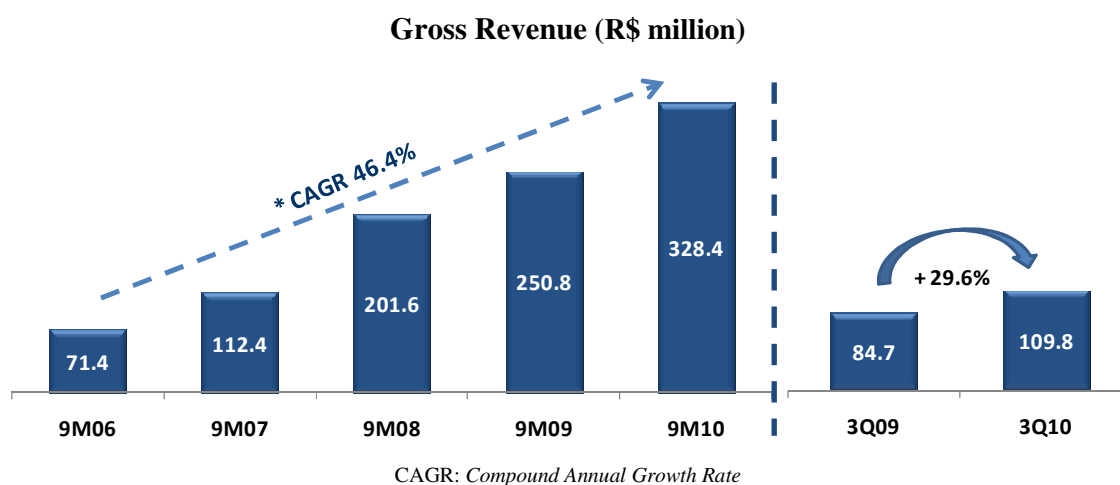
<i>Saraiva.com (R\$ thousand)</i>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Gross Revenue	109,778	84,710	<b>29.6%</b>	328,359	250,781	<b>30.9%</b>
Net Revenue	107,495	78,572	<b>36.8%</b>	307,930	232,812	<b>32.3%</b>
Active Customers (thousand) <sup>1</sup>	1,676	1,265	<b>32.4%</b>	1,676	1,265	<b>32.4%</b>
% of Revenue - Livraria Saraiva Consolidated	36.2%	35.1%	<b>113 b.p.</b>	36.2%	34.9%	<b>127 b.p.</b>
Average Ticket (R\$)	144.3	152.6	<b>-5.4%</b>	158.1	140.9	<b>12.2%</b>

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

In the Book category, the e-commerce website continues to perform well and expand its market share. The revenue increase in this category was 17.8% in 9M10 as compared with that in the same period last year.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Concurrently, Saraiva.com has posted a significant revenue growth in categories of more competitive products that have higher average tickets, for example information technology (+171.5%). This growth shows a positive perception of the customers in relation to the services of Saraiva.com.



Livraria's e-commerce operations have proved to be an excellent option for consumers of products related to culture, leisure and information. In the multimedia category, for example, the growth in revenue in 9M10 reached 142.6% in relation to the same period last year.

In 3Q10, Saraiva.com increased its investments in digital platforms, such as the sale of films and e-books. The differentials of these digital platforms in relation to the competition has resulted in a steady increase in revenue, which, despite not being significant at the moment, indicate a potential for the Livraria to consolidate this market.

On September 30, Livraria executed a contract with IBM to implement a new e-commerce platform aimed at meeting the needs of Saraiva's online business, with the capacity to support the increasing access and sales volumes. This new platform will enable Saraiva to maintain itself technologically up-to-date, ahead of market demand and to gain speed and flexibility to explore possible new business models.

