

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

Saraiva S.A.
Livreiros Editores

*Interim Financial Statements for the
Quarter Ended March 31, 2010 and
Independent Accountants' Review Report*

(Restatement)

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

1. We have reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores (“Editora”), for the quarter ended March 31, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora’s management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and (c) the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on May 14, 2010 and voluntarily restated on July 23, 2010, are being restated as required by CVM Resolution 603/09 (as amended by CVM Resolution 656/11) to incorporate the effects of the adoption of the new pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), effective for 2010. The effects of the adoption of these standards are presented in note 5 to the interim financial statements.

5. We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the quarter ended March 31, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.
6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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

Corporate Law

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

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS Rua Henrique Schaumann, 270 - 10º andar		2 - SUBURB OR DISTRICT Cerqueira Cesar		
3 - POSTAL CODE 05413-909	4 - MUNICIPALITY São Paulo		5 - STATE SP	
6 - AREA CODE 011	7 - TELEPHONE 3613-3000	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 011	12 - FAX 3611-3308	13 - FAX -	14 - FAX -	
15 - E-MAIL http://www.saraivari.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME João Luis Ramos Hopp				
2 - ADDRESS Rua Henrique Schaumann, 270 - 5º andar		3 - SUBURB OR DISTRICT Cerqueira Cesar		
4 - POSTAL CODE 05413-909	5 - MUNICIPALITY São Paulo		6 - STATE SP	
7 - AREA CODE 011	8 - TELEPHONE 3613-3263	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX
12 - AREA CODE 011	13 - FAX 3619-3062	14 - FAX -	15 - FAX -	
16 - E-MAIL jlhopp@saraiva.com.br				

01.04 - GENERAL INFORMATION / INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2010	12/31/2010	1	01/01/2010	03/31/2008	4	10/01/2009	12/31/2009
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - PARTNER RESPONSIBLE Maurício Pires de Andrade Resende					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 603.835.426-34		

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01.05 - CAPITAL

NUMBER OF SHARES (THOUSANDS)	1 - CURRENT QUARTER 03/31/2010	2 - PRIOR QUARTER 12/31/2009	3 - SAME QUARTER IN PRIOR YEAR 03/31/2009
Paid-up Capital			
1 - Common	9,622	9,622	9,622
2 - Preferred	18,974	18,974	18,974
3 - Total	28,596	28,596	28,596
Treasury Shares			
4 - Common	0	0	0
5 - Preferred	366	366	366
6 - Total	366	366	366

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial and Other Companies
2 - SITUATION Operating
3 - NATURE OF OWNERSHIP Domestic Private
4 - ACTIVITY CODE 1100 - Printing and Publishing House
5 - MAIN ACTIVITY Publishing and printing of books
6 - TYPE OF CONSOLIDATION Full
7 - TYPE OF REPORT OF INDEPENDENT ACCOUNTANT Unqualified

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 - ITEM	2 - EVENT	3 - DATE OF APPROVAL	4 - TYPE	5 - BEGINNING OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
01	Annual Shareholders' Meeting	04/20/2010	Interest on Capital	04/30/2010	Registered common	0.7341020900
02	Annual Shareholders' Meeting	04/30/2010	Interest on Capital	04/30/2010	Registered preferred	0.7341020900

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01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (In thousands of Brazilian reais - R\$)	4 - AMOUNT OF THE ALTERATION (In thousands of Brazilian reais - R\$)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (Thousands)	8 - SHARE PRICE ON ISSUE DATE (Brazilian reais - R\$)
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01.10 - INVESTORS RELATIONS OFFICER

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

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

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
1	Total assets	583,997	529,484
1.01	Current assets	240,163	210,286
1.01.01	Cash and cash equivalents	28,624	30,063
1.01.02	Receivables	107,021	77,914
1.01.02.01	Trade accounts receivable	96,501	62,974
1.01.02.02	Other receivables	10,520	13,940
1.01.02.02.01	Dividends receivable from subsidiary	0	0
1.01.02.02.02	Recoverable taxes	4,946	5,824
1.01.02.02.03	Deferred income and social contribution taxes	0	0
1.01.02.02.04	Loans to subsidiary	0	0
1.01.02.02.05	Receivables for sale of property, plant and equipment	4,632	7,570
1.01.02.02.07	Copyrights advances	0	0
1.01.02.02.08	Other	942	546
1.01.03	Inventories	103,235	102,779
1.01.04	Other	1,283	530
1.01.04.01	Deferred advertising expenses	1,211	0
1.01.04.02	Prepaid expenses	72	530
1.02	Noncurrent assets	343,834	319,198
1.02.01	Long-term assets	43,007	25,907
1.02.01.01	Other receivables	0	0
1.02.01.02	Intercompany receivables	24,496	6,964
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	24,496	6,964
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	18,511	18,943
1.02.01.03.01	Escrow deposits	16,015	16,007
1.02.01.03.02	Deferred income and social contribution taxes	900	1,371
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,566	1,535
1.02.01.03.04	Other	30	30
1.02.02	Permanent assets	300,827	293,291
1.02.02.01	Investments	243,561	236,130
1.02.02.01.01	In affiliates	0	0
1.02.02.01.02	In affiliates – goodwill	0	0
1.02.02.01.03	In subsidiaries	243,130	235,722
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	431	408
1.02.02.02	Property, plant and equipment	35,463	35,664
1.02.02.03	Intangible assets	21,803	21,497
1.02.02.04	Deferred charges	0	0

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

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
2	Total liabilities and shareholders' equity	583,997	529,484
2.01	Current liabilities	83,364	88,870
2.01.01	Financing	7,534	10,344
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	16,399	35,655
2.01.04	Taxes payable	24,913	9,109
2.01.04.01	Income and social contribution taxes	15,138	703
2.01.04.02	Taxes payable	1,400	1,651
2.01.04.03	Social contributions	8,375	6,755
2.01.05	Dividends payable	20,724	20,724
2.01.05.01	Interest on capital	20,724	20,724
2.01.05.02	Dividends	0	0
2.01.06	Provisions	1,473	4,065
2.01.07	Intercompany payables	0	0
2.01.08	Other	12,321	8,973
2.01.08.01	Copyrights payable	7,238	6,342
2.01.08.02	Contract for acquisition of subsidiary	0	1,488
2.01.08.03	Payable commission	537	517
2.01.08.04	Management profit sharing	4,065	0
2.01.08.05	Other payables	481	626
2.02	Noncurrent liabilities	81,629	66,620
2.02.01	Long-term liabilities	81,629	66,620
2.02.01.01	Financing	58,418	43,203
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	23,092	23,280
2.02.01.03.01	Reserve for contingencies	8,680	8,771
2.02.01.03.02	Deferred income and social contribution taxes	13,585	13,551
2.02.01.03.03	Taxes payable	827	958
2.02.01.04	Intercompany payables	0	0
2.02.01.04.01	Intercompany Financing	0	0
2.02.01.05	Advances to future capital increase	0	0
2.02.01.06	Other	119	137
2.03	Deferred income	0	0
2.05	Shareholders' equity	419,004	373,994
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	0	0
2.05.03	Revaluation reserves	0	0
2.05.03.01	Owned assets	0	0
2.05.03.02	Subsidiaries/affiliates	0	0
2.05.04	Profit reserves	172,104	171,737
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Reserve for contingencies	0	0
2.05.04.04	Unrealized profit reserve	0	0
2.05.04.05	Profit retention reserve	0	0
2.05.04.06	Special reserve for undistributed dividends	0	0

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

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
2.05.04.07	Other profit reserves	150,127	149,760
2.05.04.07.01	Reserve for future capital increase	150,424	150,424
2.05.04.07.02	Treasury shares	(2,870)	(2,870)
2.05.04.07.03	Stock option plan	2,573	2,206
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	0	0
2.05.05.02	Accumulated translation adjustment	0	0
2.05.05.03	Business combination adjustment	0	0
2.05.06	Retained earnings/accumulated deficit	44,643	0
2.05.07	Advances for future capital increase	0	0

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.01	Gross revenue from sales and/or services	141,731	141,731	131,967	131,967
3.02	Deductions	(15)	(15)	(53)	(53)
3.03	Net revenue from sales and/or services	141,716	141,716	131,914	131,914
3.04	Cost of products and/or services	(31,722)	(31,722)	(27,199)	(27,199)
3.05	Gross profit	109,994	109,994	104,715	104,715
3.06	Operating (expenses) income	(46,046)	(46,046)	(43,215)	(43,215)
3.06.01	Selling expenses	(36,199)	(36,199)	(31,628)	(31,628)
3.06.02	General and administrative expenses	(14,013)	(14,013)	(13,406)	(12,015)
3.06.02.01	Management compensation	(1,473)	(1,473)	(1,391)	(1,391)
3.06.02.02	Statutory Participation of Administrators	(1,473)	(1,473)	(1,391)	(1,391)
3.06.02.03	Other	(11,067)	(11,067)	(10,624)	(10,624)
3.06.03	Financial	(2,140)	(2,140)	117	117
3.06.03.01	Financial income	1,042	1,042	2,102	2,102
3.06.03.02	Financial expenses	(3,182)	(3,182)	(1,985)	(1,985)
3.06.04	Other operating income	84	84	73	73
3.06.05	Other operating expenses	(1,174)	(1,174)	(1,144)	(1,144)
3.06.05.01	Depreciation and amortization	(1,121)	(1,121)	(1,128)	(1,128)
3.06.05.02	Other	(53)	(53)	(16)	(16)
3.06.06	Equity in subsidiary	7,396	7,396	2,773	2,773
3.07	Income (loss) from operations	63,948	63,948	61,500	61,500
3.08	Nonoperating income (expenses)	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	63,948	63,948	61,500	61,500
3.10	Provision for income and social contribution taxes	(18,880)	(18,880)	(19,513)	(19,513)

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.11	Deferred income tax	(505)	(505)	(726)	(726)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	44,643	44,643	41,261	41,261
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,230	28,230	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	1,58140	1,58140	1,46160	1,46160
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)				

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
4.01	Net cash from operating activities	3,256	3,256	(15,786)	(15,786)
4.01.01	Net cash provided by operating activities	58,844	58,844	56,099	56,099
4.01.01.01	Net income	63,948	63,948	61,500	61,500
4.01.01.02	Depreciation and amortization	1,186	1,186	1,184	1,184
4.01.01.04	Allowance for doubtful accounts	612	612	437	437
4.01.01.05	Equity in subsidiary	(7,396)	(7,396)	(2,773)	(2,773)
4.01.01.06	Result on sale of property, plant and equipment	4	4	(47)	(47)
4.01.01.07	Financial charges on loans and liabilities	1,160	1,160	(1,568)	(1,568)
4.01.01.08	Stock option plan	367	367	237	237
4.01.01.09	Other operating provisions	(1,037)	(1,037)	(2,871)	(2,871)
4.01.02	Decrease in assets and liabilities	(55,588)	(55,588)	(71,885)	(71,885)
4.01.02.01	Trade accounts receivable	(23,936)	(23,936)	(17,374)	(17,374)
4.01.02.02	Receivables from subsidiary - sale of goods	(10,203)	(10,203)	(7,679)	(7,679)
4.01.02.04	Inventories	(456)	(456)	(1,584)	(1,584)
4.01.02.05	Other receivables	(342)	(342)	1,198	1,198
4.01.02.06	Trade accounts payable	(19,256)	(19,256)	(36,405)	(36,405)
4.01.02.07	Income and social contribution taxes	(4,365)	(4,365)	(8,520)	(8,520)
4.01.02.08	Payment of interest on financing	(460)	(460)	(497)	(497)
4.01.02.10	Other operating liabilities	3,430	3,430	(1,024)	(1,024)
4.01.03	Other	0	0	0	0
4.02	Net cash used in investing activities	1,670	1,670	(2,736)	(2,736)
4.02.01	Purchase of property, plant and equipment	(1,386)	(1,386)	(2,976)	(2,976)

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
4.02.02	Receipts from sales of property, plant and equipment items	3,091	3,091	240	240
4.02.03	Acquisition of shares from minority shareholders	(35)	(35)	0	0
4.03	Net cash used in financing activities	(6,365)	(6,365)	(11,661)	(11,661)
4.03.02	Loans and financing	13,658	13,658	11,651	11,651
4.03.03	Loans granted - subsidiary	(17,225)	(17,225)	(20,517)	(20,517)
4.03.04	Amortization of loans and financing	(2,798)	(2,798)	(2,795)	(2,795)
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Decrease in cash and cash equivalents	(1,439)	(1,439)	(30,183)	(30,183)
4.05.01	Cash and cash equivalents at beginning of year	30,063	30,063	31,730	31,730
4.05.02	Cash and cash equivalents at end of year	28,624	28,624	1,547	1,547

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

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

Corporate Law

01.01 - IDENTIFICATION

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

05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 03/31/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	44,643	0	44,643
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
5.05.03.02	Transfer to earnings 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	367	0	0	367
5.12.01	Stock option plan	0	0	0	367	0	0	367
5.13	Ending balance	190,978	0	0	172,104	44,643	11,279	419,004

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

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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01.01 - IDENTIFICATION

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

05.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 03/31/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	44,643	0	44,643
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
5.05.03.02	Transfer to earnings 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	367	0	0	367
5.12.01	Stock option plan	0	0	0	367	0	0	367
5.13	Ending balance	190,978	0	0	172,104	44,643	11,279	419,004

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

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
1	Total assets	931,539	873,590
1.01	Current assets	646,265	586,402
1.01.01	Cash and cash equivalents	31,364	38,762
1.01.02	Receivables	322,239	254,077
1.01.02.01	Trade accounts receivable	281,315	216,331
1.01.02.02	Other receivables	40,924	37,746
1.01.02.02.01	Recoverable taxes	31,029	24,154
1.01.02.02.02	Deferred income and social contribution taxes	0	0
1.01.02.02.03	Receivables for sale of property, plant and equipment	4,632	7,570
1.01.02.02.04	Copyrights advances	74	0
1.01.02.02.05	Other	5,189	6,022
1.01.03	Inventories	291,287	292,718
1.01.04	Other	1,375	845
1.01.04.01	Deferred advertising expenses	1,216	0
1.01.04.02	Prepaid expenses	159	845
1.02	Noncurrent assets	285,274	287,188
1.02.01	Long-term assets	67,358	70,323
1.02.01.01	Other receivables	0	0
1.02.01.02	Intercompany receivables	0	0
1.02.01.02.01	Affiliates	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related parties	0	0
1.02.01.03	Other	67,358	70,323
1.02.01.03.01	Deferred income and social contribution taxes	29,867	32,829
1.02.01.03.02	Escrow deposits	27,072	26,963
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,566	1,535
1.02.01.03.04	Recoverable taxes	8,811	8,954
1.02.01.03.05	Other	42	42
1.02.02	Permanent assets	217,916	216,865
1.02.02.01	Investments	566	543
1.02.02.01.01	In affiliates	0	0
1.02.02.01.02	In subsidiary	0	0
1.02.02.01.03	Other investments	566	543
1.02.02.02	Property, plant and equipment	120,744	121,420
1.02.02.03	Intangible assets	96,606	94,902
1.02.02.04	Deferred charges	0	0

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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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 - 03/31/2010	4 - 12/31/2009
2	Total liabilities and shareholders' equity	931,539	873,590
2.01	Current liabilities	336,959	354,055
2.01.01	Financing	68,083	81,458
2.01.02	Debentures	0	0
2.01.03	Trade accounts payable	179,312	197,851
2.01.04	Taxes payable	37,161	21,196
2.01.04.01	Income and social contribution taxes	15,138	703
2.01.04.02	Taxes payable	3,366	5,719
2.01.04.03	Social contributions	18,657	14,774
2.01.05	Dividends payable	20,724	20,724
2.01.05.01	Interest on capital	20,724	20,724
2.01.05.02	Dividends	0	0
2.01.06	Provisions	8,596	10,170
2.01.06.01	Management profit sharing	1,473	4,065
2.01.06.02	Customer Loyalty Program	7,123	6,105
2.01.07	Intercompany payables	0	0
2.01.08	Other	23,083	22,656
2.01.08.01	Copyrights payable	7,950	7,090
2.01.08.02	Contract for acquisition of subsidiary	5,779	7,565
2.01.08.03	Payable commission	0	0
2.01.08.04	Freight and commissions payable	0	1,488
2.01.08.06	Advances from customers	3,286	4,002
2.01.08.07	Management profit sharing	4,065	0
2.01.08.08	Other payables	2,003	2,511
2.02	Noncurrent liabilities	175,524	145,478
2.02.01	Long-term liabilities	175,524	145,478
2.02.01.01	Financing	122,210	92,348
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	47,762	47,442
2.02.01.03.01	Deferred income and social contribution taxes	28,369	26,627
2.02.01.03.02	Reserve for contingencies	18,566	19,857
2.02.01.03.03	Taxes payable	827	958
2.02.01.04	Intercompany payables	0	0
2.02.01.05	Advances to future capital increase	0	0
2.02.01.06	Other	5,552	5,688
2.02.01.06.01	Payables to former shareholders	4,875	4,790
2.02.01.06.02	Other	677	898
2.03	Deferred income	0	0
2.04	Minority interest	52	63
2.05	Shareholders' equity	419,004	373,994
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	0	0
2.05.03	Revaluation reserves	0	0
2.05.03.01	Owned assets	0	0
2.05.03.02	Subsidiaries/affiliates	0	0
2.05.04	Profit reserves	172,104	171,737

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

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

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

1 - Code	2 - Description	3 - 03/31/2010	4 - 12/31/2009
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Reserve for contingencies	0	0
2.05.04.07	Other profit reserves	150,127	149,760
2.05.04.07.01	Reserve for future capital increase	150,424	150,424
2.05.04.07.02	Treasury shares	(2,870)	(2,870)
2.05.04.07.03	Stock option plan	2,573	2,206
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	0	0
2.05.05.02	Accumulated translation adjustment	0	0
2.05.05.03	Business combination adjustment	0	0
2.05.06	Retained earnings/accumulated deficit	44,643	0
2.05.07	Advances for future capital increase	0	0

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

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

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01.01 - IDENTIFICATION

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

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.01	Gross revenue from sales and/or services	455,732	455,732	370,723	370,723
3.02	Deductions	(20,100)	(20,100)	(15,242)	(15,242)
3.03	Net revenue from sales and/or services	435,632	435,632	355,481	355,481
3.04	Cost of products and/or services	(220,847)	(220,847)	(166,135)	(166,135)
3.05	Gross profit	214,785	214,785	189,346	189,346
3.06	Operating (expenses) income	(146,637)	(146,637)	(123,985)	(123,985)
3.06.01	Selling expenses	(106,038)	(106,038)	(91,364)	(91,364)
3.06.02	General and administrative expenses	(27,979)	(27,979)	(26,637)	(26,637)
3.06.02.01	Management compensation	(2,703)	(2,703)	(2,136)	(2,136)
3.06.02.02	Statutory Participation of Administrators	(1,473)	(1,473)	(1,391)	(1,391)
3.06.02.03	Other	(23,803)	(23,803)	(23,110)	(23,110)
3.06.03	Financial	(7,208)	(7,208)	(3,016)	(3,016)
3.06.03.01	Financial income	901	901	818	818
3.06.03.02	Financial expenses	(8,109)	(8,109)	(3,834)	(3,834)
3.06.04	Other operating income	976	976	1,578	1,578
3.06.05	Other operating expenses	(6,388)	(6,388)	(4,546)	(4,546)
3.06.05.01	Depreciation and amortization	(6,192)	(6,192)	(4,209)	(4,209)
3.06.05.02	Other	(196)	(196)	(337)	(337)
3.06.06	Equity in subsidiary	0	0	0	0
3.07	Income (loss) from operations	68,148	68,148	65,361	65,361
3.08	Nonoperating income (expenses)	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0

