

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

Saraiva S.A.
Livreiros Editores

*Interim Financial Statements for the
Quarter Ended September 30, 2010 and
Independent Accountants' Review Report*

(Restatement)

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS' 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 September 30, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora’s management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on November 11, 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 September 30, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same review procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.
6. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Reynaldo Awad Saad
Engagement Partner

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

Corporate Law

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

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS Rua Henrique Schaumann, 270 - 10º andar		2 - SUBURB OR DISTRICT Cerqueira Cesar		
3 - POSTAL CODE 05413-909	4 - MUNICIPALITY São Paulo		5 - STATE SP	
6 - AREA CODE 011	7 - TELEPHONE 3613-3000	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 011	12 - FAX 3611-3308	13 - FAX -	14 - FAX -	
15 - E-MAIL 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 - 10º andar		3 - SUBURB OR DISTRICT Cerqueira Cesar		
4 - POSTAL CODE 05413-909	5 - MUNICIPALITY São Paulo		6 - STATE SP	
7 - AREA CODE 011	8 - TELEPHONE 3613-3263	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX
12 - AREA CODE 011	13 - FAX 3619-3062	14 - FAX -	15 - FAX -	
16 - E-MAIL http://www.saraivair.com.br				

01.04 - GENERAL INFORMATION / INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2010	12/31/2010	3	07/01/2010	09/30/2010	2	04/01/2010	06/30/2010
9 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - PARTNER RESPONSIBLE Reynaldo Awad Saad					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 091.000.448-06		

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01.05 - CAPITAL

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

01.06 - CHARACTERISTICS OF THE COMPANY

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

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 - ITEM	2 - EVENT	3 - DATE OF APPROVAL	4 - TYPE	5 - BEGINNING OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
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01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

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

1 - DATE 18/03/2011	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 - 09/30/2010	4 - 06/30/2010
1	Total assets	538,641	525,824
1.01	Current assets	222,758	179,254
1.01.01	Cash and cash equivalents	768	1,434
1.01.02	Receivables	63,653	48,968
1.01.02.01	Trade accounts receivable	43,389	37,534
1.01.02.02	Other receivables	20,204	11,434
1.01.02.02.01	Dividends receivable from subsidiary	-	-
1.01.02.02.02	Recoverable taxes	12,177	5,950
1.01.02.02.03	Deferred income and social contribution taxes	0	0
1.01.02.02.04	Loans to subsidiary	0	0
1.01.02.02.05	Receivables for sale of property, plant and equipment	1,643	1,601
1.01.02.02.07	Copyrights advances	4,673	2,635
1.01.02.02.08	Other	1,711	1,248
1.01.03	Inventories	141,925	113,964
1.01.04	Other	16,472	14,888
1.01.04.01	Deferred advertising expenses	16,339	14,859
1.01.04.02	Prepaid expenses	133	29
1.02	Noncurrent assets	315,883	346,570
1.02.01	Long-term assets	18,697	49,171
1.02.01.01	Other receivables	-	-
1.02.01.02	Intercompany receivables	-	30,759
1.02.01.02.01	Affiliates	-	-
1.02.01.02.02	Subsidiaries	-	30,759
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	18,697	18,412
1.02.01.03.01	Escrow deposits	16,025	16,010
1.02.01.03.02	Deferred income and social contribution taxes	745	771
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.02.01.03.04	Other	284	30
1.02.02	Permanent assets	297,186	297,399
1.02.02.01	Investments	240,150	240,082
1.02.02.01.01	In affiliates	-	-
1.02.02.01.02	In affiliates - goodwill	-	-
1.02.02.01.03	In subsidiaries	239,719	239,651
1.02.02.01.04	In subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	431	431
1.02.02.02	Property, plant and equipment	35,239	35,358
1.02.02.03	Intangible assets	21,797	21,959
1.02.02.04	Deferred charges	-	-