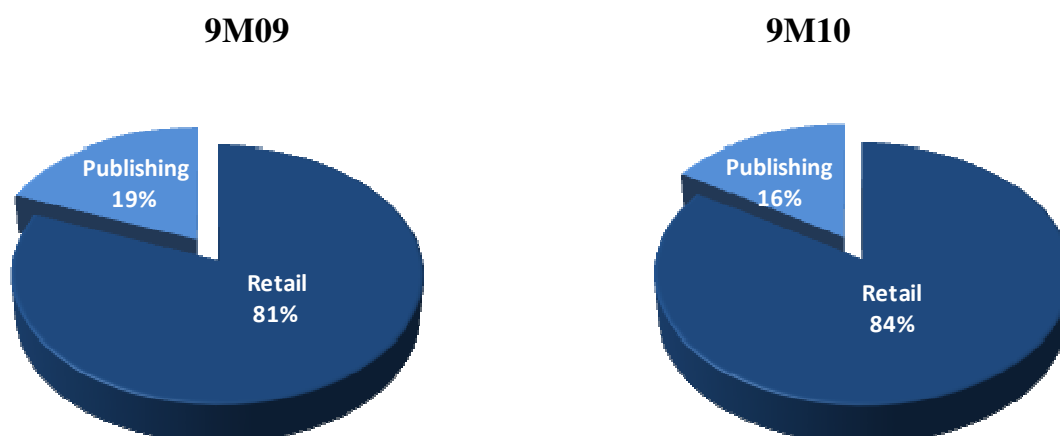
20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## CONSOLIDATED

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

<i>Consolidated (R\$ thousand)</i>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Gross Revenue	335,353	274,478	<b>22.2%</b>	1,077,657	884,250	<b>21.9%</b>
Net Revenue	322,583	259,978	<b>24.1%</b>	1,027,129	841,307	<b>22.1%</b>
Gross Profit	122,855	102,095	<b>20.3%</b>	438,525	383,318	<b>14.4%</b>
<b>Gross Margin</b>	<b>38.1%</b>	<b>39.3%</b>	<b>-119 b.p.</b>	<b>42.7%</b>	<b>45.6%</b>	<b>-287 b.p.</b>
Operating Expenses	124,740	106,685	<b>16.9%</b>	391,707	335,025	<b>16.9%</b>
EBITDA	5,242	1,408	<b>272.3%</b>	66,844	63,573	<b>5.1%</b>
Net Financial (Revenue) Expenses	7,572	6,268	<b>20.8%</b>	22,135	13,258	<b>67.0%</b>
Net Income (Loss)	(6,196)	(6,516)	<b>-4.9%</b>	14,104	19,897	<b>-29.1%</b>
Total Assets	887,215	710,788	<b>24.8%</b>	887,215	710,788	<b>24.8%</b>
Shareholders' Equity	386,835	356,490	<b>8.5%</b>	386,835	356,490	<b>8.5%</b>
Net Debt	(225,098)	(134,307)	<b>-67.6%</b>	(225,098)	(134,307)	<b>-67.6%</b>