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

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

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

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
3.09	Income before taxes and profit sharing	68,148	68,148	65,361	65,361
3.10	Provision for income and social contribution taxes	(18,800)	(18,800)	(20,402)	(20,402)
3.11	Deferred income tax	(4,704)	(4,704)	(3,696)	(3,696)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	(1)	(1)	(2)	(2)
3.15	Net income (loss)	44,643	44,643	41,261	41,261
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,230	28,230	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	1,58140	1,58140	1,46160	1,46160
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)				

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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 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
4.01	Net cash from operating activities	(16,056)	(16,056)	(11,010)	(11,010)
4.01.01	Net cash provided by operating activities	81,347	81,347	69,033	69,033
4.01.01.01	Net income	68,148	68,148	65,361	65,361
4.01.01.02	Depreciation and amortization	6,542	6,542	4,433	4,433
4.01.01.04	Allowance for doubtful accounts	885	885	525	525
4.01.01.05	Result on sale of property, plant and equipment	80	80	(83)	(83)
4.01.01.06	Financial charges on loans and liabilities	2,363	2,363	178	178
4.01.01.07	Stock option plan	367	367	237	237
4.01.01.08	Other provisions	2,962	2,962	(1,618)	(1,618)
4.01.02	Decrease in assets and liabilities	(97,403)	(97,403)	(80,043)	(80,043)
4.01.02.01	Trade accounts receivable	(65,869)	(65,869)	(22,913)	(22,913)
4.01.02.02	Inventories	1,431	1,431	(7,083)	(7,083)
4.01.02.03	Other receivables	(6,673)	(6,673)	(5,086)	(5,806)
4.01.02.04	Trade accounts payable	(18,539)	(18,539)	(32,542)	(32,542)
4.01.02.05	Income and social contribution taxes	(4,365)	(4,365)	(9,410)	(9,410)
4.01.02.06	Payment of interest on financing	(2,500)	(2,500)	(969)	(969)
4.01.02.08	Other payables	(888)	(888)	(2,040)	(2,040)
4.01.03	Other	0	0	0	0
4.02	Net cash used in investing activities	(4,686)	(4,686)	(15,846)	(15,846)
4.02.01	Purchase of property, plant and equipment	(7,742)	(7,742)	(16,125)	(16,125)
4.02.02	Business acquisition	(35)	(35)	0	0

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2009 to 03/31/2009	6 - 01/01/2009 to 03/31/2009
4.02.03	Receipts from sales of property, plant and equipment items	3,091	3,091	279	279
4.03	Net cash used in financing activities	13,344	13,344	(7,497)	(7,497)
4.03.01	Obtained loans and financing	27,998	27,998	21,128	21,128
4.03.02	Amortization of loans and financing	(14,654)	(14,654)	(28,625)	(28,625)
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Decrease in cash and cash equivalents	(7,398)	(7,398)	(34,353)	(34,353)
4.05.01	Cash and cash equivalents at beginning of year	38,762	38,762	37,823	37,823
4.05.02	Cash and cash equivalents at end of year	31,364	31,364	3,470	3,470

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11.01 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 03/31/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190.978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190.978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	44,643	0	44,643
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	367	0	0	367
5.12.01	Stock option plan	0	0	0	367	0	0	367
5.13	Ending balance	190.978	0	0	172,104	44,643	11,279	419,004

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

Corporate Law

01.01 - IDENTIFICATION

1 - CVM CODE 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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11.02 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 03/31/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190.978	0	0	171,737	0	11,279	373,994
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190.978	0	0	171,737	0	11,279	373,994
5.04	Net income (loss)	0	0	0	0	44,643	0	44,643
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	367	0	0	367
5.12.01	Stock option plan	0	0	0	367	0	0	367
5.13	Ending balance	190.978	0	0	172,104	44,643	11,279	419,004

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

BALANCE SHEETS

AS AT MARCH 31, 2010, DECEMBER 31, 2009, AND 2009, AND JANUARY 1, 2009

(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP			Consolidated - IFRS & BR GAAAP		
		3/31/2010	12/31/2009	1/1/2009	3/31/2010	12/31/2009	1/1/2009
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	6	28,624	30,063	31,730	31,364	38,762	37,823
Trade receivables	7	96,501	62,974	64,162	281,315	216,331	199,643
Inventories	8	103,235	102,779	82,381	291,287	292,718	213,158
Recoverable taxes	9	4,946	5,824	4,780	31,029	24,154	19,211
Other receivables		5,574	8,116	2,178	9,895	13,592	5,690
Prepaid expenses		1,283	530	123	1,375	845	367
Total current assets		<u>240,163</u>	<u>210,286</u>	<u>185,354</u>	<u>646,265</u>	<u>586,402</u>	<u>475,892</u>
NONCURRENT ASSETS							
Long-term assets:							
Intragroup loans	11.a)	24,496	6,964	52,167	-	-	-
Deferred income tax and social contribution	10.a)	900	1,371	2,498	29,867	32,829	31,259
Escrow deposits	21	16,015	16,007	15,568	27,072	26,963	25,499
Recoverable taxes	9	-	-	-	8,811	8,954	-
Receivables from sale of PP&E		1,566	1,535	4,192	1,566	1,535	4,192
Other		30	30	133	42	42	145
		<u>43,007</u>	<u>25,907</u>	<u>74,558</u>	<u>67,358</u>	<u>70,323</u>	<u>61,095</u>
Investments:							
In subsidiaries	12	243,130	235,722	173,893	-	-	-
Other		431	408	408	566	543	543
Property, plant and equipment	13	35,463	35,664	35,416	120,744	121,420	84,771
Intangible assets	14	7,207	6,901	5,380	19,339	17,635	11,610
Goodwill	15	14,596	14,596	14,596	77,267	77,267	80,841
Total noncurrent assets		<u>343,834</u>	<u>319,198</u>	<u>304,251</u>	<u>285,274</u>	<u>287,188</u>	<u>238,860</u>
TOTAL ASSETS		<u><u>583,997</u></u>	<u><u>529,484</u></u>	<u><u>489,605</u></u>	<u><u>931,539</u></u>	<u><u>873,590</u></u>	<u><u>714,752</u></u>

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**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

	Note	Editora - BR GAAP			Consolidated - IFRS & BR GAAAP		
		3/31/2010	12/31/2009	1/1/2009	3/31/2010	12/31/2009	1/1/2009
<u>LIABILITIES AND EQUITY</u>							
<u>CURRENT LIABILITIES</u>							
Trade payables	18	16,399	35,655	49,160	179,312	197,851	173,927
Borrowings and financing	16	7,534	10,344	11,269	68,083	81,458	42,317
Accrued payroll and related taxes	20	8,375	6,755	5,832	18,657	14,774	12,521
Taxes payable	19	1,400	1,651	1,742	3,366	5,719	4,669
Provision for income tax and social contribution	10.c)	15,138	703	4,703	15,138	703	4,703
Copyrights payable		7,238	6,342	10,803	7,950	7,090	11,515
Management profit sharing	11.b)	1,473	4,065	3,956	1,473	4,065	3,956
Dividends and interest on capital	20.c)	20,724	20,724	19,776	20,724	20,724	19,776
Deferred revenue - customer loyalty program	18	-	-	-	7,123	6,105	5,275
Operating leases - store rentals	18	537	517	50	5,779	7,565	6,542
Other payables		4,546	2,114	6,814	9,354	8,001	12,503
Total current liabilities		<u>83,364</u>	<u>88,870</u>	<u>114,105</u>	<u>336,959</u>	<u>354,055</u>	<u>297,704</u>
<u>NONCURRENT LIABILITIES</u>							
Borrowings and financing	16	58,418	43,203	10,247	122,210	92,348	21,822
Deferred income tax and social contribution	10.a)	13,585	13,551	11,701	28,369	26,627	18,844
Provision for tax, civil and labor contingencies	21	8,680	8,771	9,586	18,566	19,857	23,091
Taxes payable	19	827	958	1,481	827	958	2,618
Other payables		119	137	209	5,552	5,688	8,336
Total noncurrent liabilities		<u>81,629</u>	<u>66,620</u>	<u>33,224</u>	<u>175,524</u>	<u>145,478</u>	<u>74,711</u>
<u>EQUITY</u>							
Capital		190,978	190,978	147,774	190,978	190,978	147,774
Treasury shares		(2,870)	(2,870)	(2,870)	(2,870)	(2,870)	(2,870)
Earnings reserve		174,974	174,607	186,093	174,974	174,607	186,093
Valuation adjustments to equity		11,279	11,279	11,279	11,279	11,279	11,279
Retained earnings		44,643	-	-	44,643	-	-
Equity attributable to owners of the Company		419,004	373,994	342,276	419,004	373,994	342,276
Noncontrolling interests		-	-	-	52	63	61
Total equity		<u>419,004</u>	<u>373,994</u>	<u>342,276</u>	<u>419,056</u>	<u>374,057</u>	<u>342,337</u>
TOTAL LIABILITIES AND EQUITY		<u>583,997</u>	<u>529,484</u>	<u>489,605</u>	<u>931,539</u>	<u>873,590</u>	<u>714,752</u>

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

INCOME STATEMENTS
FOR THE QUARTERS ENDED MARCH 31, 2010 and 2009
(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		3/31/2010	3/31/2009	3/31/2010	3/31/2009
NET OPERATING REVENUE	23	141,716	131,914	435,632	355,481
COST OF SALES AND SERVICES		(31,722)	(27,199)	(220,847)	(166,135)
GROSS PROFIT		<u>109,994</u>	<u>104,715</u>	<u>214,785</u>	<u>189,346</u>
OPERATING (EXPENSES) INCOME					
Selling expenses	24	(36,199)	(31,628)	(106,038)	(91,364)
General and administrative expenses	25	(14,013)	(13,406)	(27,979)	(26,637)
Depreciation and amortization		(1,121)	(1,128)	(6,192)	(4,209)
Equity in subsidiary	12	7,396	2,773	-	-
Other operating expenses	26	(53)	(16)	(196)	(337)
Other operating income	27	84	73	976	1,578
		<u>(43,906)</u>	<u>(43,332)</u>	<u>(139,429)</u>	<u>(120,969)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>66,088</u>	<u>61,383</u>	<u>75,356</u>	<u>68,377</u>
FINANCIAL INCOME (EXPENSES)					
Financial income	28	1,042	2,102	901	818
Financial expenses	28	(3,182)	(1,985)	(8,109)	(3,834)
		<u>(2,140)</u>	<u>117</u>	<u>(7,208)</u>	<u>(3,016)</u>
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>63,948</u>	<u>61,500</u>	<u>68,148</u>	<u>65,361</u>
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	10.b)	(18,800)	(19,513)	(18,800)	(20,402)
Deferred	10.a)	(505)	(726)	(4,704)	(3,696)
PROFIT FOR THE PERIOD		<u>44,643</u>	<u>41,261</u>	<u>44,644</u>	<u>41,263</u>
Attributable to:					
Owners of the Company				44,643	41,261
Noncontrolling interests				<u>1</u>	<u>2</u>
				<u>44,644</u>	<u>41,263</u>

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2010 AND THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

	Note	Earnings reserve					Retained earnings	Valuation adjustments to equity	Attributable to owners of Editora (BR GAAP)	Noncontrolling interests	Total equity (IFRS & BR GAAP)
		Capital	Treasury shares	Legal reserve	Earnings reserve	Reserve for stock option plan					
BALANCE AT DECEMBER 31, 2008		147,774	(2,870)	19,327	170,411	1,240	-	-	335,882	61	335,943
Adoption of new accounting standards (IFRSs and CPCs)		-	-	-	(4,885)	-	-	11,279	6,394	-	6,394
BALANCE AT JANUARY 1, 2009		147,774	(2,870)	19,327	165,526	1,240	-	11,279	342,276	61	342,337
Capital increase - ESM held on April 23, 2009	22.a)	43,204	-	-	(43,204)	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	51,477	-	51,477	2	51,479
Stock option plan		-	-	-	-	966	-	-	966	-	966
Proposed allocation of profit:											
Legal reserve	22.d)	-	-	2,650	-	-	(2,650)	-	-	-	-
Transfer to earnings reserve		-	-	-	28,102	-	(28,103)	-	(1)	-	(1)
Interest on capital	22.c)	-	-	-	-	-	(20,724)	-	(20,724)	-	(20,724)
BALANCE AT DECEMBER 31, 2009		190,978	(2,870)	21,977	150,424	2,206	-	11,279	373,994	63	374,057
Profit for the period		-	-	-	-	-	44,643	-	44,643	1	44,644
Stock option plan	22.e)	-	-	-	-	367	-	-	367	-	367
Acquisition of noncontrolling interests	22.g)	-	-	-	-	-	-	-	-	(12)	(12)
BALANCE AT MARCH 31, 2010		190,978	(2,870)	21,977	150,424	2,573	44,643	11,279	419,004	52	419,056

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2010 and 2009
(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		3/31/2010	3/31/2009	3/31/2010	3/31/2009
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		63,948	61,500	68,148	65,361
Adjustments to reconcile profit income to net cash provided by (used in) operating activities:					
Depreciation and amortization (includes amount allocated to cost)	13, 14 & 15	1,186	1,184	6,542	4,433
Allowance for doubtful accounts		612	437	885	525
Equity in subsidiary less adjustment to profit on Livraria's inventory - ICPC 09	12	(7,396)	(2,773)	-	-
Proceeds from sale of property, plant and equipment		4	(47)	80	(83)
Financial charges and exchange differences on intragroup balances, financing, borrowings and taxes payable	22.e)	1,160	(1,568)	2,363	178
Stock option plan		367	237	367	237
Other operating provisions		(1,037)	(2,871)	2,962	(1,618)
Decrease (increase) in operating assets:					
Trade receivables		(23,936)	(17,374)	(65,869)	(22,913)
Receivables from subsidiaries due to product sales		(10,203)	(7,679)	-	-
Inventories		(456)	(1,584)	1,431	(7,083)
Other operating assets		(342)	1,198	(6,673)	(5,086)
Increase (decrease) in operating liabilities:					
Trade payables		(19,256)	(36,405)	(18,539)	(32,542)
Income tax and social contribution paid		(4,365)	(8,520)	(4,365)	(9,410)
Interest on borrowings and financing paid		(460)	(497)	(2,500)	(969)
Other operating liabilities		3,430	(1,024)	(888)	(2,040)
Net cash provided by (used in) operating activities		3,256	(15,786)	(16,056)	(11,010)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets	13 / 14	(1,386)	(2,976)	(7,742)	(16,125)
Receipts from sales of property, plant and equipment items		3,091	240	3,091	279
Purchase of shares from noncontrolling shareholders	22.g)	(35)	-	(35)	-
Net cash provided by (used in) investing activities		1,670	(2,736)	(4,686)	(15,846)
CASH FLOWS FROM FINANCING ACTIVITIES					
Financing - BNDES	16	13,658	11,651	27,998	21,128
Loans to subsidiary less amounts returned		(17,225)	(20,517)	-	-
Amortization of borrowings and financing		(2,798)	(2,795)	(14,654)	(28,625)
Net cash provided by (used in) financing activities		(6,365)	(11,661)	13,344	(7,497)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		(1,439)	(30,183)	(7,398)	(34,353)
STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year		30,063	31,730	38,762	37,823
Cash and cash equivalents at end of year		28,624	1,547	31,364	3,470
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		(1,439)	(30,183)	(7,398)	(34,353)

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF VALUE ADDED
FOR THE QUARTERS ENDED MARCH 31, 2010 and 2009
(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		3/31/2010	3/31/2009	3/31/2010	3/31/2009
CREATION OF WEALTH					
Sales of products and services		141,731	131,967	454,713	370,282
Allowance for doubtful accounts, less reversals		(612)	(636)	(885)	(724)
Other operating income		171	266	1,063	1,772
		<u>141,290</u>	<u>131,597</u>	<u>454,891</u>	<u>371,330</u>
INPUTS PURCHASED FROM THIRD PARTIES (includes recoverable and unrecoverable taxes)					
Raw materials consumed		(19,837)	(17,299)	(5,249)	(4,790)
Cost of sales and services		-	(94)	(217,278)	(163,300)
Supplies, power, outside services and other		(38,708)	(34,581)	(78,915)	(69,991)
Other operating expenses		(91)	(193)	(168)	(195)
		<u>82,654</u>	<u>79,430</u>	<u>153,281</u>	<u>133,054</u>
RETENTIONS					
Depreciation and amortization		(1,136)	(1,140)	(6,492)	(4,333)
		<u>81,518</u>	<u>78,290</u>	<u>146,789</u>	<u>128,721</u>
WEALTH RECEIVED IN TRANSFER					
Equity in subsidiary	12	7,396	2,773	-	-
Financial income	28	1,042	2,102	900	819
		<u>8,438</u>	<u>4,875</u>	<u>900</u>	<u>819</u>
DISTRIBUTION OF WEALTH					
		<u>89,956</u>	<u>83,165</u>	<u>147,689</u>	<u>129,540</u>
WEALTH DISTRIBUTED					
Personnel - payroll and related taxes		16,976	14,273	38,128	34,261
Government - taxes and fees		22,279	22,783	44,107	38,539
Lenders - financial expenses, less IOC	28	3,146	1,927	7,749	3,391
Lessors - rentals		1,439	1,530	11,587	10,695
Management profit sharing		1,473	1,391	1,473	1,391
Noncontrolling interests		-	-	2	2
Shareholders - recognition of earnings reserve, including stock option plan		44,643	41,261	44,643	41,261
		<u>89,956</u>	<u>83,165</u>	<u>147,689</u>	<u>129,540</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

Editora is mainly engaged in: (a) publishing elementary and high school textbooks, supplementary textbooks, legal books and economics and management books; (b) development of digital content; and (c) development of textbook content for the Ético Teaching System (“Ético”) for private schools, consisting of a line of teaching materials for child education, elementary and high school, and college exam preparatory courses. Editora’s operations are quite seasonal as approximately 80% of its sales are concentrated in the first and last quarters, due to two factors: (a) the back-to-school period in the first quarter; and (b) the sale of textbooks to the government in the fourth quarter.

Livraria is a Brazilian publicly-held company, with head office in the city of São Paulo, State of São Paulo, which is mainly engaged in the retail of book, periodicals, DVDs, music, stationary, multimedia, IT, electrical and electronic products, and digital content. Distribution is undertaken using a web-based sales platform and a chain of 100 stores, of which 39 are megastores, 53 are conventional stores, and 8 are franchises.

2. PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1. Restatement of the interim financial statements

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Previously, Editora had prepared and issued its interim financial in accordance with the standards in effect until December 31, 2008; accordingly, Editora is restating its interim financial statements for the quarter ended March 31, 2010, originally present on May 14, 2010 and subsequently voluntarily restated on July 23, 2010, and, when applicable, the comparative financial statements for the year ended December 31, 2009.