### Consolidated Gross Revenue Mix

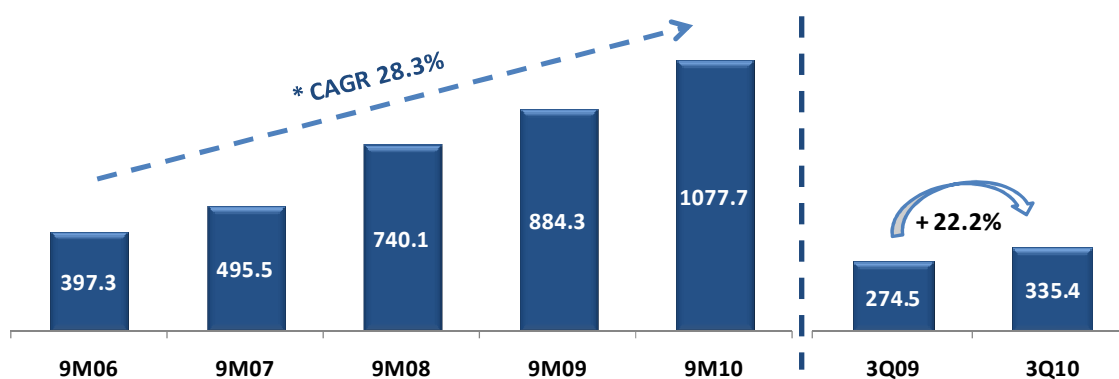


### Gross Revenue

In 3Q10, Editora's gross revenue reached R\$ 335.4 million, up 22.2% in relation to the same period of last year. Consolidated gross revenue reached R\$ 1.1 billion in 9M10, up 21.9% over 9M09. Saraiva's growth in revenue was mainly the result of the increase in Livraria's sales. The share of retailing activities in the consolidated figure of the group was 84.1% in 9M10 against 81.2% in 9M09.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

### Gross Revenue (R\$ million)



CAGR: Compound Annual Growth Rate

### Gross Profit

Consolidated gross profit totaled R\$ 122.9 million in 3Q10 and R\$ 438.5 million in 9M10, representing increases of respectively 20.3% and 14.4%. The gross margin went from 39.3% in 3Q09 to 38.1% in 3Q10 and, in the nine-month period, from 45.6% in 2009 to 42.7% in 2010. 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\$ 24.7 million in 9M10, against R\$ 35.0 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.

### EBITDA

EBITDA reached R\$ 5.2 million in 3Q10, up 272.3% over 3Q09. In 9M10, EBITDA summed R\$ 66.8 million against R\$ 63.6 million in 9M09, an increase of 5.1%.

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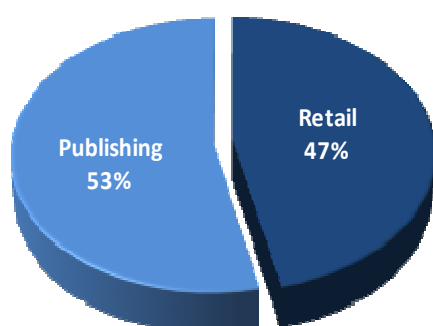
## 20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

If comparing the EBITDA of 3Q10 with the adjusted EBITDA of 3Q09, of R\$ 2.5 million, the growth reached 106.7% and the adjusted EBITDA margin went from 1.0% in 3Q09 to 1.6% in 3Q10. This result derives from Editora's seasonality, where the first and last quarter are historically the strongest quarters in terms of sales. If comparing the adjusted EBITDA of 9M10 with that of 9M09, of R\$ 63.8 million, the performance is also positive (+4.7%), and the accumulated adjusted EBITDA margin hit 6.5% in 2010, against 7.6% in the same period of the previous year.

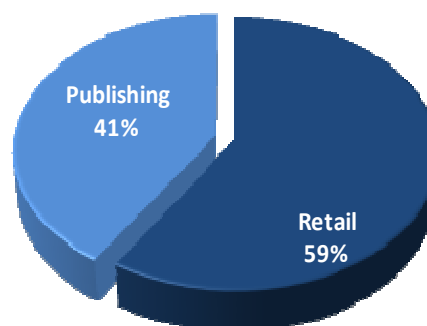
<i>Consolidated (R\$ thousand)</i>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Income from Operations after Net Financial Income	(9,457)	(10,858)	-12.9%	24,683	35,035	-29.5%
(+) Depreciation and Amortization Expenses	7,127	5,998	18.8%	20,026	15,280	31.1%
(+) Net Financial (Revenue) Expenses	7,572	6,268	20.8%	22,135	13,258	67.0%
(=) EBITDA	5,242	1,408	272.3%	66,844	63,573	5.1%
<b>EBITDA Margin</b>	<b>1.6%</b>	<b>0.5%</b>	<b>108 b.p.</b>	<b>6.5%</b>	<b>7.6%</b>	<b>-105 b.p.</b>
(+) Non Recurring Events	-	1,128	-100.0%	-	249	-100.0%
(=) Adjusted EBITDA	5,242	2,536	106.7%	66,844	63,822	4.7%
<b>Adjusted EBITDA Margin</b>	<b>1.6%</b>	<b>1.0%</b>	<b>65 b.p.</b>	<b>6.5%</b>	<b>7.6%</b>	<b>-108 b.p.</b>

## Adjusted EBITDA Mix

9M09



9M10



## Financial Result

In the nine-month period, the financial result went from a net financial expense of R\$ 13.3 million until September 2009 to a net financial expense of R\$ 22.1 million until September 2010. In the quarter, net financial expenses went from R\$ 6.3 million in 3Q09 to R\$ 7.6 million in 3Q10.

20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

### Net Profit

Consolidated net profit reached R\$ 14.1 million in the first nine months of 2010, against a profit of R\$ 19.9 million in 9M09. In 3Q10, Saraiva posted a loss of R\$ 6.2 million, against a loss of R\$ 6.5 million in 3Q09.

### Investments

During 9M10, R\$ 29.1 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\$ 193.3 million at the end of June 2010 to R\$ 225.1 million at the end of September 2010.

In 3Q10, the Company received, in consolidated terms, R\$ 2.0 million of long-term financing contracted in February 2009 from the National Economic and Social Development Bank (BNDES). The contract's total value is R\$ 141.6 million, of which R\$ 121.6 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

Below is a market summary of Saraiva's shares in 9M10 in comparison with 9M09 at the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange. 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.

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

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
 INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
 COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

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Indicators*	9M10	9M09	Chg.
Number of trades <sup>1</sup>	17,657	12,420	42.2%
Participation in trading sessions <sup>1</sup>	100.0	100.0	-
Quantity traded - thousand shares <sup>1</sup>	9,332	12,268	-23.9%
Volume trades - R\$ thousand <sup>1</sup>	336,499	257,229	30.8%
Share Price - R\$ <sup>1</sup>	36.49	31.58	15.5%
Total shares outstanding - thousand	28,346	28,230	0.4%
<b>Market Value - R\$ million</b>	<b>1,034.3</b>	<b>891.5</b>	<b>16.0%</b>