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

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

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

2.2. Declaration of conformity

The interim financial statements of Editora comprise:

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

2.3. Basis of preparation

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

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

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

3. SIGNIFICANT ACCOUNTING PRACTICES

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

a) General principles

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

b) Functional and presentation currency

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

c) Foreign currency transactions and balances

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

d) Basis of consolidation and investment in subsidiary

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

e) Financial assets

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

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

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

(ii) Held-to-maturity financial assets

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

(iii) Available-for-sale financial assets

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

(iv) Loans and receivables

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

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

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

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

f) Financial liabilities

Financial liabilities are classified as follows:

(i) At fair value through profit or loss

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

(ii) Other financial liabilities

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

g) Derivatives

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

h) Current assets

• Cash and cash equivalents:

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- Trade receivables and allowance for doubtful accounts

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

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

- Inventories

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

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

- Unrecognized advertising expenses

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

i) Noncurrent assets

- Investments

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

- Property, plant and equipment

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

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

- Intangible assets

Separately acquired

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

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

Internally generated

Expenditure on research is recognized as an expense when incurred.

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- Goodwill

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

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

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

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

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

j) Current and noncurrent liabilities

- Borrowings and financing

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

- Copyrights

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

- Provisions for tax, civil and labor contingencies

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

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

k) Other current and noncurrent assets and liabilities

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

l) Leases

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

m) Current and deferred income tax and social contribution

- Current

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

- Deferred

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

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

n) Deferred revenue

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

o) Share-based compensation

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

p) Dividends and interest on capital

The proposed distribution of dividends, which include interest on capital paid by the management of Editora that does not exceed the portion equivalent to the mandatory minimum dividends, is recognized as a liability in line item “Dividends and interest on capital” as it is considered as a statutory obligation of Editora. On the other hand, the portion of dividends exceeding mandatory minimum dividends, declared by management after the end of the reporting period, but before the authorization for the issue of the financial statements is recognized in line item “Proposed additional dividends”.

q) Presentation of earnings per share

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

r) Statement of value added (“DVA”)

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

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

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

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

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Standard	Description	Effective for annual periods beginning on or after
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 7	Disclosures - Transfers of Financial Assets	July 1, 2011
IFRS 9 (as amended in 2010)	Financial instruments	January 1, 2013
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets when an Asset Is Measured Using the Fair Value Model in IAS 40	January 1, 2012
Amendments to IAS 32	Classification of Rights Issues	February 1, 2010
Amendments to IFRIC 14	Prepayments of Minimum Funding Requirements	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
IFRIC 13	Customer Loyalty Programmes	July 1, 2010
Amendments to IAS 24	Related Party Disclosures	January 1, 2011

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

a) Impairment of assets

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

b) Impairment of goodwill

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

c) Allowance for realized losses in inventories of Livraria

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

d) Allowance for impairment of inventory

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

e) Allowance for doubtful accounts

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

f) Provision for tax, civil and labor contingencies

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

g) Deferred taxes

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

h) Livraria's customer loyalty program

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

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

5. TRANSITION OF ACCOUNTING POLICES

5.1. Effects of adopting IFRSs on the consolidated financial statements

The consolidated interim financial statements for the quarter ended March 31, 2010 are the first to be presented in accordance with IFRSs. Editora applied the accounting policies set out in notes 2 and 3 to all reporting periods presented, including the 2010 interim financial statements and the balance sheet as at the date of transition, defined as January 1, 2009. In measuring the adjustments of the opening balances and in preparing the balance sheet as at the transition date, management applied the mandatory exceptions and certain optional exemptions to the retrospective application prescribed by IFRS 1 and CPC 37(R1) *First-time Adoption of International Financial Reporting Standards*.

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

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

Corporate Law

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTSEffects on the consolidated balance sheet

Line items	Item	At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)			At 3/31/2010 (date of interim period presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to		Former BR GAAP	Effects of transition to		Former BR GAAP	Effects of transition to	
			IFRSs	IFRSs		IFRSs	IFRSs		IFRSs	IFRSs
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents		37,823	-	37,823	38,762	-	38,762	31,364	-	31,364
Trade receivables		199,643	-	199,643	216,331	-	216,331	281,315	-	281,315
Inventories	5.3.h)	216,331	(3,173)	213,158	297,597	(4,879)	292,718	296,866	(5,579)	291,287
Recoverable taxes		19,211	-	19,211	24,154	-	24,154	31,029	-	31,029
Deferred income tax and social contribution	5.3.c)	10,923	(10,923)	-	12,345	(12,345)	-	9,582	(9,582)	-
Other receivables		5,690	-	5,690	13,592	-	13,592	9,895	-	9,895
Prepaid expenses		367	-	367	845	-	845	1,375	-	1,375
Total current assets		489,988	(14,096)	475,892	603,626	(17,224)	586,402	661,426	(15,161)	646,265
NONCURRENT ASSETS										
Long-term assets:										
Deferred income tax and social contribution	5.3.c)	19,454	11,805	31,259	19,692	13,137	32,829	19,530	10,337	29,867
Escrow deposits	5.3.e)	7,986	17,513	25,499	9,950	17,013	26,963	10,009	17,063	27,072
Recoverable taxes		-	-	-	8,954	-	8,954	8,811	-	8,811
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,566	-	1,566
Other		145	-	145	42	-	42	42	-	42
		31,777	29,318	61,095	40,173	30,150	70,323	39,958	27,400	67,358
Other investments		543	-	543	543	-	543	566	-	566
Property, plant and equipment		67,682	17,089	84,771	104,331	17,089	121,420	103,655	17,089	120,744
Intangible assets		11,610	-	11,610	17,635	-	17,635	19,339	-	19,339
Goodwill		80,841	-	80,841	77,267	-	77,267	77,267	-	77,267
Total noncurrent assets		192,453	46,407	238,860	239,949	47,239	287,188	240,785	44,489	285,274
TOTAL ASSETS		682,441	32,311	714,752	843,575	30,015	873,590	902,211	29,328	931,539

Reconciliation of consolidated equity

	Equity		
	3/31/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	414,770	369,131	335,882
Adjustments arising from the application of CPCs and IFRSs:			
Unrealized profit on inventories (sale of Editora products to Livraria)	(5,579)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,221)	(2,329)	(2,594)
Difference in deemed cost of property, plant and equipment - "land"	17,089	17,089	17,089
Deferred income tax and social contribution	(5,055)	(5,018)	(4,928)
Subtotal	4,234	4,863	6,394
Noncontrolling interests	52	63	61
Under new accounting standards	419,056	374,057	342,337

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Effects on the consolidated income statement

Line items	Item	At 3/31/2010 (date of interim period presented according to previous accounting policies)			At 3/31/2009 (date of comparative quarter presented according to previous accounting policies)		
		Effects of transition to		IFRSs	Effects of transition to		IFRSs
		Former BR GAAP	IFRSs		Former BR GAAP	IFRSs	
NET OPERATING REVENUE	5.3.d)	438,757	(3,125)	435,632	359,961	(4,480)	355,481
COST OF SALES AND SERVICES	5.3.h)	(222,254)	1,407	(220,847)	(168,242)	2,107	(166,135)
GROSS PROFIT		216,503	(1,718)	214,785	191,719	(2,373)	189,346
OPERATING (EXPENSES) INCOME							
Selling expenses		(106,038)	-	(106,038)	(91,364)	-	(91,364)
General and administrative expenses		(27,979)	-	(27,979)	(26,637)	-	(26,637)
Depreciation and amortization		(6,192)	-	(6,192)	(4,209)	-	(4,209)
Other operating expenses	5.3.c)	(346)	150	(196)	531	(868)	(337)
Other operating income	5.3.d)	-	976	976	-	1,578	1,578
		(140,555)	1,126	(139,429)	(121,679)	710	(120,969)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		75,948	(592)	75,356	70,040	(1,663)	68,377
FINANCIAL INCOME (EXPENSES)							
Financial income		901	-	901	818	-	818
Financial expenses		(8,109)	-	(8,109)	(3,834)	-	(3,834)
		(7,208)	-	(7,208)	(3,016)	-	(3,016)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		68,740	(592)	68,148	67,024	(1,663)	65,361
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(18,800)	-	(18,800)	(20,402)	-	(20,402)
Deferred		(4,667)	(37)	(4,704)	(3,604)	(92)	(3,696)
PROFIT BEFORE NONCONTROLLING INTERESTS		45,273	(629)	44,644	43,018	(1,755)	41,263
Noncontrolling interests	5.3.i)	(1)	-	(1)	(2)	-	(2)
PROFIT FOR THE PERIOD		45,272	(629)	44,643	43,016	(1,755)	41,261

Reconciliation of consolidated net income

	Profit	
	3/31/10	3/31/09
Under prevailing accounting policies before adopting of new accounting standards	45,272	43,016
Adjustments arising from the application of CPCs and IFRSs:		
Unrealized profit on inventories (sale of Editora products to its subsidiary)	(700)	(1,933)
Saraiva Plus customer loyalty program	108	270
Deferred income tax and social contribution	(37)	(92)
Subtotal	629	1,755
Noncontrolling interests	1	2
Under new accounting standards	44,644	41,263

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

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

Corporate Law

01047-2 - SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Effects on the individual balance sheet

Line items	Item	At 3/31/2010 (date of interim period presented according to previous accounting policies)								
		At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)					
		Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP	Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP	Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents		31,730	-	31,730	30,063	-	30,063	28,624	-	28,624
Trade receivables		64,162	-	64,162	62,974	-	62,974	96,501	-	96,501
Inventories		82,381	-	82,381	102,779	-	102,779	103,235	-	103,235
Recoverable taxes		4,780	-	4,780	5,824	-	5,824	4,946	-	4,946
Deferred income tax and social contribution	5.3.c)	1,174	(1,174)	-	630	(630)	-	180	(180)	-
Other receivables		2,178	-	2,178	8,116	-	8,116	5,574	-	5,574
Prepaid expenses		123	-	123	530	-	530	1,283	-	1,283
Total current assets		186,528	(1,174)	185,354	210,916	(630)	210,286	240,343	(180)	240,163
NONCURRENT ASSETS										
Long-term assets:										
Intragroup loans		52,167	-	52,167	6,964	-	6,964	24,496	-	24,496
Deferred income tax and social contribution	5.3.c)	1,324	1,174	2,498	741	630	1,371	720	180	900
Escrow deposits	5.3.e)	7,240	8,328	15,568	8,512	7,495	16,007	8,516	7,499	16,015
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,566	-	1,566
Other		133	-	133	30	-	30	30	-	30
		65,056	9,502	74,558	17,782	8,125	25,907	35,328	7,679	43,007
Investments:										
In subsidiaries	5.3.h) / 5.3.d)	178,778	(4,885)	173,893	242,138	(6,416)	235,722	250,175	(7,045)	243,130
Other		408	-	408	408	-	408	431	-	431
Property, plant and equipment		18,327	17,089	35,416	18,575	17,089	35,664	18,374	17,089	35,463
Intangible assets		5,380	-	5,380	6,901	-	6,901	7,207	-	7,207
Goodwill		14,596	-	14,596	14,596	-	14,596	14,596	-	14,596
Total noncurrent assets		282,545	21,706	304,251	300,400	18,798	319,198	326,111	17,723	343,834
TOTAL ASSETS		469,073	20,532	489,605	511,316	18,168	529,484	566,454	17,543	583,997

Line items	Item	At 3/31/2010 (date of interim period presented according to previous accounting policies)								
		At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)					
		Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP	Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP	Former BR GAAP	Effects of transition to CPCs	Restated BR GAAP
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Trade payables		49,160	-	49,160	35,655	-	35,655	16,399	-	16,399
Borrowings and financing		11,269	-	11,269	10,344	-	10,344	7,534	-	7,534
Accrued payroll and related taxes		5,832	-	5,832	6,755	-	6,755	8,375	-	8,375
Taxes payable		1,742	-	1,742	1,651	-	1,651	1,400	-	1,400
Provision for income tax and social contribution		4,703	-	4,703	703	-	703	15,138	-	15,138
Copyrights payable		10,803	-	10,803	6,342	-	6,342	7,238	-	7,238
Management profit sharing		3,956	-	3,956	4,065	-	4,065	1,473	-	1,473
Dividends and interest on capital		19,776	-	19,776	20,724	-	20,724	20,724	-	20,724
Operating leases - store rentals		50	-	50	517	-	517	537	-	537
Other payables		6,814	-	6,814	2,114	-	2,114	4,546	-	4,546
Total current liabilities		114,105	-	114,105	88,870	-	88,870	83,364	-	83,364
NONCURRENT LIABILITIES										
Borrowings and financing		10,247	-	10,247	43,203	-	43,203	58,418	-	58,418
Deferred income tax and social contribution		5,891	5,810	11,701	7,741	5,810	13,551	7,775	5,810	13,585
Provision for tax, civil and labor contingencies	5.3.e)	1,258	8,328	9,586	1,276	7,495	8,771	1,181	7,499	8,680
Taxes payable		1,481	-	1,481	958	-	958	827	-	827
Other payables		209	-	209	137	-	137	119	-	119
Total noncurrent liabilities		19,086	14,138	33,224	53,315	13,305	66,620	68,320	13,309	81,629
EQUITY										
Capital		147,774	-	147,774	190,978	-	190,978	190,978	-	190,978
Treasury shares		(2,870)	-	(2,870)	(2,870)	-	(2,870)	(2,870)	-	(2,870)
Valuation adjustments to equity		-	11,279	11,279	-	11,279	11,279	-	11,279	11,279
Earnings reserve		190,978	(4,885)	186,093	181,023	(6,416)	174,607	181,390	(6,416)	174,974
Retained earnings		-	-	-	-	-	-	45,272	(629)	44,643
Total equity		335,882	6,394	342,276	369,131	4,863	373,994	414,770	4,234	419,004
TOTAL LIABILITIES AND EQUITY		469,073	20,532	489,605	511,316	18,168	529,484	566,454	17,543	583,997

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of the individual equity

	Equity		
	3/31/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	414,770	369,131	335,882
Adjustments arising from the application of CPCs and IFRSs:			
Unrealized profit on inventories (sale of Editora products to Livraria)	(5,579)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,221)	(2,329)	(2,594)
Difference in deemed cost of property, plant and equipment - "land"	17,089	17,089	17,089
Deferred income tax and social contribution	(5,055)	(5,018)	(4,928)
Subtotal	<u>4,234</u>	<u>4,863</u>	<u>6,394</u>
Under new accounting standards	<u>419,004</u>	<u>373,994</u>	<u>342,276</u>

Effects on the individual income statement

Line items	Item	At 3/31/2010 (date of interim period presented according to previous accounting policies)			At 3/31/2009 (date of comparative quarter presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to		Former BR GAAP	Effects of transition to	
			CPCs	Restated BR GAAP		CPCs	Restated BR GAAP
NET OPERATING REVENUE		141,716	-	141,716	131,914	-	131,914
COST OF SALES AND SERVICES		(31,722)	-	(31,722)	(27,199)	-	(27,199)
GROSS PROFIT		<u>109,994</u>	-	<u>109,994</u>	<u>104,715</u>	-	<u>104,715</u>
OPERATING (EXPENSES) INCOME							
Selling expenses		(36,199)	-	(36,199)	(31,628)	-	(31,628)
General and administrative expenses		(14,013)	-	(14,013)	(13,406)	-	(13,406)
Depreciation and amortization		(1,121)	-	(1,121)	(1,128)	-	(1,128)
Equity in subsidiary	5.3.h) / 5.3.d)	8,025	(629)	7,396	4,528	(1,755)	2,773
Other operating expenses	5.3.c)	31	(84)	(53)	57	(73)	(16)
Other operating income		-	84	84	-	73	73
		<u>(43,277)</u>	<u>(629)</u>	<u>(43,906)</u>	<u>(41,577)</u>	<u>(1,755)</u>	<u>(43,332)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>66,717</u>	<u>(629)</u>	<u>66,088</u>	<u>63,138</u>	<u>(1,755)</u>	<u>61,383</u>
FINANCIAL INCOME (EXPENSES)							
Financial income		1,042	-	1,042	2,102	-	2,102
Financial expenses		(3,182)	-	(3,182)	(1,985)	-	(1,985)
		<u>(2,140)</u>	-	<u>(2,140)</u>	<u>117</u>	-	<u>117</u>
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		64,577	(629)	63,948	63,255	(1,755)	61,500
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(18,800)	-	(18,800)	(19,513)	-	(19,513)
Deferred		(505)	-	(505)	(726)	-	(726)
PROFIT FOR THE PERIOD		<u>45,272</u>	<u>(629)</u>	<u>44,643</u>	<u>43,016</u>	<u>(1,755)</u>	<u>41,261</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of individual net income

	Profit	
	<u>3/31/10</u>	<u>3/31/09</u>
Under prevailing accounting policies before adopting of new accounting standards	45,272	43,016
Adjustments arising from the application of CPCs and IFRSs:		
Unrealized profit on inventories (sale of Editora products to its subsidiary)	(700)	(1,933)
Saraiva Plus customer loyalty program	108	270
Deferred income tax and social contribution	<u>(37)</u>	<u>(92)</u>
Subtotal	<u>629</u>	<u>1,755</u>
Under new accounting standards	<u>44,643</u>	<u>41,261</u>

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

5.3. Comments on the reconciliations

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

a) *CPC 22/IFRS 8 Operating Segments*

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

d) CPC 30/IAS 18 *Revenue*

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

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

The effects of the customer loyalty program are as follows:

	<u>3/31/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	6,105	5,275
Deferred revenue related to accumulated points	21,052	21,346
Revenue recognized due to redemption of accumulated points	<u>(20,034)</u>	<u>(20,516)</u>
Balance at end of year/period	7,123	6,105
Balances recognized under former polices	<u>4,902</u>	<u>3,776</u>
Adjustment to new accounting polices	<u>2,221</u>	<u>2,329</u>

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

	<u>3/31/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	4,879	3,173
Net sales revenue	2,107	3,806
Cost of sales	<u>(1,407)</u>	<u>(2,100)</u>
Balance at end of period/year	<u>5,579</u>	<u>4,879</u>

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

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

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

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

k) CPC 32/IAS 12 *Income Taxes*

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

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

The consolidated interim financial statements of Editora for the quarter ended March 31, 2010 are the first to be presented in accordance with IFRSs. Editora prepared the opening balance sheet as at January 1, 2009 pursuant to IFRS 1, and applied the mandatory exception and certain exemptions, retrospectively, to the full application of the IFRSs.