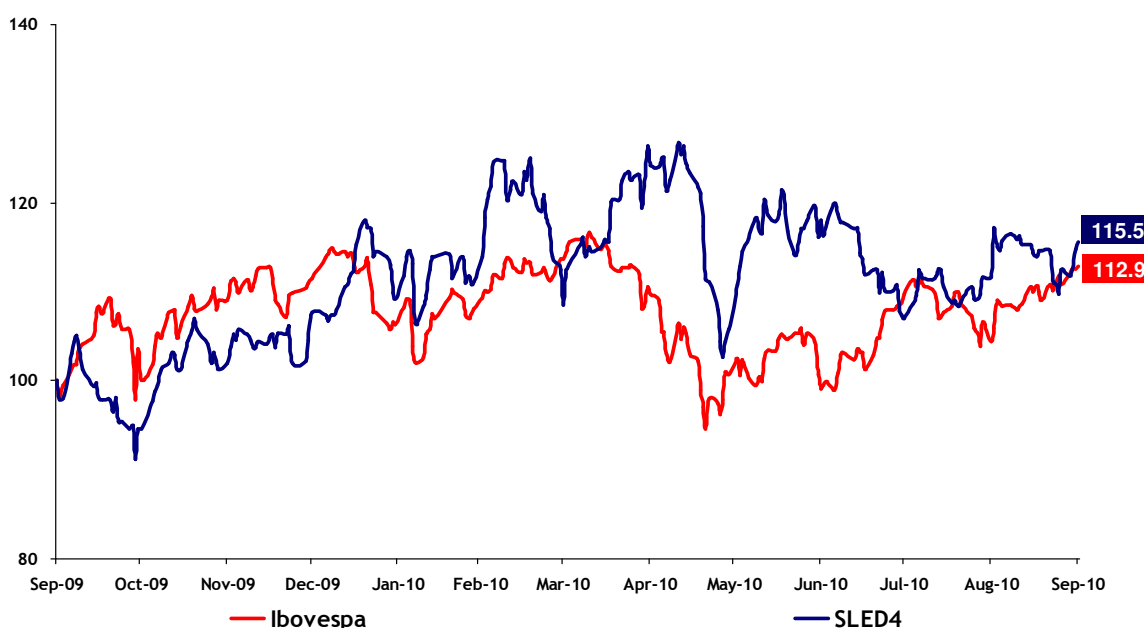
Source: BM&FBOVESPA

(1) Referring to preferred shares (SLED4)

(\*) Not reviewed by independent auditors

Saraiva's preferred shares (SLED 4), over the past 12 months, appreciated 15.5%. In the same period, Ibovespa appreciated 12.9%. On 09/30/10, Saraiva's market value was R\$ 1.0 billion.

**SLED4 versus Ibovespa**  
 From (basis 100) 09/30/2009 to 09/30/2010



20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

## SUBSEQUENT EVENT

With the purpose of offering a more complete shopping experience to its customers, Saraiva now offers, as of October 2010, the option of Extended Warranty in the electronic, information technology and telephony product categories. In order to offer the service, Saraiva entered into a partnership with renowned insurance companies, such as Bradesco Auto/RE Companhia de Seguros, Cardif do Brasil Seguros e Garantias S.A. and Willis Affinity. The service is available through the e-commerce website [www.saraiva.com.br](http://www.saraiva.com.br) and telesales: 4003-3390. The customer can opt to extend the warranty for a period of 12 or 24 months. The Extended Warranty allows, in the case of defect after the manufacturer's warranty, the product to be repaired or exchanged.

Saraiva's Extended Warranty offers more than 3 thousand technical assistance shops nationwide and also an exclusive and specialized Customer Care Center.

## OUTLOOK

By December 2010, **Editora** will recognize the revenue under the scope of the National Textbook Program for the 2011 school year (PNLD 2011).

Editora plans to expand the official programs for high schools (PNLD 2012) through the purchase of new content for foreign languages, philosophy and sociology. Editora has a very competitive textbook catalogue for high schools; therefore, it has good prospects for the next cycle of textbook choices for public schools.

Editora will continue investing in new sales formats for its content. The conversion process for digital sales contents is under development as well as for new initiatives related to the application of technology in learning-teaching processes. There are favorable prospects for the teaching systems division. The Agora teaching system imprint, aimed at the public teaching system, is already being sold and has good growth prospects for the next years.

In addition to possibilities for organic growth, Editora may study possible opportunities for acquisitions or strategic associations, in addition to exploring other niches of activity.

**Livraria** plans to remodel yet another Siciliano store in 4Q10, giving continuity to the remodeling process of the stores of this chain.

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

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The physical store chain expansion project includes the opening of another two stores in 4Q10: at the Granja Viana Shopping mall in São Paulo (SP), and at Rua Ataulfo de Paiva, in the Leblon neighborhood, in Rio de Janeiro (RJ). The expansion plan for the next two years (2011 and 2012) should be announced in the early 2011.

In the electronic retail division, focus will continue to be its growth through the addition of new product categories that enable the company to increase its efficiency and profitability.

Livraria is investing in a new version of its Integrated Management System to extend its functionalities in expectation of the growth planned over the next years, not only in terms of new product categories, sales formats and sales channels, but also for the offer of new customer services.