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

Editora adopted the following mandatory exemptions to retrospective application:

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

6. CASH AND CASH EQUIVALENTS

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Cash and banks	4,336	1,044	1,693	7,076	9,743	7,786
Short-term investments (*)	<u>24,288</u>	<u>29,019</u>	<u>30,037</u>	<u>24,288</u>	<u>29,019</u>	<u>30,037</u>
	<u>28,624</u>	<u>30,063</u>	<u>31,730</u>	<u>31,364</u>	<u>38,762</u>	<u>37,823</u>

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

7. TRADE RECEIVABLES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Trade notes receivable	73,750	53,485	56,773	79,771	59,608	62,794
Trade notes receivable - Livraria	17,511	7,308	4,706	-	-	-
Credit cards	601	90	117	199,394	157,774	137,254
Checks receivable	<u>5,811</u>	<u>4,000</u>	<u>4,911</u>	<u>7,691</u>	<u>5,801</u>	<u>6,717</u>
	97,673	64,883	66,507	286,856	223,183	206,765
Allowance for doubtful accounts	<u>(1,172)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(5,541)</u>	<u>(6,852)</u>	<u>(7,122)</u>
	<u>96,501</u>	<u>62,974</u>	<u>64,162</u>	<u>281,315</u>	<u>216,331</u>	<u>199,643</u>

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

a) Aging list of receivables

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Current	89,655	58,930	60,733	274,021	211,613	195,759
Past-due:						
Up to 60 days	4,977	2,143	2,569	5,331	2,654	2,841
From 61 to 90 days	979	834	420	1,002	884	442
From 91 to 180 days	890	1,067	440	961	1,180	601
More than 180 days	<u>1,172</u>	<u>1,909</u>	<u>2,345</u>	<u>5,541</u>	<u>6,852</u>	<u>7,122</u>
	<u>97,673</u>	<u>64,883</u>	<u>66,507</u>	<u>286,856</u>	<u>223,183</u>	<u>206,765</u>

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b) Changes in the allowance for doubtful accounts

	Consolidated					
	Editora (BR GAAP)			(IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Balance at beginning of period/year	(1,909)	(2,345)	(2,075)	(6,852)	(7,122)	(7,173)
Write-off of receivables assessed as uncollectible	1,544	1,871	1,674	2,396	2,624	2,374
Receivables assessed as uncollectible in the period/year	(643)	(1,544)	(1,871)	(888)	(2,396)	(2,242)
Reversal of prior year allowance	365	474	401	494	536	455
Allowance for the period/year	<u>(529)</u>	<u>(365)</u>	<u>(474)</u>	<u>(691)</u>	<u>(494)</u>	<u>(536)</u>
Balance at end of period/year	<u>(1,172)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(5,541)</u>	<u>(6,852)</u>	<u>(7,122)</u>

The amount recognized in profit or loss is as follows:

	Editora		Consolidated	
	(BR GAAP)		(IFRS & BRGAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Receivables assessed as uncollectible in the period	(643)	(248)	(888)	(334)
Allowance for the period less reversal of prior year allowance	(164)	(292)	(197)	(381)
Recovery of receivables assessed as uncollectible	<u>195</u>	<u>103</u>	<u>200</u>	<u>190</u>
	<u>(612)</u>	<u>(437)</u>	<u>(885)</u>	<u>(525)</u>

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8. INVENTORIES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Goods for resale	79	145	4,784	194,236	196,044	143,207
Finished products	55,210	57,464	47,173	55,210	57,464	47,173
Work in progress	30,504	32,831	23,408	30,504	32,831	23,408
Raw materials	16,593	11,487	6,181	16,593	11,487	6,181
Packaging and consumption materials	849	852	835	2,210	2,201	1,780
	103,235	102,779	82,381	298,753	300,027	221,749
Allowance for inventory obsolescence	-	-	-	(1,887)	(2,430)	(5,418)
Unrealized profit on inventories (sale of Editora products to Livraria)	-	-	-	(5,579)	(4,879)	(3,173)
	<u>103,235</u>	<u>102,779</u>	<u>82,381</u>	<u>291,287</u>	<u>292,718</u>	<u>213,158</u>

9. RECOVERABLE TAXES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Tax on revenue (COFINS)	3,091	3,238	3,083	22,890	21,306	11,749
Tax on revenue (PIS)	1,855	1,393	1,697	6,776	5,939	4,005
Business income tax (IRPJ)	-	-	-	2,909	2,825	801
Social contribution on profit (CSLL)	-	1,193	-	1,251	2,326	113
State VAT (ICMS) (*)	-	-	-	6,014	624	2,447
Other	-	-	-	-	88	96
	<u>4,946</u>	<u>5,824</u>	<u>4,780</u>	<u>39,840</u>	<u>33,108</u>	<u>19,211</u>
Current assets	4,946	5,824	4,780	31,029	24,154	19,211
Noncurrent assets	-	-	-	8,811	8,954	-
	<u>4,946</u>	<u>5,824</u>	<u>4,780</u>	<u>39,840</u>	<u>33,108</u>	<u>19,211</u>

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

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

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

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

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

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

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

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

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The credit estimated and recognized at March 31, 2010 is R\$6,014 and is subject to the compliance with the requirements above and a review at the time the work is completed. The credit amount for transactions conducted in 2008 and 2009 is still be determined and will be reasonable known when the calculation activities are completed.

10. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred income tax and social contribution

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Noncurrent assets:						
Tax loss carryforwards	-	-	-	15,278	14,924	13,431
Provision for contingencies and taxes payable	720	741	1,324	4,252	4,768	6,023
Accrued sale costs of products received on consignment	-	-	-	5,221	7,670	5,490
Saraiva Plus customer loyalty program	-	-	-	2,422	2,076	1,793
Provision for inventory obsolescence	-	-	-	642	826	1,260
Allowance for doubtful accounts	180	124	-	1,546	1,589	1,581
Other provisions	-	506	1,174	506	976	1,681
	<u>900</u>	<u>1,371</u>	<u>2,498</u>	<u>29,867</u>	<u>32,829</u>	<u>31,259</u>
Noncurrent liabilities:						
Provision for book inventory losses (*)	6,266	6,529	5,888	14,247	14,149	13,031
Tax amortization of goodwill on business acquisitions	1,506	1,209	-	8,309	6,665	-
Deemed cost of property, plant and equipment - "land"	5,810	5,810	5,810	5,810	5,810	5,810
Other	3	3	3	3	3	3
	<u>13,585</u>	<u>13,551</u>	<u>11,701</u>	<u>28,369</u>	<u>26,627</u>	<u>18,844</u>

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

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

<u>End of the reporting period</u>	<u>Realization of deferred tax asset of Livraria</u>
December 31, 2010	10,157
December 31, 2011	8,423
December 31, 2012	5,623
December 31, 2013	<u>4,764</u>
	<u>28,967</u>

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

b) Reconciliation of income tax and social contribution expense

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Accounting profit before income tax and social contribution	63,948	61,500	68,148	65,361
Management profit sharing	<u>1,473</u>	<u>1,391</u>	<u>1,473</u>	<u>1,391</u>
Taxable profit	65,421	62,891	69,621	66,752
Combined tax rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution at combined statutory rate	(22,243)	(21,383)	(23,671)	(22,696)
Permanent additions - nondeductible expenses	(361)	(405)	(379)	(462)
Permanent exclusions -				
Equity in subsidiary	2,515	942	-	-
Other deductions (additions)	133	287	133	(583)
Unrealized profit on Livraria inventories	-	-	(238)	(658)
Other	<u>651</u>	<u>320</u>	<u>651</u>	<u>301</u>
	<u>(19,305)</u>	<u>(20,239)</u>	<u>(23,504)</u>	<u>(24,098)</u>
Income tax and social contribution in income statement:				
Current	(18,800)	(19,513)	(18,800)	(20,402)
Deferred	<u>(505)</u>	<u>(726)</u>	<u>(4,704)</u>	<u>(3,696)</u>
	<u>(19,305)</u>	<u>(20,239)</u>	<u>(23,504)</u>	<u>(24,098)</u>
Effective tax rate on profit	<u>29.51%</u>	<u>32.18%</u>	<u>33.91%</u>	<u>36.10%</u>

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11. RELATED-PARTY TRANSACTIONS

a) Business transactions and intragroup loans

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

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

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

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

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

	<u>3/31/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	6,964	52,167
Loans less repayments	17,225	10,923
Transfer for Livraria's capital increase	-	(58,000)
Financial income	<u>307</u>	<u>1,874</u>
Balance at end of period/year	<u>24,496</u>	<u>6,964</u>

The main balance and transactions with Livraria are as follows:

	<u>3/31/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Balances:			
Assets:			
Receivables (current)	17,509	7,307	3,786
Loans - intercompany loan agreement (noncurrent)	24,496	6,964	52,167
Liabilities-			
Trade payables (current)	2	1	920

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	<u>3/31/10</u>	<u>3/31/09</u>
Transactions:		
Product sales	21,079	33,571
Product purchases	11	73
Financial income	307	1,874
Financial expenses	-	475

b) Management and Board of Directors compensation

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

<u>Compensation</u>	<u>3/31/10</u>	<u>3/31/09</u>
Directors' salaries	599	528
Officers' salaries	<u>2,104</u>	<u>1,608</u>
Subtotal	2,703	2,136
Share-based compensation	<u>367</u>	<u>237</u>
	<u>3,070</u>	<u>2,373</u>

Editora does not grant postemployment and severance benefits. Under the Corporate Law and Editora's bylaws, the shareholders are responsible for setting, as the shareholders' meeting, the overall compensation of the board of directors and the executive committee. Management is also entitled to profit sharing of up to 10% of profit for the year, whose accrued amount as at March 31, 2010 is R\$1,473 (R\$1,391 accrued as at March 31, 2009). The amount for 2009 was R\$4,065 (R\$3,956 as at January 1, 2009 for 2008).

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12. INVESTMENTS

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

	<u>3/31/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Number of shares - in thousands	193,053	193,053	145,775
Number of shares held - in thousands	193,013	193,003	145,725
Equity interest	99.98%	99.97%	99.97%
Percentage of investment in Editora's equity (includes intragroup loans)	66.22%	64.89%	66.05%
Adjusted capital	296,317	296,317	238,317
Equity	248,762	240,664	177,127
(-) Unrealized profit	<u>(5,579)</u>	<u>(4,879)</u>	<u>(3,173)</u>
Calculation basis of investment	<u>243,183</u>	<u>235,785</u>	<u>173,954</u>
Total investment	<u>243,130</u>	<u>235,722</u>	<u>173,893</u>

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

	Editora (BR GAAP)	
	<u>3/31/10</u>	<u>3/31/09</u>
Calculation basis of equity in subsidiary:		
Livraria's profit	8,098	4,707
Unrealized profit on inventories on sales to Livraria	<u>(700)</u>	<u>(1,933)</u>
Adjusted calculation basis of equity in subsidiary	<u>7,398</u>	<u>2,774</u>
Equity in subsidiary	<u>7,396</u>	<u>2,773</u>

The changes recognized in investments were as follows:

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

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13. PROPERTY, PLANT AND EQUIPMENT

	Annual depreciation rate - %	Editora (BR GAAP)								
		3/31/10			12/31/09			1/1/09		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	18,527	-	18,527	18,527	-	18,527	19,100	-	19,100
Buildings and construction	4	7,361	(3,777)	3,584	7,361	(3,704)	3,657	8,172	(4,216)	3,956
Machinery and equipment	10	1,913	(1,560)	353	1,916	(1,538)	378	1,854	(1,436)	418
Furniture, fixtures and facilities	10	17,313	(10,550)	6,763	16,159	(10,431)	5,728	22,681	(20,125)	2,556
Vehicles	20	6,344	(3,055)	3,289	6,485	(3,031)	3,454	5,978	(2,418)	3,560
IT equipment	20	12,706	(9,886)	2,820	12,843	(10,014)	2,829	11,133	(9,359)	1,774
Constructions in progress	-	127	-	127	1,091	-	1,091	4,052	-	4,052
		<u>64,291</u>	<u>(28,828)</u>	<u>35,463</u>	<u>64,382</u>	<u>(28,718)</u>	<u>35,664</u>	<u>72,970</u>	<u>(37,554)</u>	<u>35,416</u>

	Annual depreciation rate - %	Consolidated (IFRS & BR GAAP)								
		3/31/10			12/31/09			1/1/09		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	18,530	-	18,530	18,530	-	18,530	19,103	-	19,103
Buildings and construction	4	8,802	(4,588)	4,214	8,802	(4,501)	4,301	9,613	(4,957)	4,656
Machinery and equipment	10	2,912	(2,366)	546	2,917	(2,337)	580	2,855	(2,170)	685
Furniture, fixtures and facilities	10	168,640	(92,124)	76,516	159,966	(87,916)	72,050	122,429	(85,055)	37,374
Vehicles	20	7,110	(3,529)	3,581	7,250	(3,476)	3,774	6,743	(2,751)	3,992
IT equipment	20	37,663	(26,506)	11,157	37,240	(26,117)	11,123	32,383	(23,953)	8,430
Constructions in progress	-	6,200	-	6,200	11,062	-	11,062	10,531	-	10,531
		<u>249,857</u>	<u>(129,113)</u>	<u>120,744</u>	<u>245,767</u>	<u>(124,347)</u>	<u>121,420</u>	<u>203,657</u>	<u>(118,886)</u>	<u>84,771</u>

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

	Editora (BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	3/31/10
Cost:									
Land	19,100	-	(573)	-	18,527	-	-	-	18,527
Buildings and construction	8,172	-	(811)	-	7,361	-	-	-	7,361
Machinery and equipment	1,854	62	-	-	1,916	2	(5)	-	1,913
Furniture, fixtures and facilities	22,681	3,371	(11,257)	1,364	16,159	65	(150)	1,239	17,313
Vehicles	5,978	1,250	(743)	-	6,485	176	(317)	-	6,344
IT equipment	11,133	1,932	(222)	-	12,843	233	(370)	-	12,706
Constructions in progress	4,052	-	-	(2,961)	1,091	275	-	(1,239)	127
Total cost	<u>72,970</u>	<u>6,615</u>	<u>(13,606)</u>	<u>(1,597)</u>	<u>64,382</u>	<u>751</u>	<u>(842)</u>	<u>-</u>	<u>64,291</u>
Accumulated depreciation:									
Buildings and construction	(4,216)	(292)	804	-	(3,704)	(73)	-	-	(3,777)
Machinery and equipment	(1,436)	(102)	-	-	(1,538)	(27)	5	-	(1,560)
Furniture, fixtures and facilities	(20,125)	(1,055)	10,749	-	(10,431)	(262)	143	-	(10,550)
Vehicles	(2,418)	(1,116)	503	-	(3,031)	(261)	237	-	(3,055)
IT equipment	(9,359)	(853)	198	-	(10,014)	(234)	362	-	(9,886)
Total depreciation	<u>(37,554)</u>	<u>(3,418)</u>	<u>12,254</u>	<u>-</u>	<u>(28,718)</u>	<u>(857)</u>	<u>747</u>	<u>-</u>	<u>(28,828)</u>
Net	<u>35,416</u>	<u>3,197</u>	<u>(1,352)</u>	<u>(1,597)</u>	<u>35,664</u>	<u>(106)</u>	<u>(95)</u>	<u>-</u>	<u>35,463</u>

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	Consolidated (IFRS & BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	3/31/10
Cost:									
Land	19,103	-	(573)	-	18,530	-	-	-	18,530
Buildings and construction	9,613	-	(811)	-	8,802	-	-	-	8,802
Machinery and equipment	2,855	62	-	-	2,917	2	(7)	-	2,912
Furniture, fixtures and facilities	122,429	47,641	(11,468)	1,364	159,966	8,911	(237)	8,658	168,640
Vehicles	6,743	1,250	(743)	-	7,250	176	(316)	1	7,110
IT equipment	32,383	5,994	(1,137)	-	37,240	978	(555)	-	37,663
Constructions in progress	10,531	9,161	-	(8,630)	11,062	(4,862)	-	(8,658)	6,200
Total cost	<u>203,657</u>	<u>64,108</u>	<u>(14,732)</u>	<u>(7,266)</u>	<u>245,767</u>	<u>5,205</u>	<u>(1,115)</u>	<u>-</u>	<u>249,857</u>
Accumulated depreciation:									
Buildings and construction	(4,957)	(348)	804	-	(4,501)	(87)	-	-	(4,588)
Machinery and equipment	(2,170)	(167)	-	-	(2,337)	(36)	7	-	(2,366)
Furniture, fixtures and facilities	(85,055)	(13,818)	10,957	-	(87,916)	(4,382)	174	-	(92,124)
Vehicles	(2,751)	(1,228)	503	-	(3,476)	(289)	236	-	(3,529)
IT equipment	(23,953)	(3,262)	1,098	-	(26,117)	(915)	526	-	(26,506)
Total depreciation	<u>(118,886)</u>	<u>(18,823)</u>	<u>13,362</u>	<u>-</u>	<u>(124,347)</u>	<u>(5,709)</u>	<u>943</u>	<u>-</u>	<u>(129,113)</u>
Net	<u>84,771</u>	<u>45,285</u>	<u>(1,370)</u>	<u>(7,266)</u>	<u>121,420</u>	<u>(504)</u>	<u>(172)</u>	<u>-</u>	<u>120,744</u>

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

14. INTANGIBLE ASSETS

	Annual amortization rate - %	Editora (BR GAAP)								
		3/31/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Assignment of rights	20	2,932	(1,843)	1,089	2,932	(1,792)	1,140	2,932	(1,562)	1,370
Software	20	15,374	(13,283)	2,091	15,149	(13,091)	2,058	16,040	(12,218)	3,822
Trademarks and patents	-	188	-	188	188	-	188	188	-	188
Other intangible assets	20	1,722	(430)	1,292	1,722	(344)	1,378	-	-	-
Intangibles in progress	-	2,547	-	2,547	2,137	-	2,137	-	-	-
		<u>22,763</u>	<u>(15,556)</u>	<u>7,207</u>	<u>22,128</u>	<u>(15,227)</u>	<u>6,901</u>	<u>19,160</u>	<u>(13,780)</u>	<u>5,380</u>
	Annual amortization rate - %	Consolidated (IFRS & BR GAAP)								
		3/31/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	20	25,959	(22,883)	3,076	25,952	(22,665)	3,287	24,002	(22,076)	1,926
Assignment of rights	20	2,932	(1,844)	1,088	2,932	(1,792)	1,140	2,932	(1,562)	1,370
Software	20	27,695	(22,617)	5,078	27,396	(22,134)	5,262	27,428	(19,643)	7,785
Trademarks and patents	-	323	(65)	258	323	(64)	259	323	(63)	260
Other intangible assets	20	1,722	(430)	1,292	1,722	(344)	1,378	269	-	269
Intangibles in progress	-	8,547	-	8,547	6,309	-	6,309	-	-	-
Leased intangible	50	-	-	-	-	-	-	-	-	-
		<u>67,178</u>	<u>(47,839)</u>	<u>19,339</u>	<u>64,634</u>	<u>(46,999)</u>	<u>17,635</u>	<u>54,954</u>	<u>(43,344)</u>	<u>11,610</u>

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

Corporate Law

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	Editora (BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	3/31/10
Cost:									
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932
Software	16,040	831	-	(1,722)	15,149	225	-	-	15,374
Trademarks and patents	188	-	-	-	188	-	-	-	188
Other intangible assets	-	-	-	1,722	1,722	-	-	-	1,722
Intangibles in progress	-	540	-	1,597	2,137	410	-	-	2,547
Total cost	<u>19,160</u>	<u>1,371</u>	<u>-</u>	<u>1,597</u>	<u>22,128</u>	<u>635</u>	<u>-</u>	<u>-</u>	<u>22,763</u>
Accumulated amortization:									
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(51)	-	-	(1,843)
Software	(12,218)	(1,217)	-	344	(13,091)	(192)	-	-	(13,283)
Trademarks and patents	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	(344)	(344)	(86)	-	-	(430)
Total amortization	<u>(13,780)</u>	<u>(1,447)</u>	<u>-</u>	<u>-</u>	<u>(15,227)</u>	<u>(329)</u>	<u>-</u>	<u>-</u>	<u>(15,556)</u>
Net	<u>5,380</u>	<u>(76)</u>	<u>-</u>	<u>1,597</u>	<u>6,901</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>7,207</u>
	Consolidated (IFRS & BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	3/31/10
Cost:									
Goodwill	24,002	1,950	-	-	25,952	-	-	7	25,959
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932
Software	27,428	1,690	-	(1,722)	27,396	299	-	-	27,695
Trademarks and patents	323	-	-	-	323	-	-	-	323
Other intangible assets	269	-	(269)	1,722	1,722	-	-	-	1,722
Intangibles in progress	-	640	-	5,669	6,309	2,238	-	-	8,547
Leased intangible	-	-	-	-	-	-	-	-	-
Total cost	<u>54,954</u>	<u>4,280</u>	<u>(269)</u>	<u>5,669</u>	<u>64,634</u>	<u>2,537</u>	<u>-</u>	<u>7</u>	<u>67,178</u>
Accumulated amortization:									
Goodwill	(22,076)	(589)	-	-	(22,665)	(211)	-	(7)	(22,883)
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(52)	-	-	(1,844)
Software	(19,643)	(2,835)	-	344	(22,134)	(483)	-	-	(22,617)
Trademarks and patents	(63)	(1)	-	-	(64)	(1)	-	-	(65)
Other intangible assets	-	-	-	(344)	(344)	(86)	-	-	(430)
Total amortization	<u>(43,344)</u>	<u>(3,655)</u>	<u>-</u>	<u>-</u>	<u>(46,999)</u>	<u>(833)</u>	<u>-</u>	<u>(7)</u>	<u>(47,839)</u>
Net	<u>11,610</u>	<u>625</u>	<u>(269)</u>	<u>5,669</u>	<u>17,635</u>	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>19,339</u>

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

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15. GOODWILL

	Acquisition date	Editora (BR GAAP)		
		3/31/10	12/31/09	1/1/09
Goodwill on business acquisition:				
Formato	8/4/2003	70	70	70
Ético	12/7/2007	<u>14,526</u>	<u>14,526</u>	<u>14,526</u>
		<u>14,596</u>	<u>14,596</u>	<u>14,596</u>

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

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

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

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

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

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

16. BORROWINGS AND FINANCING

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)			
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Current - local currency:						
BNDES - FINAME	7,534	10,344	11,269	13,988	17,251	17,765
Working capital loans	-	-	-	54,095	64,207	24,552
	<u>7,534</u>	<u>10,344</u>	<u>11,269</u>	<u>68,083</u>	<u>81,458</u>	<u>42,317</u>
Noncurrent - local currency:						
BNDES - FINAME	<u>58,418</u>	<u>43,203</u>	<u>10,247</u>	<u>122,210</u>	<u>92,348</u>	<u>21,822</u>

Summary of the characteristics of financing

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

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

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

In February 2009, Editora and Livraria entered into with new agreements with BNDES totaling R\$71,900 and R\$69,700, respectively, of which R\$83,364 were disbursed in 2009 and R\$27,998 in the first quarter of 2010. The funds will be used for working capital purposes, the development of new publishing lines, and the renovation and expansion of Livraria's store chain. The amount recognized as financial expenses for quarter ended March 31, 2010 is R\$2,005 in Editora (R\$505 for quarter ended March 31, 2009) and R\$4,145 in consolidated (R\$913 for quarter ended March 31, 2009).

Livraria raised other working capital loans, totaling R\$77,000 in 2009, which bear average interest equivalent to 119% of CDI, respectively. The amount recognized as financial expenses for quarter ended March 31, 2010 is R\$1,498 (R\$143 for quarter ended March 31, 2009).

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

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

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

17. DEFERRED REVENUE - CUSTOMER LOYALTY PROGRAM

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

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

March 31, 2010, deferred revenue of the loyalty program, recognized in a specific line item in consolidated, is R\$7,123 (R\$6,105 as at December 31, 2009 and R\$5,275 as at January 1, 2009).

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18. TRADE PAYABLES

	Consolidated					
	Editora (BR GAAP)			(IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Domestic	16,399	35,655	49,160	177,669	195,904	171,167
Foreign	-	-	-	1,643	1,947	2,760
	<u>16,399</u>	<u>35,655</u>	<u>49,160</u>	<u>179,312</u>	<u>197,851</u>	<u>173,927</u>

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

19. TAXES PAYABLE

	Consolidated					
	Editora (BR GAAP)			(IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
State VAT (ICMS) (a)	-	-	21	-	1,703	21
Income tax and social contribution installment plan (b)	-	-	-	730	1,193	3,044
Social contribution installment plan (c)	1,360	1,491	2,008	1,360	1,491	2,008
Withholding income tax (IRRF)	681	1,038	1,043	1,172	1,601	1,715
Taxes on revenue (PIS and COFINS)	40	40	97	399	442	296
Other	146	40	54	532	247	203
	<u>2,227</u>	<u>2,609</u>	<u>3,223</u>	<u>4,193</u>	<u>6,677</u>	<u>7,287</u>
Current liabilities	1,400	1,651	1,742	3,366	5,719	4,669
Noncurrent liabilities	827	958	1,481	827	958	2,618
	<u>2,227</u>	<u>2,609</u>	<u>3,223</u>	<u>4,193</u>	<u>6,677</u>	<u>7,287</u>

(a) Includes ICMS payable calculated on product inventories existing on April 30 and May 31, 2009, as a result of the change in São Paulo State legislation requiring that the products sold by Livraria be taxed under the reverse change system. This amount was settled in ten monthly installments, since June 30, 2009, for the amount calculated on inventories as at April 30, and since July 31 for the amount calculated on inventories as at May 31, 2009.

(b) Application filed with the National Treasury Attorney General in October 2005 for the payment in installments of accrued amounts related to lawsuits challenging the income tax and social contribution effects arising from the Real Plan - Law 8880/94.

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- (c) Application filed with the Federal Revenue Service in November 2007 for the payment in installments of the debt resulting from the overruling of the administrative appeal filed against the tax assessment collecting underpaid social contribution due the deduction of interest on capital from this tax's taxable base in 1996.

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

20. ACCRUED PAYROLL AND RELATED CHARGES

	Editora (BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	3/31/10
Vacation pay	2,985	4,509	(4,121)	3,373	1,032	(530)	3,875
13 th salary	-	3,296	(3,296)	-	913	-	913
Payroll	-	34,385	(34,385)	-	9,821	(9,821)	-
Severance pay fund (FGTS)	629	3,922	(3,831)	720	1,129	(1,177)	672
Social security tax (INSS)	2,218	12,387	(11,943)	2,662	3,428	(3,175)	2,915
Profit sharing	-	2,933	(2,933)	-	34	(34)	-
	<u>5,832</u>	<u>61,432</u>	<u>(60,509)</u>	<u>6,755</u>	<u>16,357</u>	<u>(14,737)</u>	<u>8,375</u>

	Consolidated (IFRS & BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	3/31/10
Vacation pay	6,604	10,039	(9,119)	7,524	2,585	(1,405)	8,704
13 th salary	-	7,153	(7,153)	-	1,994	(45)	1,949
Payroll	-	75,453	(75,453)	-	22,212	(22,212)	-
Severance pay fund (FGTS)	1,357	9,127	(8,969)	1,515	2,943	(3,014)	1,444
Social security tax (INSS)	4,560	26,224	(25,049)	5,735	7,507	(6,682)	6,560
Profit sharing	-	4,999	(4,999)	-	43	(43)	-
	<u>12,521</u>	<u>132,995</u>	<u>(130,742)</u>	<u>14,774</u>	<u>37,284</u>	<u>(33,401)</u>	<u>18,657</u>

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21. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

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

	Editora (BR GAAP)					
	1/1/09	Recognition/ payment	Reversal	12/31/09	Recognition/ payment	3/31/10
PIS/COFINS (a)	7,467	28	-	7,495	(94)	7,401
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	1,015	18	-	1,033	3	1,036
Civil and labor contingencies	<u>243</u>	<u>-</u>	<u>-</u>	<u>243</u>	<u>-</u>	<u>243</u>
	<u>9,586</u>	<u>(815)</u>	<u>-</u>	<u>8,771</u>	<u>(91)</u>	<u>8,680</u>

	Consolidated (IFRS & BR GAAP)					
	1/1/09	Recognition/ payment	Reversal	12/31/09	Recognition/ payment	3/31/10
PIS/COFINS (a)	16,673	364	-	17,037	(1,300)	15,737
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	2,529	48	-	2,577	9	2,586
Civil and labor contingencies (d)	1,599	-	(1,356)	243	-	243
Other (d)	<u>1,429</u>	<u>-</u>	<u>(1,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>23,091</u>	<u>(449)</u>	<u>(2,785)</u>	<u>19,857</u>	<u>(1,291)</u>	<u>18,566</u>

(a) Editora and Livraria have challenged in courts the broadening of the PIS and COFINS tax base and the increase in the COFINS tax rate. The lawsuits were filed in 1999 and are guaranteed by escrow deposits amounting to R\$17,421, classified in noncurrent assets.

(b) In a ruling dated August 21, 2006, the Federal Revenue Service required Livraria to pay part of the amount accrued for the lawsuit challenging the Real plan (Brazilian economic plan) - Law 8880/94, amounting to R\$4. The same ruling implicitly approves the credit under discussion represented by the provision of R\$1,613, which was reversed and recorded in 2007 in line item "Other operating income (expenses)". Editora's lawsuit was paid on November 30, 2009, utilizing the benefits set forth by Law 11941/09, totaling R\$538. Requests were filed for the withdrawal of the lawsuit and the withdrawal of the escrow deposit amounting to R\$861, classified in noncurrent assets.

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- (c) The Company and Livraria, merged by Saraiva and Siciliano, filed in 1989 a lawsuit requesting the Court to declare the nonexistence of the obligation to pay the PIS, pursuant to Supplementary Law 7/70. The escrow deposits made from April 1989 to May 1992 were withdrawn under court authorization. The final decision on the case matter acknowledges the validity and applicability of Supplementary Law 7/70 and, as the appeal filed by the National Treasury was upheld, the lawsuit is now at the stage of calculation of the amounts due to the Federal Government. Therefore, Editora and Livraria recognized the related amounts as a provision, based on the opinion of the legal counsel handling the case and considering the best estimate made at the end of the reporting period to calculate the disbursement necessary to settle tax debts. On February 19, 2010, Editora and Livraria were ordered to increase escrow deposits, pursuant to the final and unappealable decision, by R\$99 and R\$1,237, respectively. The amount that settles the tax debt is still under discussion.
- (d) Reversal of the provision recognized by Siciliano before it was acquired by Livraria e Papelaria Saraiva S.A. for civil, labor, and tax contingencies guaranteed by the purchase and sale agreement, and represented by the portion retained to secure contractual indemnification obligations.

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

Escrow deposits

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

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
PIS/COFINS (*)	7,857	7,855	7,821	17,421	17,373	17,006
Administrative proceedings - tax offsets and other	5,224	5,224	5,224	5,224	5,224	5,224
Other lawsuits and administrative proceedings	1,917	1,916	1,913	3,105	3,096	2,464
Labor lawsuits	<u>1,017</u>	<u>1,012</u>	<u>610</u>	<u>1,322</u>	<u>1,270</u>	<u>805</u>
	<u>16,015</u>	<u>16,007</u>	<u>15,568</u>	<u>27,072</u>	<u>26,963</u>	<u>25,499</u>

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

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22. EQUITY

a) Capital

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

As at March 31, 2010, Editora's capital is R\$190,978, represented by 28,596,123 shares, of which 9,622,313 are common shares and 18,973,810 are preferred shares without par value and with the right to vote in shareholders' meetings, held as follows:

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

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

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

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

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

b) Treasury shares - CVM Instructions 0/80 and 298/97

Editora holds 365,750 preferred shares in treasury (365,750 at December 31, 2009 and January 1, 2009), acquired at the price of R\$2,870, with market value of R\$12,947 (R\$35.40 per share - December 31, 2010 quotation). No new purchase and/or sale transactions of these shares were conducted.

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c) Dividends and interest on capital

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

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

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

d) Legal reserve

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

e) Stock option plan of Editora

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

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

Grant year and plan	Amounts recognized			Total	Amounts to be recognized in future years
	Up to year ended 12/31/08	In year ended 12/31/09	In quarter ended 3/31/10		
2007 - 3 rd Plan	822	427	81	1,330	-
2008 - 4 th Plan	418	482	122	1,022	456
2009 - 5 th Plan	-	57	164	221	1,287
	<u>1,240</u>	<u>966</u>	<u>367</u>	<u>2,573</u>	<u>1,743</u>

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

	<u>3rd Plan</u>	<u>4th Plan</u>	<u>5th Plan</u>
Total number of stock options granted - thousands	123,800	124,600	125,000
(-) Unvested stock options - thousands	<u>(2,200)</u>	<u>(2,100)</u>	-
(=) Current balance of stock options at December 31, 2010 - thousands	<u>121,600</u>	<u>122,500</u>	<u>125,000</u>

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

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

	<u>3rd Plan</u>	<u>4th Plan</u>	<u>5th Plan</u>
Grant date	3/5/2007	2/28/2008	11/30/2009
Beginning of option exercise period	3/8/2010	3/8/2011	3/8/2012
End of option exercise period	5/7/2010	5/7/2011	5/10/2012
Risk-free interest rate	12.01%	12.45%	12.20%
Number of eligible managers and employees	19	22	27
Price set - R\$	21.50	30.00	27.00
Index	IPCA	IPCA	IPCA
Number of outstanding options	<u>121,600</u>	<u>122,500</u>	<u>125,000</u>
Option fair value on grant date - per option - R\$	<u>11.20</u>	<u>12.61</u>	<u>12.06</u>
Option value for the year, adjusted by the IPCA and dividends distributed up to March 31, 2010 - R\$	<u>22.93</u>	<u>31.90</u>	<u>26.77</u>

f) Recognition of reserve for future capital increase

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

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g) Noncontrolling interests

	<u>3/31/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	63	61
Noncontrolling interests n profit for the period/year	1	2
Purchase of shares from noncontrolling shareholders	(12)	-
Balance at end of period/year	<u>52</u>	<u>63</u>

23. NET OPERATING REVENUE

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	<u>3/31/10</u>	<u>3/31/09</u>	<u>3/31/10</u>	<u>3/31/09</u>
Gross operating revenue:				
Products and services - Livraria	-	-	324,936	249,872
Sale of products and services - Editora	154,188	143,428	154,188	143,428
(-) Taxes levied	(15)	(53)	(19,081)	(14,802)
(-) Returns	(12,457)	(11,461)	(21,286)	(18,537)
(-) Revenue from sale of products in Livraria's inventory	-	-	(2,107)	(4,040)
(-) Deferral of revenue - Saraiva Plus	-	-	(1,018)	(440)
	<u>141,716</u>	<u>131,914</u>	<u>435,632</u>	<u>355,481</u>

24. SELLING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	<u>3/31/10</u>	<u>3/31/09</u>	<u>3/31/10</u>	<u>3/31/09</u>
Personnel expenses	9,069	8,013	28,487	25,795
Copyrights	15,370	14,157	15,370	14,185
Advertising and publicity	2,624	2,491	6,130	5,670
Rental expense	747	479	9,955	8,723
Common area maintenance fees	60	50	3836	3,503
Freight and packaging	1,567	1,120	14,802	13,072
Write-off of obsolete books and discontinued editions	1,949	1,787	1,949	1,787
Expenses on credit cards, bank payment slips and collection	173	195	6,012	4,576
Allowance for doubtful accounts	612	437	885	525
Other	<u>4,028</u>	<u>2,899</u>	<u>18,612</u>	<u>13,528</u>
	<u>36,199</u>	<u>31,628</u>	<u>106,038</u>	<u>91,364</u>

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25. GENERAL AND ADMINISTRATIVE EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Personnel expenses	5,802	5,175	13,086	11,617
Rental expense	541	844	1,443	1,663
Common area maintenance fees	149	159	372	367
Lawyers' fees	231	240	752	884
Office supplies	135	189	646	332
IT services	1,294	976	1,752	2,158
Travel and lodging	110	79	405	1,015
Other	<u>2,805</u>	<u>2,962</u>	<u>5,347</u>	<u>5,074</u>
	<u>11,067</u>	<u>10,624</u>	<u>23,803</u>	<u>23,110</u>

26. OTHER OPERATING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Write-off of long-lived assets sold	(4)	-	(81)	-
Taxes paid in administrative proceedings	-	-	-	(68)
Other operating expenses	<u>(49)</u>	<u>(16)</u>	<u>(115)</u>	<u>(269)</u>
	<u>(53)</u>	<u>(16)</u>	<u>(196)</u>	<u>(337)</u>

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27. OTHER OPERATING INCOME

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Proceeds from sale of long-lived assets	-	47	-	83
Royalties on franchise operations	-	-	122	227
Gift cards and other advances unredeemed by Livraria customers	-	-	577	302
Indemnities for product losses	-	-	124	737
Sale of balances - obsolete products	37	26	62	27
Withdrawal of escrow deposits	-	-	-	114
Other operating income	47	-	91	88
	<u>84</u>	<u>73</u>	<u>976</u>	<u>1,578</u>

28. FINANCIAL INCOME (EXPENSES)

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Financial income:				
Income from short-term investments	450	298	471	303
Interest on loans to subsidiaries	307	1,482	-	-
Interest received from customers	237	311	241	320
Interest on recoverable taxes	32	-	105	19
Financial discounts obtained	8	2	56	126
Other	8	9	28	50
	<u>1,042</u>	<u>2,102</u>	<u>901</u>	<u>818</u>
Financial expenses:				
Interest and inflation adjustment on borrowings and financing	(2,005)	(505)	(5,643)	(1,056)
Financial discounts granted	(308)	(232)	(476)	(333)
Other interest and inflation adjustment losses	(730)	(1,134)	(1,321)	(1,839)
Tax on lending transactions (IOC)	(36)	(58)	(359)	(443)
Other financial commissions	(25)	(31)	(26)	(43)
Non-deliverable forwards (NDFs)	(53)	-	(53)	-
Other financial expenses	(25)	(25)	(231)	(120)
	<u>(3,182)</u>	<u>(1,985)</u>	<u>(8,109)</u>	<u>(3,834)</u>
	<u>(2,140)</u>	<u>117</u>	<u>(7,208)</u>	<u>(3,016)</u>

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29. OPERATING LEASES - STORE RENTALS

As at March 31, 2010, Livraria had 91 lease agreements with third parties for its stores. Management reviewed these agreements and concluded that they qualify as operating leases. Most store lease agreements provide for a variable rental expenses, based on sales, or a minimum amount adjusted for 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 Editora's stores are fixed, with annual adjustments to inflation according to the fluctuation of the main indices.