During the fourth quarter, our film sales and rental platform will be available for use on Macintosh computers and through streaming. The Saraiva Digital Reader, on the other hand, can already be accessed by PC, iPhone and iPad users. Livraria's intention is to make Saraiva's digital solutions accessible on several platforms and hardware in order to consolidate this market in Brazil.

The Saraiva Group is confident in its new initiatives, in the potential operational improvement of Siciliano's points-of-sale, after the scheduled remodeling, and in the consolidation of Brazilian book retail through organic expansion, as well as the prospects of the teaching systems division and the expansion of its market share in the editorial sectors where it operates.

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

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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 62.92%
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) 193,013	

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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 10/31/2010 (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
<b>HSBC (i)</b>						
HSBC GL Invest Funds Brazil Equity	-	0.00	1,644	8.67	1,644	5.76
The M T B O J T F H BR MOT FD	-	0.00	1,532	8.07	1,532	5.36
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	70	0.37	70	0.24
HSBC Priv Bank World Funds PLC	-	0.00	8	0.04	8	0.03
HSBC F M LON PR GOA EQ HEDGE	-	0.00	7	0.04	7	0.02
<b>Subtotal</b>	-	0.00	3,373	17.78	3,373	11.80
<b>AMUNDI FUNDS (ii)</b>	-	0.00	2,962	15.61	2,962	10.36
<b>ABERDEEN (ii)</b>	-	0.00	2,059	10.85	2,059	7.20
<b>PROFESSIONAL INVESTOR (i)</b>						
Fundo Inv em Ações IP Seleção	-	0.00	504	2.65	504	1.76
IP PART MASTER FUNDO INV ACOES	4	0.04	501	2.64	505	1.77
Bransfield LLC	-	0.00	170	0.90	170	0.59
Hatteras LLC	1	0.01	170	0.90	171	0.60
IP Part Institucional Master FIA	-	0.00	102	0.54	102	0.36
IP VAL HED MAS FUNDO INV ACOES	-	0.00	86	0.45	86	0.30
<b>subtotal</b>	5	0.05	1,533	8.08	1,538	5.38
<b>Itaú (i)</b>						
Itau Gov Corp Ações Fundo Inv	-	0.00	301	1.58	301	1.04
Itau Momento Ações Fundo Inv	-	0.00	283	1.49	283	0.99
Itau Valor Ações Fundo Inv	-	0.00	250	1.32	250	0.87
Itau Seleção Ações Fundo Inv	-	0.00	242	1.28	242	0.85
Small Cap Val IB Fundo Inv Ações	-	0.00	84	0.44	84	0.29
Itau Gov Corp Ações FI Genova	-	0.00	68	0.36	68	0.24
Itau FL Valor Ações Fundo Inv	-	0.00	58	0.31	58	0.20
Itau Fenix Ações FI	-	0.00	42	0.22	42	0.15
Itau Celi Ações Fundo de Inv	-	0.00	33	0.17	33	0.12
Itau Val Ações Alav Fundo Inv	-	0.00	29	0.15	29	0.10
Fondo Mutuo Itau Brasil Activo	-	0.00	28	0.15	28	0.10
Fondo Mutuo Itau Small Cap BR	-	0.00	11	0.06	11	0.04
Goal ACC Latin BCO Itau S	-	0.00	2	0.01	2	0.01
<b>Subtotal</b>	-	0.00	1,431	7.54	1,431	5.00

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## 20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Treasury shares	-	0.00	251	1.32	251	0.88
Others	1,506	15.66	7,322	38.59	8,828	30.86
<b>Total</b>	<b>9,622</b>	<b>100.00</b>	<b>18,974</b>	<b>100.00</b>	<b>28,596</b>	<b>100.00</b>

(i) Investment fund.