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

Rental expenses for the period, net of recoverable taxes, totaled R\$1,288 (R\$1,323 for the first quarter of 2009) at Editora and R\$11,398 (R\$10,386 for the first quarter of 2009) in consolidated. The balance of "Rentals payable" recognized in "Other payable" for the period is R\$537 (R\$517 at December 31, 2009) at Editora and R\$5,779 (R\$7,565 at December 31, 2008) in consolidated.

Future obligations (consolidated), arising from these agreements at March 31, 2010 values, totaled a minimum amount of R\$136,769, as follows:

<u>Maturity</u>	<u>Amount</u>
Up to 3/31/2011	38,009
From 4/1/2011 to 3/31/2012	32,770
From 4/1/2012 to 3/31/2013	23,659
From 4/1/2013 to 3/31/2014	16,861
Other maturities up to 2018	<u>25,470</u>
Total	<u>136,769</u>

30. EARNINGS PER SHARE

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

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	3/31/10			3/31/09		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Profit attributed to Editora's shareholders	<u>15,217</u>	<u>29,426</u>	<u>44,643</u>	<u>14,064</u>	<u>27,197</u>	<u>41,261</u>
Weighted average of outstanding common and preferred shares (in thousands)	9,622	18,666	28,288	9,622	18,608	28,230
Shares considered as issued without any consideration related to executive stock options	<u>-</u>	<u>(45)</u>	<u>(45)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,622</u>	<u>18,563</u>	<u>28,185</u>	<u>9,622</u>	<u>18,608</u>	<u>28,230</u>
Basic earnings per share - R\$	1.5814	1.5814		1.4616	1.4616	
Diluted earnings per share - R\$	1.5814	1.5776		1.4616	1.4616	

As at March 31, the following potential preferred shares did not result in the dilution of earnings per share, as the adjusted exercise price added to the unrecognized average cost of the stock option plans exceed the average price per Editora share, and, therefore, these are not included in the weighted average number of common and preferred shares used to calculate diluted earnings per share:

	<u>3/31/10</u>	<u>3/31/09</u>
Stock options:		
3 rd Plan		- 123,800
4 th Plan		- 124,600
5 th Plan	125,000	-

31. FINANCIAL INSTRUMENTS

a) Capital risk management

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

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

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The debt ratios as at March 31, 2010 are summarized as follows:

	Editora (BRGAAP)			Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09	3/31/10	12/31/09	1/1/09
Total borrowings	65,952	53,547	21,516	190,293	173,806	64,139
(-) Cash and cash equivalents	(28,624)	(30,063)	(31,730)	(31,364)	(38,762)	(37,823)
Net debt	37,328	23,484	(10,214)	158,929	135,044	26,316
Total equity	419,004	373,994	342,276	419,056	374,057	342,337
Total capital	456,332	397,478	320,783	577,985	509,101	357,374
Net debt ratio	8.18%	5.91%	-3.18%	27.50%	26.53%	7.36%

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

b) Significant accounting policies

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

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c) Categories of financial instruments

	Editora (BR GAAP)		
	<u>3/31/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
	Carrying	Carrying	Carrying
	<u>amount</u>	<u>amount</u>	<u>amount</u>
Financial assets:			
Loans and receivables :			
Cash and cash equivalents	28,624	30,063	31,730
Trade receivables	96,501	62,974	64,162
	<u>125,125</u>	<u>93,037</u>	<u>95,892</u>
Financial liabilities:			
Borrowings and financing	65,952	53,547	21,516
Trade payables	16,399	35,655	49,160
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	56	-	-
	<u>82,407</u>	<u>89,202</u>	<u>70,676</u>

	Consolidated (IFRS & BR GAAP)		
	<u>3/31/10</u>	<u>31/12/09</u>	<u>1/1/09</u>
	Carrying	Carrying	Carrying
	<u>amount</u>	<u>amount</u>	<u>amount</u>
Financial assets:			
Loans and receivables:			
Cash and cash equivalents	31,364	38,762	37,823
Trade receivables	281,315	216,331	199,643
	<u>312,679</u>	<u>255,093</u>	<u>237,466</u>
Financial liabilities:			
Borrowings and financing	190,293	173,806	64,139
Trade payables	179,312	197,851	173,927
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	56	-	-
	<u>369,661</u>	<u>371,657</u>	<u>238,066</u>

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

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

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

d) Financial risks

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

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

e) Interest rate risk management

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

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

f) Currency risk management

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

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

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

Contract	Maturity	Exchange rate			Notional amount (US\$'000)	Gain (loss) recognized (R\$'000)
		On contract date	Maturity	3/31/2010		
1/15/2010	3/26/2010	1.7970	1.8008	-	840	3
1/15/2010	4/26/2010	1.8080		1.7810	840	(23)
1/15/2010	5/26/2010	1.8205		1.7810	840	(33)
Total					<u>2,520</u>	<u>(53)</u>

The contracts outstanding as at March 31, 2010 are recognized at the fair value of R\$56 in line item "Other payables".

Sensitivity analysis of foreign currency

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

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

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

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

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

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INTERIM FINANCIAL STATEMENTS (ITR) - 03/31/2010
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Corporate Law

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- Present the impact of the scenarios outlined on the fair values financial instruments.

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Interest rate risk (i)

Transaction	Risk	Amounts in R\$'000		
		Scenario I	Scenario II	Scenario III
Short-term investments subject to of CDI - Editora	CDI increase	24,802	24,930	25,059
Working capital loans subject to CDI fluctuation - Livraria	CDI increase	(55,796)	(56,299)	(56,656)
Gain (loss)		<u>(30,994)</u>	<u>(31,369)</u>	<u>(31,597)</u>

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

Exchange rate risk (ii)

Transaction	Risk	Amounts in R\$'000		
		Scenario I	Scenario II	Scenario III
Loss at end of period	US\$ depreciation	<u>56</u>	<u>803</u>	<u>1,552</u>

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

h) Credit risk management

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

Editora recognizes an allowance for doubtful accounts amounting to R\$1,172 and R\$5,541 in consolidated (R\$1,909 in Editora and R\$6,852 in consolidated at December 31, 2009 and R\$2,345 in Editora and R\$7,122 in consolidated at January 1, 2009), to cover credit risks.

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i) Liquidity risk management

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

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

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

Transaction	Consolidated				Total
	Up to 1 year	Up to 2 years	From 3 to 5 years	Over 5 years	
Trade payables	179,312				179,312
Bank financing	68,083	46,880	75,330		190,293
Derivative instruments designated in hedge accounting		56			56

j) Risk concentration

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

k) Credit facilities

	Consolidated		
	3/31/10	12/31/09	1/1/09
Guaranteed overdrafts :			
Utilized	54,095	64,207	24,552
Not utilized	170,905	160,793	200,448
Financing contracted with BNDES:			
Utilized	111,362	83,364	39,587
Not utilized	30,238	58,236	-

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32. OPERATING SEGMENTS

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

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

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

a) Assets and liabilities

	Consolidated (IFRS & BR GAAP)		
	3/31/10	12/31/09	1/1/09
Segment assets:			
Editora	583,997	529,484	489,605
Livraria	638,259	598,979	459,086
Elimination of intersegment transactions	(290,717)	(254,873)	(233,939)
Total consolidated assets	<u>931,539</u>	<u>873,590</u>	<u>714,752</u>
Segment liabilities:			
Editora	164,993	155,490	147,329
Livraria	389,497	358,315	281,959
Elimination of intersegment transactions	(42,007)	(14,272)	(56,873)
Total consolidated liabilities	<u>512,483</u>	<u>499,533</u>	<u>372,415</u>

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b) Profit or loss

	Consolidated (IFRS & BR GAAP)			
	3/31/10			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	141,716	317,112	(23,196)	435,632
Cost of sales and services	<u>(31,722)</u>	<u>(211,611)</u>	<u>22,486</u>	<u>(220,847)</u>
Gross profit	109,994	105,501	(710)	214,785
Operating expenses	<u>(43,906)</u>	<u>(88,136)</u>	<u>(7,387)</u>	<u>(139,429)</u>
Operating profit before financial income (expenses)	66,088	17,365	(8,097)	75,356
Financial income (expenses)	<u>(2,140)</u>	<u>(5,068)</u>	<u>-</u>	<u>(7,208)</u>
Profit before income tax and social contribution	<u>63,948</u>	<u>12,297</u>	<u>(8,097)</u>	<u>68,148</u>

	Consolidated (IFRS & BR GAAP)			
	3/31/09			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	131,914	243,949	(20,382)	355,481
Cost of sales and services	<u>(27,199)</u>	<u>(157,340)</u>	<u>18,404</u>	<u>(166,135)</u>
Gross profit	104,715	86,609	(1,978)	189,346
Operating expenses	<u>(43,332)</u>	<u>(74,910)</u>	<u>(2,727)</u>	<u>(120,969)</u>
Operating profit before financial income (expenses)	61,383	11,699	(4,705)	68,377
Financial income (expenses)	<u>117</u>	<u>(3,133)</u>	<u>-</u>	<u>(3,016)</u>
Profit before income tax and social contribution	<u>61,500</u>	<u>8,566</u>	<u>(4,705)</u>	<u>65,361</u>

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

c) Origin of segment revenue

	Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09
Editora:		
Sales to market	141,325	131,528
Sales to government	391	386
	<u>141,716</u>	<u>131,914</u>
Livraria:		
Physical stores	205,410	159,702
Website	111,702	84,247
	<u>317,112</u>	<u>243,949</u>
	458,828	375,863
Eliminations	<u>(23,196)</u>	<u>(20,382)</u>
	<u>435,632</u>	<u>355,481</u>

33. INSURANCE

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

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

	3/31/10	12/31/09
Loss of profits	45,000	45,000
Fire - maximum amount per store	47,595	47,595
Vehicles - only civil liability – maximum amount per vehicle	1,025	1,025

34. CASH FLOW SUPPLEMENTAL INFORMATION

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

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

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

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	3/31/10	3/31/09	3/31/10	3/31/09
Portion of recoverable taxes installment transferred to current assets	-	-	143	-
Receivables for sale of property, plant and equipment transferred to current assets	-	1,438	-	1,438
Portion of financing transfer to current liabilities	-	2,968	690	5,497

35. AUTHORIZATION FOR COMPLETION OF THE FINANCIAL STATEMENTS

The financial statements, which include events subsequent to March 31, 2010, were approved by the board of directors and authorized for issue on March 18, 2011.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

The Saraiva Group operates in the editorial sector through Saraiva S.A. Livreiros Editores (Editora or Company) and in the retail sector through Saraiva e Siciliano S.A. (Livraria or Companhia). The accounting information contained in the Quarterly Information is presented according to the accounting practices adopted in Brazil in effect until December 31, 2009, and refer to the first quarter of 2010 (1Q10), except where otherwise indicated. All comparisons were made in relation to the first quarter of 2009 (1Q09), except when stated otherwise.

HIGHLIGHTS

The strategic actions adopted by the Saraiva Group during the first quarter of 2010 enabled the company to expand its retail operations, as well as its editorial business. Consolidated net revenue rose 21.8% and consolidated EBITDA before management participation increased 12.2%.

Editora registered a 7.4% growth in net revenue in 1Q10, due to investments made in new contents aimed at private elementary and high schools as well as at students and professionals who use scientific, technical and professional books.

Livraria posted a significant 30.0% increase in net revenue and counted with the contribution of all business channels where it operates. Good sales results of Livraria's physical stores stem from investments made to improve the shopping experience of Siciliano chain's customers, as well as from recent improvement in consumer trust placed on the future of the country's economy, which has reflected on retail sales as a whole. Livraria opened a new store in the Federal District this quarter and ended the period with a total of 92 own stores.

Revenue - Consolidated net revenue reached R\$ 437.7 million, up 21.8%.

EBITDA¹ - Consolidated EBITDA before management participation totaled R\$ 83.0 million and registered an increase of 12.2%.

Result - Consolidated net profit reached R\$ 44.6 million, up 8.2% over that of 1Q09.

Livraria - The 30.0% increase in Livraria's net revenue resulted from the good performance of electronic retail (+32.8%), as well as of the physical stores (+28.5%). Under the same-store concept, the Group's retail operations registered an excellent performance, growing 21.2% in 1Q10 in relation to the same period of 2009.

¹ 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 no standard definition and our definition of EBITDA may not be comparable with that of other companies.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

EDITORA (SARAIVA S/A LIVREIROS EDITORES)

Editora is the parent company of Livraria with 99.97% of its shares and the companies have separate activities and corporate names.

The products sold by Editora in the first quarter are basically contents aimed at private elementary and high schools, at universities and at professionals from several areas.

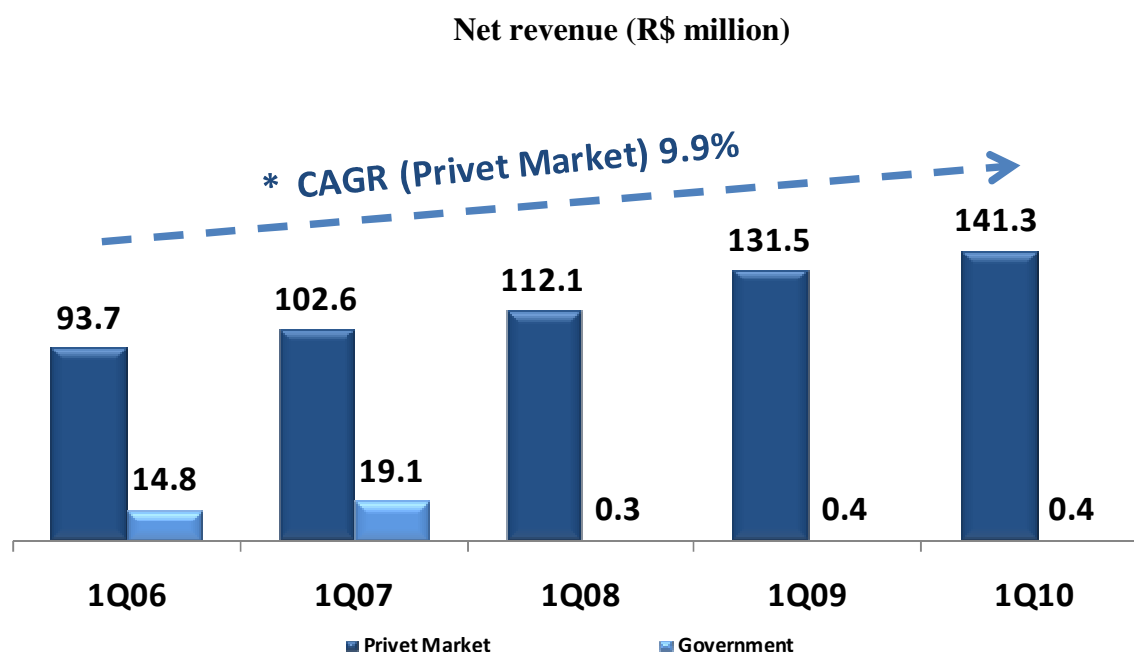
The following table summarizes Editora's main economic-financial performance indicators:

Editora (R\$ thousand)	1Q10	1Q09	Chg.
Gross Revenue	141,731	131,967	7.4%
Net Revenue	141,716	131,914	7.4%
Gross Profit	109,994	104,715	5.0%
Gross Margin	77.6%	79.4%	-177 b.p.
Operating Expenses	51,303	46,105	11.3%
EBITDA	61,285	61,129	0.3%
Net Financial (Revenue) Expenses	2,140	(117)	-
Net Income (Loss) Before Equity in Subsidiaries	37,246	38,488	-3.2%
Net Income (Loss)	44,642	41,262	8.2%

Net revenue

Editora's net revenue totaled R\$ 141.7 million, up 7.4% as compared with 1Q09, due to the restructuring of its catalogue and a more aggressive competitive positioning. The following graph shows the evolution of net revenue by quarter with the revenue from government sales separated from those from the private market.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE



(*)

CAGR: Compound Annual Growth Rate

Private Market

Book sales to the private market rose 7.4%, totaling R\$ 141.3 million, fueled by the growth of textbook, scientific, technical and professional book lines. In the Economy, Administration, Accounting and Business areas, the 1Q10 highlight was the sale of customized content for college institutions; in the legal segment, highlight was the performance of collections aimed at preparing professionals for public careers.

Government

In 1Q10, government sales summed R\$ 0.4 million, practically the same as the amount posted in 1Q09. The amounts recognized in 1Q10 refer to the National School Library Program (PNBE), which Editora took part in. Revenues under the scope of the National Textbook Program (PNLD 2010) were fully recognized in 4Q09 since all deliveries from this program occurred in that quarter.

Gross Profit

Gross profit reached R\$ 110.0 million in 1Q10, against R\$ 104.7 million in 1Q09. Editora's gross margin registered a drop of 177 basis points, from 79.4% in 1Q09 to 77.6% in 1Q10, due to small changes in the product mix in 1Q10, with a greater share of Elementary and High School books.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Operating Result

Operating expenses totaled R\$ 51.3 million, up 11.3% over those in 1Q09. The operating expense to net revenue ratio shows an increase of 125 basis points, from 35.0% in 1Q09 to 36.2% in 1Q10. The nominal growth of operating expenses in relation to the same period of last year is due mainly to expenses incurred to adapt the commercial and administrative structure of new editorial lines, such as the Benvirá fiction and nonfiction imprint, the activities of the Saraiva Educação Multimídia imprint and the activities of the Teaching Systems Division.

EBITDA

EBITDA before management participation totaled R\$ 61.3 million, up 0.3% as compared with 1Q09. The EBITDA margin went from 46.3% in 1Q09, to 43.2% in 1Q10. The EBITDA growth in absolute terms was not greater due only to expenses related to the Company's new editorial lines.

Editora (R\$ thousand)	1Q10	1Q09	Chg.
Income from Operations before Equity Income	56,551	58,727	3.7%
(+) Management Participation	1,473	1,391	5.9%
(+) Depreciation and Amortization Expenses	1,121	1,128	-0.6%
(+) Net Financial (Revenue) Expenses	2,140	(117)	-
(=) EBITDA	61,285	61,129	0.3%
EBITDA Margin	43.2%	46.3%	-310 b.p.

Financial Result / Capital Structure

The financial result of 1Q10 posted a net financial expenses of R\$ 2.1 million against a net financial revenue of R\$ 0.1 million in 1Q09. Editora's financial result reflects a higher degree of leverage after the company contracted a loan from the National Economic and Social Development Bank (BNDES) in February of 2009. The contract, amounting to R\$ 71.9 million, is aimed at financing the editorial investment plan for the period between 2008 and 2010 and should be fully disbursed by BNDES by December of 2010. One of the disbursements, amounting to R\$ 13.7 million was made during 1Q10.

Net Profit

Net profit before equity income of Livraria totaled R\$ 37.2 million in 1Q10, against R\$ 38.5 million in the same quarter of last year, down 3.2%. Net profit after equity income summed R\$ 44.6 million in 1Q10, up 8.2% over the R\$ 41.3 million registered in 1Q09.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Investments

Investments made in 1Q10 totaled R\$ 1.4 million and were mostly used for information technology projects.

LIVRARIA (SARAIVA E SICILIANO S.A.)

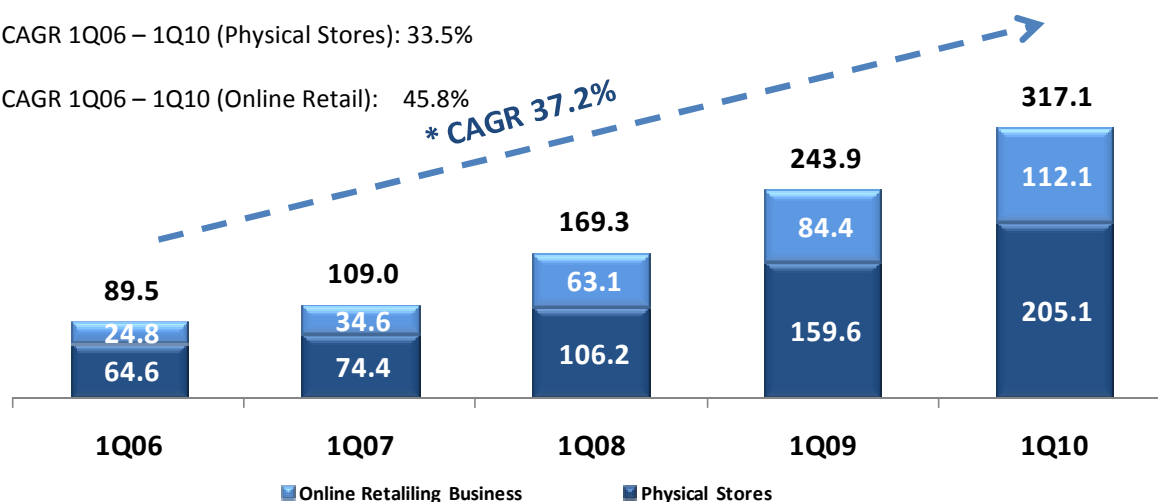
Livraria operates predominantly in the retail of books, DVDs, CDs, periodicals, stationery, multimedia, information technology and electronic goods. Currently, Livraria has 92 own stores, which comprise a total sales area of 47.9 thousand m².

<i>Livraria (R\$ thousand)</i>	<i>1Q10</i>	<i>1Q09</i>	<i>Chg.</i>
Gross Revenue	337,197	259,139	30.1%
Net Revenue	317,112	243,949	30.0%
Gross Profit	105,501	86,609	21.8%
Gross Margin	33.3%	35.5%	-220 b.p.
Operating Expenses	88,137	74,910	17.7%
EBITDA	22,435	14,780	51.8%
Net Financial (Revenue) Expenses	5,068	3,133	61.8%
Net Income (Loss)	8,098	4,707	72.0%

Net revenue (R\$ million)

CAGR 1Q06 – 1Q10 (Physical Stores): 33.5%

CAGR 1Q06 – 1Q10 (Online Retail): 45.8%



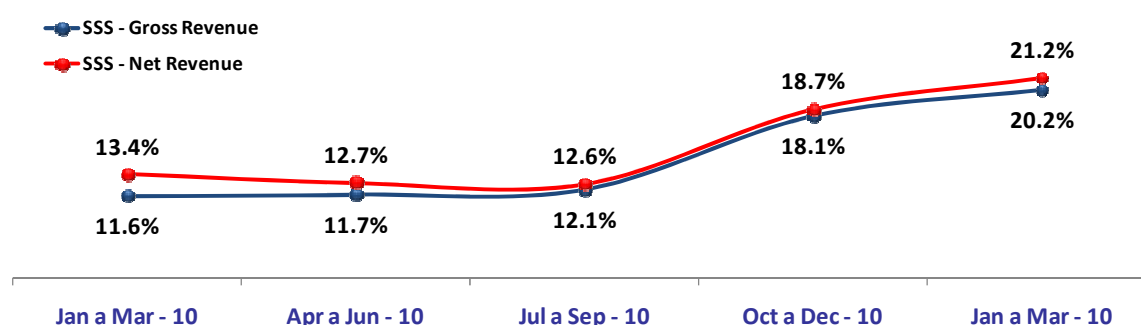
(*)

CAGR: Compound Annual Growth Rate

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Livraria's net revenue amounted to R\$ 317.1 million, above 30.1% over that posted in 1Q09. Sales performance was positively influenced by the growth in online retail (+32.8%), as well as, by the increment in revenue from physical stores (+28.5%). In 1Q10, Livraria opened another store in Brasília, Federal District, located at the University Center of Brasilia (UniCEUB).

Same-Store Sales - Quarter



Livraria's same-store sales rose 21.2% in 1Q10 if compared with those in 1Q09 as shown in the graph above, having the Siciliano chain stores' sales locations adapted to Saraiva's standards contributing for this result. Such growth proves the success of Livraria's business strategy to improve the shopping experience of Siciliano's customers. The remodeling carried out in Siciliano's stores is primarily aimed at improving the quality of its catalogue, at agility and excellence in customer care and at differentiated services offered to clients. In the book category, for example, Livraria posted a significant increase of 21.5% in 1Q10 as compared with the same period last year.

From Siciliano's acquisition (03/06/08) until the end of 1Q10, 73% of its stores' sales area had already been adapted to meet Saraiva's standard. For the rest of the year, another 12 stores are planned to be remodeled, representing 17% of the original Siciliano sales area. These 12 sales locations are less representative in revenue terms, which is why the interventions will be on a lesser scale than those carried out in the Siciliano stores that were remodeled throughout 2009.

Another factor that has contributed to the sales growth is the customer's acceptance of the "Saraiva Plus" loyalty program and the Saraiva Credit Card. Investments made in training and personnel recruitment, with the objective of adapting the store staff's profile to the target public of each unit, also positively affected Livraria's sales. In addition, the introduction of new product categories and a greater amount of events held in the store chain have contributed to improve customers' shopping experience.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Gross Profit

Gross profit reached R\$ 105.5 million in 1Q10, up 21.8% over that of 1Q09. Gross margin dropped 220 basis points, from 35.5% in 1Q09 to 33.3% in 1Q10.

The more competitive environment, mainly in the e-commerce channel, as well as the introduction of a mechanism named Tax Replacement in São Paulo state, affected Livraria's margins. Through this mechanism, the goods and services tax (ICMS) was incorporated to the products' cost instead of reducing net revenue.

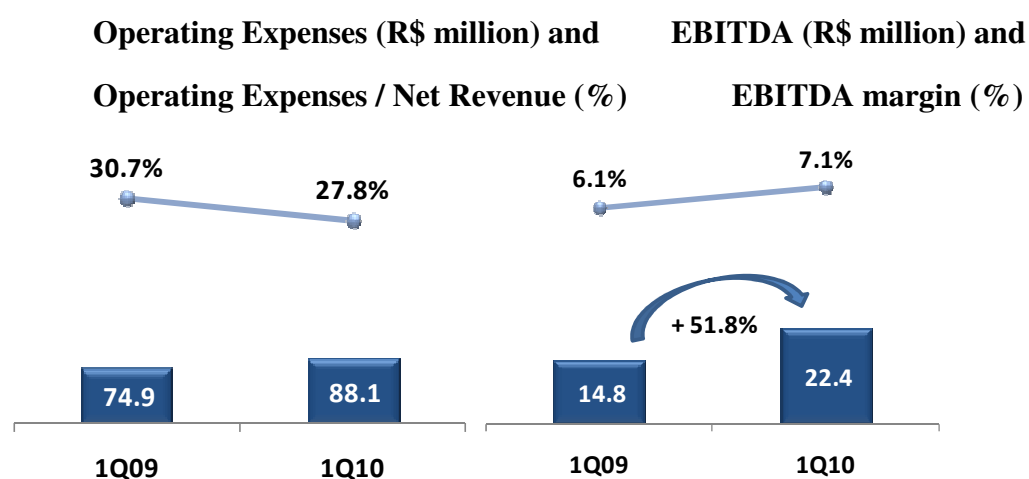
Operating Result and EBITDA

Operating expenses totaled R\$ 88.1 million, nominally registering an increase of 17.7% in relation to the same period of last year. The operating expense to net revenue ratio in 1Q10 reached 27.8% against 30.7% in 1Q09, representing an increase of 280 basis points.

The dilution of Livraria's operating expenses in 1Q10 is a reflex of the scale gains enabled by the performance of the physical stores, notably those of Siciliano's chain, as well as by sales' growth of the Saraiva.com website.

EBITDA reached R\$ 22.4 million, up 51.8% over that of 1Q09 and the EBITDA margin reached 7.1% in 1Q10, 102 basis points over the 6.1% posted in 1Q09.

The performance of the operating expenses to net revenue ratio and the EBITDA margin are shown in the graphs below:

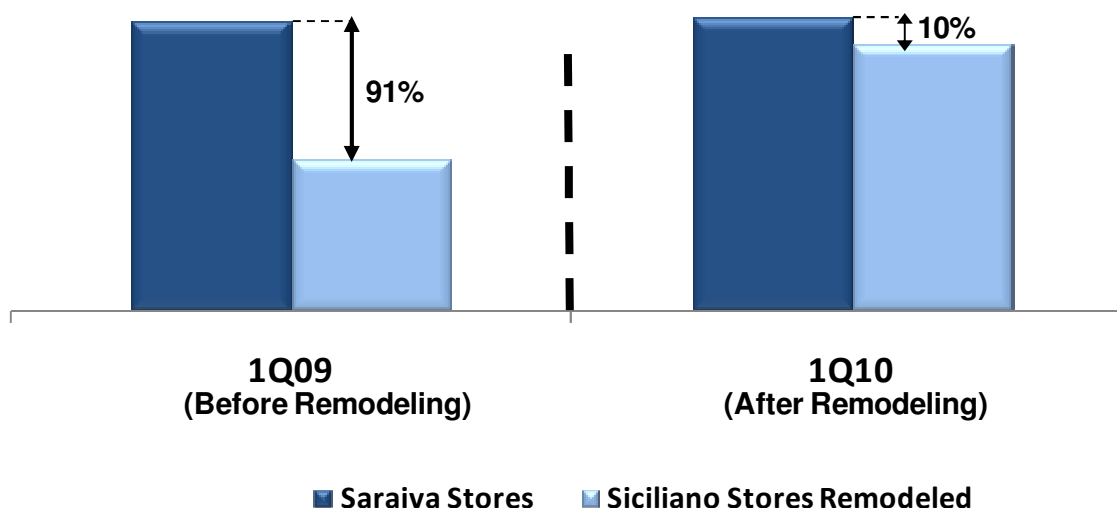


12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

<i>Livraria (R\$ thousand)</i>	<i>1Q10</i>	<i>1Q09</i>	<i>Chg.</i>
Income from Operations after Net Financial Income	12,296	8,566	43.5%
(+) Depreciation and Amortization Expenses	5,071	3,081	64.6%
(+) Net Financial (Revenue) Expenses	5,068	3,133	61.8%
(=) EBITDA	22,435	14,780	51.8%
EBITDA Margin	7.1%	6.1%	102 b.p.

After the remodeling process, the Siciliano chain stores' EBITDA should converge to the Saraiva store standards. The Siciliano chain stores remodeled during 2009 now offer a differentiated shopping experience and are register sales per square meter much closer to those of stores under the Saraiva standard, as can be seen in the graph below:

Sales per Square Meter



Financial Result / Capital Structure

Net financial expense reached R\$ 5.1 million in 1Q10, against R\$ 3.1 million in 1Q09. The financial position at the end of 1Q10 was a net debt of R\$ 121.6 million and, at the end of 1Q09, of R\$ 24.4 million.

Investments made to open new stores and remodel existing units contributed to change the financial position over the past 12 months.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Livraria received, during 1Q10, R\$ 14.3 million from BNDES to finance the expansion and remodeling program of the physical store chain in the period between 2008 and 2010. Total value of the contract, signed in February 2009, is of R\$ 69.7 million, of which R\$ 56.2 million have already been received by Livraria by 03/31/10.

Working Capital

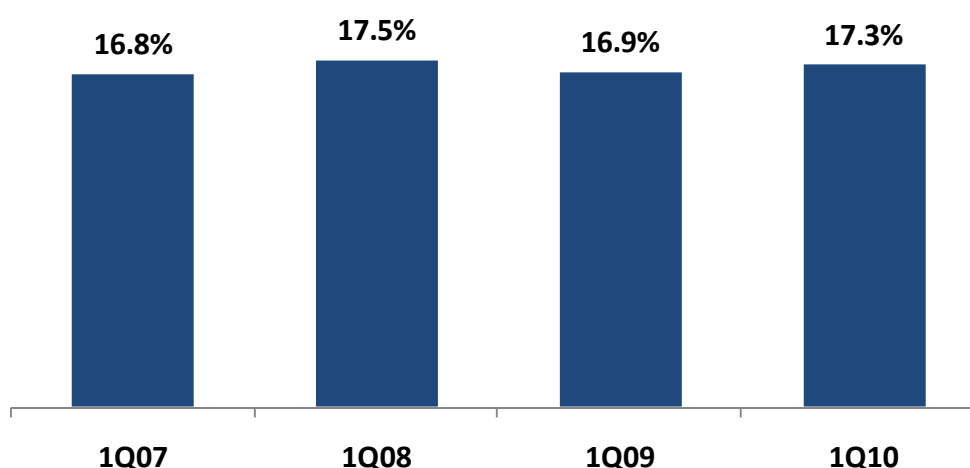
The working capital to net revenue ratio went from 16.9% in 1Q09 to 17.3% in 1Q10. Livraria's operating cycle reached 77 days in 1Q10, against 73 days in 1Q09.

"Accounts receivable" reached 45 days in the 12-month period ended on March 31, 2010, against 50 days in the 12-month period ended on March 31, 2009.

The average term of inventory coverage increased 11 days from 82 to 93 days in the 12-month period ended on March 31, 2009 and 2010, respectively. This result is due to the investment made in the product mix of the Siciliano chain over the past 12 months.

The supplier payment period remained practically stable, changing from 60 days in the 12-month period ended on March 31, 2009 to 61 days in the 12-month period ended on March 31, 2010.

Working Capital ⁽¹⁾ / Net Revenue ⁽²⁾



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

(2) Net Revenue in the past 12 months

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Net Profit

Net profit reached R\$ 8.1 million in 1Q10, a significant growth of 72.0% in relation to that of 1Q09. This performance reflects the operating improvement mentioned earlier.

Investments

During 1Q10, R\$ 6.4 million were invested mainly in:

- Remodeling Siciliano stores:
 - SP Market Shopping mall in São Paulo –São Paulo State (01/10/2010).
 - Praia Mar Shopping mall in Santos – São Paulo State (01/28/2010).
 - Manaíra Shopping mall in João Pessoa – Paraíba State (03/14/2010).
- Opening of the Saraiva store at the University Center of Brasília - Federal District (01/25/2010).
- Information systems and logistics activities. Investments made in Livraria's information systems are aimed at improving the operating system ERP (Enterprise Resource Planning) in order to facilitate the launch of new business and product line platforms, and the development of applications for the sale of digital books and customer relationship management tools ("CRM").

Marketing

The "Saraiva Plus" loyalty program is consolidating itself as one of the most efficient programs for retaining customers in local retail due to a systematic that facilitates the accumulation of bonus points and simplifies their redemption. At the end of 1Q10, the membership base represented 3.9 million, up 9.5% over the base registered in December 2009. In the 12-month period ended on March 2010, the membership base of the Saraiva Plus card rose 70.7%.

The Saraiva Credit Card, a partnership between Saraiva, Banco do Brasil and Cielo/Visa, had a membership base of 76.6 thousand active cards at the end of March 2010, 10.4% above the active cards base in December 2009 and 70.7% higher when comparing to March 2009. 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 airlines.

Online Retailing Business (Saraiva.com)

E-commerce has been gaining more importance in Livraria's operations. Even if including the growth of Siciliano's physical stores already remodeled to meet Saraiva's standards, the share of total net revenue from the Saraiva.com website's operations in relation to the Group's overall retailing operations was 35.3% in 1Q10.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

<i>Saraiva.com (R\$ thousand)</i>	<i>1Q10</i>	<i>1Q09</i>	<i>Chg.</i>
Gross Revenue	120,786	90,221	33.9%
Net Revenue	112,058	84,399	32.8%
Active Customers (thousand) ¹	1,348	1,148	17.4%
% of Revenue - Livraria Saraiva Consolidated	35.8%	34.8%	100 b.p.
Average Ticket (R\$)	160.2	132.0	21.4%

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

These good results stem from the decision to continue operating mostly in the textbook and university book segments, benefitting from Saraiva's strong image in these markets, especially in the back-to-school period. Book sales through the Saraiva.com website increased almost 25.0% in 1Q10 in relation to the same period of last year.

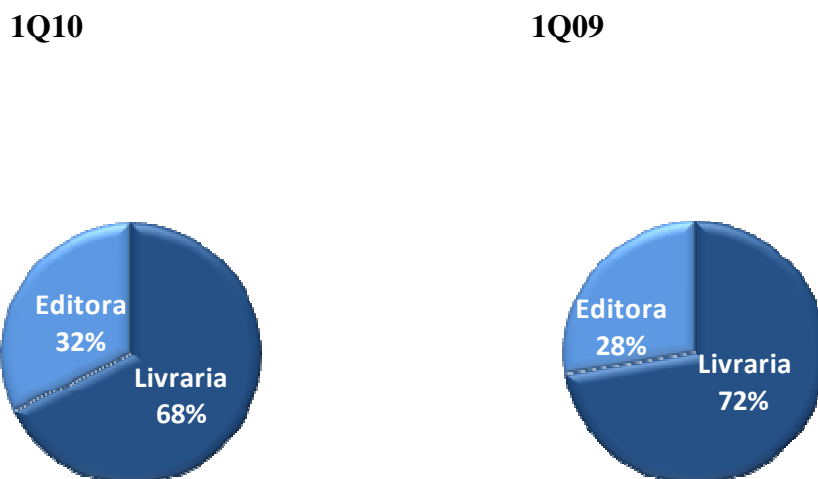
CONSOLIDATED

The following table shows the major consolidated economic and financial performance data of the Group.