(ii) Investment fund established abroad

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

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES Position as of 10/31/2010						
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
<b>Management</b>						
Board of Directors	649,656	6.75	13,507	0.07	663,163	2.32
Executive Board	-	0.00	176,592	0.93	176,592	0.62
Fiscal Council (iii)	-	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	18,503,135	97.52	22,955,218	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	18,503,135	97.52	22,955,218	80.27

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES Position as of 10/31/2009 (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
<b>Management</b>						
Board of Directors	649,656	6.75	13,508	0.07	663,164	2.32
Executive Board	-	0.00	161,292	0.85	161,292	0.56
Fiscal Council (iii)	-	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	18,403,234	96.99	22,855,317	79.93
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,403,234	96.99	22,855,317	79.93

(iii) The Company does not have a Fiscal Council.

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**21.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT - UNQUALIFIED**

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(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 reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores (the "Company") and subsidiary, for the quarter ended September 30, 2010, consisting of the individual (Company) and consolidated balance sheets, the related statements of income, changes in shareholders' equity, cash flows and value added, the related notes and the performance report, prepared under the responsibility of the Company'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 Company 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 Company 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 Brazilian accounting standard and standards issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 4, during 2009, CVM approved several technical pronouncements, interpretations and instructions issued by the Accounting Pronouncements Committee (CPC), mandatory for adoption in 2010, which changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, the Company's Management elected to present its interim financial statements in accordance with the accounting standards effective in Brazil through December 31, 2009, rather than early adopting the standards effective for fiscal years ending before 2010. As required by CVM Resolution 603/09, the Company disclosed the basis of presentation of its interim financial statements in note 4, including a summary of the main changes that might impact its financial statements at yearend, as well as estimates of possible effects on shareholders' equity and net income.

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

**FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

**Corporate Law**

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

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

São Paulo, November 11, 2010

**DELOITTE TOUCHE TOHMATSU**  
Auditores Independentes

**Reynaldo Awad Saad**  
Engagement Partner

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

**FEDERAL PUBLIC SERVICE  
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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

**Subsidiary: SARAIVA E SICILIANO S.A.**

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	302.872	906.675	241.255	717.584
3.02	Deductions	(12.745)	(50.475)	(14.494)	(42.861)
3.03	Net revenue from sales and/or services	290.127	856.200	226.761	674.723
3.04	Cost of products and/or services	(197.205)	(572.440)	(151.495)	(437.647)
3.05	Gross profit	92.922	283.760	75.266	237.076
3.06	Operating (expenses) income	(92.079)	(277.185)	(76.089)	(235.354)
3.06.01	Selling expenses	(68.191)	(203.698)	(56.540)	(175.914)
3.06.02	General and administrative expenses	(15.115)	(44.666)	(11.834)	(40.785)
3.06.02.01	Administration	(1.165)	(3.424)	(1.192)	(3.129)
3.06.02.02	Other	(13.950)	(41.242)	(10.642)	(37.656)
3.06.03	Financial	(5.739)	(16.412)	(3.467)	(9.436)
3.06.03.01	Financial income	255	585	247	688
3.06.03.02	Financial expenses	(5.994)	(16.997)	(3.714)	(10.124)
3.06.04	Other operating income	5.368	7.963	929	3.900
3.06.05	Other operating expenses	(8.402)	(20.372)	(5.177)	(13.119)
3.06.05.01	Depreciation and amortization	(5.892)	(16.469)	(4.845)	(11.765)
3.06.05.02	Other	(2.510)	(3.903)	(332)	(1.354)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	843	6.575	(823)	1.722
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	843	6.575	(823)	1.722
3.10	Provision for income and social contribution taxes	-	-	(317)	(1.206)

(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**

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 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.11	Deferred income tax	(438)	(2.444)	811	(187)
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)	405	4.131	(329)	329
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	193,053	193,053	193,053	193,053
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.02140	-	0.00170
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.00210)	-	(0.00170)	-

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

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)  
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22.01 - PERFORMANCE REPORT OF THE SUBSIDIARY/AFFILIATE

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**Subsidiary/Affiliate: SARAIVA E SICILIANO S.A.**

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