<i>Consolidated (R\$ thousand)</i>	<i>1Q10</i>	<i>1Q09</i>	<i>Chg.</i>
Gross Revenue	457,838	374,763	22.2%
Net Revenue	437,739	359,521	21.8%
Gross Profit	214,784	189,346	13.4%
Gross Margin	49.1%	52.7%	-360 b.p.
Operating Expenses	139,429	120,969	15.3%
EBITDA	83,020	73,977	12.2%
Net Financial (Revenue) Expenses	7,208	3,016	139.0%
Net Income (Loss)	44,642	41,262	8.2%
Total Assets	931,539	707,539	31.7%
Shareholders' Equity	419,004	372,496	12.5%
Net Debt	(158,929)	(53,260)	-198.4%

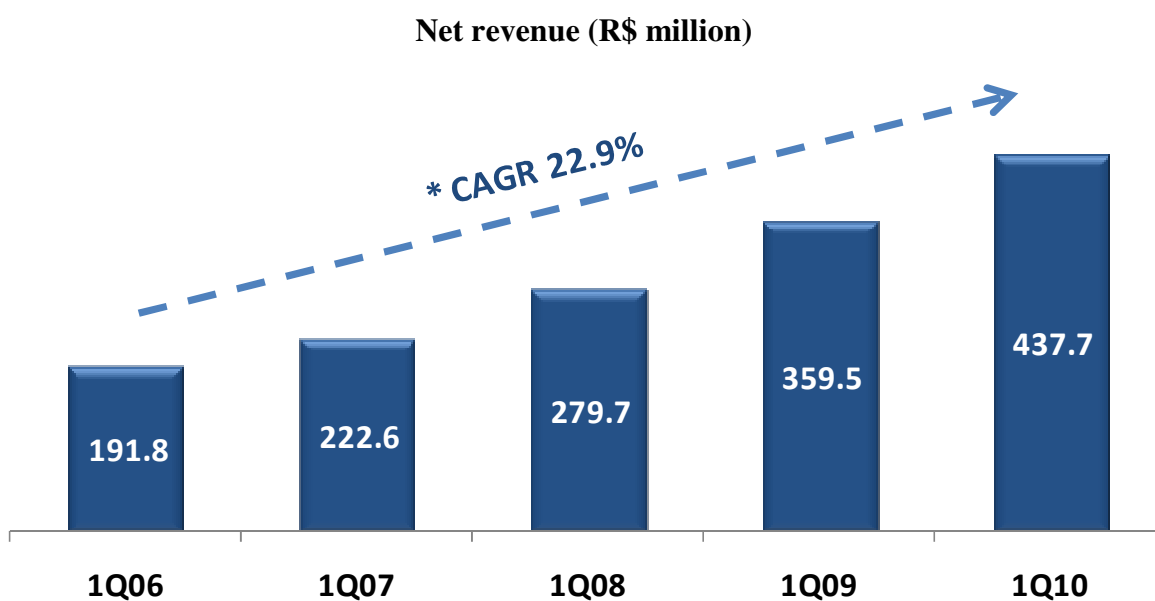
12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Consolidated Net revenue Mix



Net revenue

Consolidated net revenue reached R\$ 437.7 million, up 21.8% over that registered in 1Q09, due mostly to the increase in sales of the Group's retailing operations.



(*) CAGR: Compound Annual Growth Rate

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Gross Profit

Consolidated gross profit totaled R\$ 214.8 million, an increase of 13.4% in relation to that of 1Q09. Gross margin was of 49.1%, against 52.7% in 1Q09. The drop of 362 basis points is explained by the greater contribution of retail in the mix of consolidated gross revenue - 72.4% in 1Q10, against 67.9 % in 1Q09 -, whose gross margins are lower than those obtained by the Group's editorial segment.

Operating Result

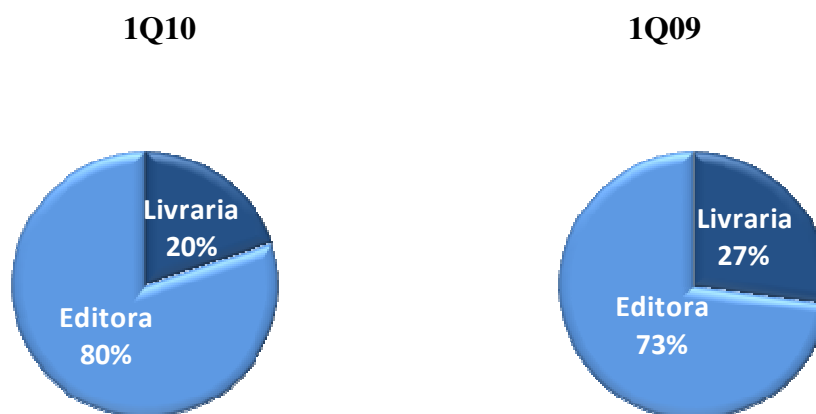
Operating result before the financial result (EBIT) reached R\$ 68.1 million in 1Q10, that is, a growth of 4.3% in relation to 1Q09. The EBIT to net revenue ratio presented a margin of 15.6% in 1Q10, 260 basis points below the 18.2% registered in the same period of last year, and reflects the greater contribution of retail in the assessment of the Group's results.

EBITDA

EBITDA before management participation totaled R\$ 83.0 million, up 12.2% over that of 1Q09. With the greater weighted share of Livraria, EBITDA margin went from 20.6% in 1Q09 to 19.0% in 1Q10.

Consolidated (R\$ thousand)	1Q10	1Q09	Chg.
Income from Operations after Net Financial Income	68,147	65,361	4.3%
(+) Management Participation	1,473	1,391	5.9%
(+) Depreciation and Amortization Expenses	6,192	4,209	47.1%
(+) Net Financial (Revenue) Expenses	7,208	3,016	139.0%
(=) EBITDA	83,020	73,977	12.2%
EBITDA Margin	19.0%	20.6%	-160 b.p.

Adjusted EBITDA Mix



Financial Result

Saraiva's consolidated operations in 1Q10 posted a net financial expense of R\$ 7.2 million, against a net financial expense of R\$ 3.0 million in 1Q09.

Consolidated financial position went from a net debt of R\$ 53.3 million in 1Q09 to a net debt of R\$ 158.9 million in 1Q10.

Net Profit

Consolidated net profit in 1Q10 reached R\$ 44.6 million, up 8.2% as compared with the net profit registered in 1Q09 of R\$ 41.3 million.

Investments

A total of R\$ 7.8 million were invested in 1Q10 and, in the same period of last year, due to the remodeling of the Siciliano chain stores, R\$ 16.1 million were invested.

CAPITAL STRUCTURE

Consolidated financial position went from a net debt of R\$ 135.0 million at the end of 2009 to R\$ 158.9 million at the end of March 2010.

The Saraiva Group signed a loan contract with BNDES in February 2009 in the total amount of R\$ 141.6 million, of which R\$ 114.4 were already disbursed - R\$ 28.0 million in 1Q10. These funds have contributed towards a capital structure suited to the investment projects that sustain Saraiva's growth.

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

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12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

CAPITAL MARKETS

Below is a market summary of Saraiva's shares in 1Q10 in comparison with 1Q09.

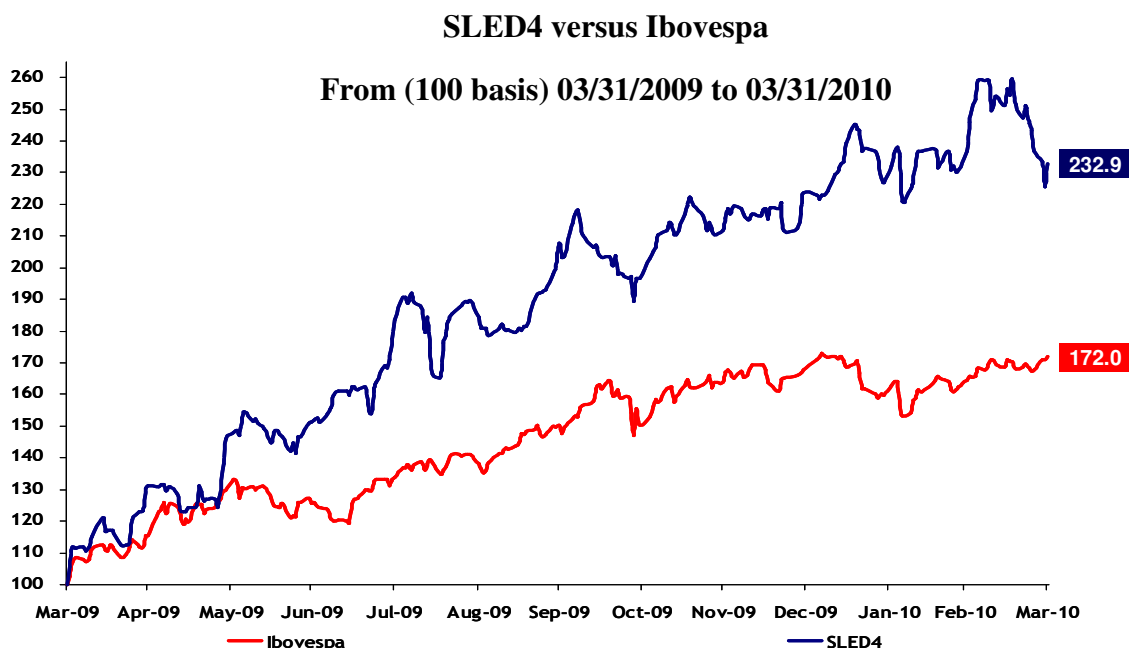
Indicators*	1Q10	1Q09	Chg.
Number of trades ¹	4,287	2,527	69.6%
Participation in trading sessions ¹	100.0	100.0	-
Quantity traded - thousand shares ¹	2,858	3,013	-5.1%
Volume trades - R\$ thousand ¹	103,312	42,010	145.9%
Share Price - R\$ ¹	35.40	15.20	132.9%
Total shares outstanding - thousand	28,230	28,230	-
Market Value - R\$ milion	999.3	429.1	132.9%

Source: BM&F Bovespa

(1) Referring to preferred shares (SLED4)

(*) Not reviewed by independent auditors

Saraiva's preferred shares (SLED 4), over the past 12 months, appreciated 132.9%. In the same period, Ibovespa appreciated 72.0%. On 03/31/10, Saraiva's market value was of R\$ 999.3 million.



SUBSEQUENT EVENTS

In April 2010, Livraria opened a store exclusively dedicated to the sale of Apple products in Salvador, Bahia state. This investment, which carries the name of iTown and operates under the Apple Premium Reseller model, is another retail business diversification of the Company and can add value to its growth strategies.

In May 2010, Livraria established a partnership with Disney studios to distribute films through the internet. Up until now, 50 films and animation titles are available for rent and sale through download. The agreement made with Disney aims at advertising online upcoming films concurrently with video rental stores. Livraria will be the first company in Latin America to offer Disney titles in digital format.

Editora launched in April 2010, the “Benvirá” imprint which officially marks its debut in the fiction and nonfiction segment.

OUTLOOK

Editora will continue to invest in new business fronts. The highlights for 2010 will be:

- The Benvirá, Arx and Caramelo editorial imprints will take on a more aggressive role in the child literature, fiction and nonfiction segment.
- In the Teaching Systems Division, the launch of the Agora imprint, exclusively dedicated to the production of content in the form of teaching systems for public schools.

In April 2010, the Education and Culture Ministry (MEC), through the National Education Development Foundation (FNDE), announced the result of the evaluation of books that are included in the Guide that will be chosen by teachers from 6th to 9th grade of elementary schools in more than 140 thousand public schools in Brazil: the National Textbook Program for the 2011 school year (PNLD 2011). Editora obtained a 58% approval in its applied titles, the second best approval index among the publishers that participated in this evaluation and above the sector's average (30%).

Editora's market share estimate in new adoptions under the scope of PNLD 2011 is around 13%. Such estimate is merely Management's expectation, and may vary to more or less.

Attentive to the new technological trends, Editora is preparing contents selected from its catalogue for digital sales (e-books) through the main e-commerce sites of the country.

At **Livraria**, the outlook remains favorable:

- Expansion project of the physical store chain: by December 2010, Livraria's goal is to reach a sales area of around 51.1 thousand m².
- Investments to remodel the 12 remaining stores of the Siciliano chain.
- Opening of a second iTown store in the Barra Shopping mall in Rio de Janeiro, city and state.

In the electronic retailing division, there are opportunities to expand the strategy to introduce new product categories that have synergies relevant to the current operation.

In May 2010, Saraiva established a partnership with Disney studios to distribute films through the internet. Until now Saraiva Digital had a partnership with seven studios, among which Warner Bros and Paramount Pictures, and offered 3,000 titles including films, documentaries and television series. The forecast is to reach around 4,000 items available for download by the end of 2010.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

As of 2Q10, the internet book sale service for several reading devices, including, among others, e-readers and mobile phones will be launched. This represents the main answer to the challenges that Livraria's business models will face in the future with gradual, but inevitable use of electronic reading devices.

Notwithstanding not counting with significant revenues in a short and medium term, current expectation is to capture for such activity at least the revenues that will be subtracted from conventional book sales to the new reading modality.

This initiative is aligned to the vision and to Livraria's strategic positioning because it adds value to the customers' shopping experience in all sales formats and channels.

In addition, in 2010, the works of revising the supply chain will begin and additional features will be incorporated in the e-commerce site, including differentiated customer relationship management tools (CRM).

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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- 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 66.22%
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) 145,725	

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Additional Requirements for Level 2 of Corporate Governance Practices

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

OWNERSHIP POSITION OF SHAREHOLDERS WITH MORE THAN 5% OF SHARES OF EACH TYPE AND CLASS, INCLUDING INDIVIDUALS						
Company: SARAIVA S.A. LIVREIROS EDITORES					Position as of 04/30/2010 (in thousands of shares)	
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Jorge Eduardo Saraiva	4,521	47.00	30	-	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
HSBC (i)						
The Master Trust Bank of Japan Ltd.	-	0.00	2,089	11.01	2,089	7.31
HSBC GL Invest Funds Brazil Equity	-	0.00	1,694	8.93	1,694	5.92
HSBC GL Invest Fund Lat Amer Equity	-	0.00	123	0.65	123	0.43
Trust A C S B L T H B N M O F D	-	0.00	82	0.43	82	0.29
HSBC Priv Bank World Funds PLC	-	0.00	8	0.04	8	0.03
Subtotal	-	0.00	3,996	21.06	3,996	13.98
PROFESSIONAL INVESTOR (i)						
Fundo Inv rm Ações IP Seleção	-	0.00	921	4.85	921	3.23
Hatteras LLC	1	0.01	559	2.95	560	1.96
IP Part FDO de Inv em Ações	4	0.04	521	2.75	525	1.84
Bransfield LLC	-	0.00	291	1.53	291	1.02
IP Part Institucional Master FIA	-	0.00	103	0.54	103	0.36
IP Value Hedge FIA	-	0.00	64	0.34	64	0.22
subtotal	5	0.05	2,459	12.96	2,464	8.63
AMUNDI FUNDS						
Itaú (i)						
Itaú Valor Fundo Inv em Ações	-	0.00	280	1.48	280	0.98
Itaú Seleção Ações FI	-	0.00	187	0.99	187	0.65
Itaú Gov Corporativa Ações FI	-	0.00	200	1.05	200	0.70
Itaú Momento Ações Fundo Inv	-	0.00	179	0.94	179	0.63
Small cap Val IB Fund Inv Ações	-	0.00	71	0.37	71	0.25
Itaú Fenix Ações FI	-	0.00	45	0.24	45	0.16
Itaú Valor Ações Alav FI	-	0.00	28	0.15	28	0.10
Itaú Celi Ações Fundo de Invest	-	0.00	28	0.15	28	0.10
Itaú Flexprev Valor Ações FI	-	0.00	25	0.13	25	0.09
Fondo Mútuo Itaú Small Cap BR	-	0.00	9	0.05	9	0.03
Goal ACC LTIN Itaú S	-	0.00	2	0.01	2	0.01
Subtotal	-	0.00	1,054	5.56	1,054	3.70
Treasury shares	-	0.00	251	1.32	251	0.88
Others	1,989	20.68	10,099	53.23	12,088	42.28
Total	9,622	100.00	18,974	100.00	28,596	100.00

(i) Investment fund.

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2. Position of controlling shareholders, management and outstanding shares

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 04/30/2010						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	13,507	0.07	663,163	2.32
Executive Board	-	0.00	211,192	1.11	211,192	0.74
Fiscal Council (ii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	250,550	1.32	250,550	0.88
Other shareholders	4,452,083	46.27	18,468,535	97.34	22,920,618	80.16
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,468,535	97.34	22,920,618	80.16

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 04/30/2009 (prior 12 months)						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	21,507	0.11	671,163	2.35
Executive Board	-	0.00	161,892	0.85	161,892	0.57
Fiscal Council (ii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	365,750	1.93	365,750	1.28
Other shareholders	4,452,083	46.27	18,394,635	96.95	22,846,718	79.88
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,394,635	96.95	22,846,718	79.88

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

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3. Binding arbitration clause

The Company, its shareholders, management and Fiscal Council members must submit to arbitration all disputes specified by the binding arbitration clause of the bylaws, in accordance with the Regulation of the BOVESPA Market Arbitration Chamber.

01047-2 SARAIVA S.A. LIVREIROS EDITORES

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21.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT - UNQUALIFIED

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

1. We have reviewed the accounting information included in the accompanying interim financial statements of Saraiva S.A. Livreiros Editores (“Editora”), for the quarter ended March 31, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora’s management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on May 14, 2010 and voluntarily restated on July 23, 2010, are being restated as required by CVM Resolution 603/09 (as amended by CVM Resolution 656/11) to incorporate the effects of the adoption of the new pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), effective for 2010. The effects of the adoption of these standards are presented in note 5 to the interim financial statements.

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21.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT - UNQUALIFIED

5. We have also reviewed the individual and consolidated interim statements of value added (“DVA”), for the quarter ended March 31, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.
6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Maurício Pires de Andrade Resende
Engagement Partner

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Subsidiary: SARAIVA E SICILIANO S.A.

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2008 to 03/31/2008	6 - 01/01/2008 to 03/31/2008
3.01	Gross revenue from sales and/or services	337,197	337,197	259,139	259,139
3.02	Deductions	(20,085)	(20,085)	(15,190)	(15,190)
3.03	Net revenue from sales and/or services	317,112	317,112	243,949	243,949
3.04	Cost of products and/or services	(211,611)	(211,611)	(157,340)	(157,340)
3.05	Gross profit	105,501	105,501	86,609	86,609
3.06	Operating (expenses) income	(93,204)	(93,204)	(78,043)	(78,043)
3.06.01	Selling expenses	(69,849)	(69,849)	(59,781)	(59,781)
3.06.02	General and administrative expenses	(13,965)	(13,965)	(13,231)	(13,231)
3.06.02.01	Administration	(1,229)	(1,229)	(745)	(745)
3.06.02.02	Other	(12,736)	(12,736)	(12,486)	(12,486)
3.06.03	Financial	(5,068)	(5,068)	(3,133)	(3,133)
3.06.03.01	Financial income	165	165	198	198
3.06.03.02	Financial expenses	(5,233)	(5,233)	(3,331)	(3,331)
3.06.04	Other operating income	892	892	1,504	1,504
3.06.05	Other operating expenses	(5,214)	(5,214)	(3,402)	(3,402)
3.06.05.01	Depreciation and amortization	(5,071)	(5,071)	(3,081)	(3,081)
3.06.05.02	Other	(143)	(143)	(321)	(321)
3.06.06	Equity in subsidiary	0	0	0	0
3.07	Income (loss) from operations	12,297	12,297	8,566	8,566
3.08	Nonoperating income (expenses)	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income before taxes and profit sharing	12,297	12,297	8,566	8,566
3.10	Provision for income and social contribution taxes	0	0	(889)	(889)

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Subsidiary: SARAIVA E SICILIANO S.A.

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

1 - Code	2 - Description	3 - 01/01/2010 to 03/31/2010	4 - 01/01/2010 to 03/31/2010	5 - 01/01/2008 to 03/31/2008	6 - 01/01/2008 to 03/31/2008
3.11	Deferred income tax	(4,199)	(4,199)	(2,970)	(2,970)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income (loss)	8,098	8,098	4,707	4,707
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	193,053	193,053	145,775	145,775
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	0,04195	0,04195	0,03229	0,03229
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)				

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22.01 - PERFORMANCE REPORT OF THE SUBSIDIARY/AFFILIATE

Subsidiary/Affiliate: SARAIVA E SICILIANO S.A.

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