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2	Total liabilities and shareholders' equity	538,641	525,824
2.01	Current liabilities	56,576	45,740
2.01.01	Financing	3,861	5,693
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	39,076	23,579
2.01.04	Taxes payable	10,684	13,081
2.01.04.01	Income and social contribution taxes	-	3,516
2.01.04.02	Taxes payable	1,822	1,219
2.01.04.03	Social contributions	8,862	8,346
2.01.05	Dividends payable	41	44
2.01.05.01	Interest on capital	41	44
2.01.05.02	Dividends	-	-
2.01.06	Provisions	1,567	2,255
2.01.07	Intercompany payables	-	-
2.01.07.01	Affiliated	0	0
2.01.08	Other	1,347	1,088
2.01.08.01	Copyrights payable	-	-
2.01.08.02	Contract for acquisition of subsidiary	-	-
2.01.08.03	Payable commission	513	536
2.01.08.04	Management profit sharing	-	-
2.01.08.05	Other payables	834	552
2.02	Noncurrent liabilities	90,513	82,291
2.02.01	Long-term liabilities	90,513	82,291
2.02.01.01	Financing	61,347	59,205
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	26,215	22,985
2.02.01.03.01	Reserve for contingencies	8,702	8,691
2.02.01.03.02	Deferred income and social contribution taxes	16,947	13,597
2.02.01.03.03	Taxes payable	566	697
2.02.01.04	Associated with Debt	2,876	0
2.02.01.04.01	Intercompany payable	2,867	0
2.02.01.05	Advances to future capital increase	0	0
2.02.01.06	Other	84	101
2.03	Deferred income	-	-
2.05	Shareholders' equity	391,552	397,793
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	-	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Owned assets	-	-
2.05.03.02	Subsidiaries/affiliates	-	-
2.05.04	Profit reserves	175,337	175,045
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	-	-
2.05.04.03	Reserve for contingencies	-	-
2.05.04.04	Unrealized profit reserve	-	-
2.05.04.05	Profit retention reserve	-	-

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2.05.04.06	Special reserve for undistributed dividends	-	-
2.05.04.07	Other profit reserves	153,360	153,068
2.05.04.07.01	Reserve for future capital increase	152,175	152,175
2.05.04.07.02	Treasury shares	(1,965)	(1,965)
2.05.04.07.03	Stock option plan	3,150	2,858
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	-	-
2.05.05.02	Accumulated translation adjustment	-	-
2.05.05.03	Business combination adjustment	-	-
2.05.06	Retained earnings/accumulated deficit	13,958	20,491
2.05.07	Advances for future capital increase	-	-

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	42.693	207.490	40.772	195.499
3.02	Deductions	(25)	(53)	(7)	(82)
3.03	Net revenue from sales and/or services	42.668	207.437	40.765	195.417
3.04	Cost of products and/or services	(12.731)	(52.656)	(13.914)	(49.109)
3.05	Gross profit	29.937	154.781	26.851	146.308
3.06	Operating (expenses) income	(39.481)	(134.256)	(36.831)	(116.029)
3.06.01	Selling expenses	(24.286)	(87.108)	(20.319)	(76.161)
3.06.02	General and administrative expenses	(11.668)	(41.896)	(11.366)	(41.311)
3.06.02.01	Management compensation	(1.456)	(4.366)	(1.429)	(4.236)
3.06.02.02	Statutory Participation of Administrators	688	(1.567)	596	(2.211)
3.06.02.03	Other	(10.900)	(35.963)	(10.533)	(34.864)
3.06.03	Financial	(1.833)	(5.723)	(2.802)	(3.822)
3.06.03.01	Financial income	810	3.111	325	3.179
3.06.03.02	Financial expenses	(2.643)	(8.834)	(3.127)	(7.001)
3.06.04	Other operating income	87	717	289	10.565
3.06.05	Other operating expenses	(1.848)	(4.230)	(2.092)	(4.477)
3.06.05.01	Depreciation and amortization	(1.234)	(3.557)	(1.153)	(3.515)
3.06.05.02	Other	(614)	(673)	(939)	(962)
3.06.06	Equity in subsidiary	67	3,984	(541)	(823)
3.07	Income (loss) from operations	(9.544)	20,525	(9,980)	30,279
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(9.544)	20,525	(9,980)	30,279
3.10	Provision for income and social contribution taxes	6.387	(2.545)	5.762	(7.955)

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.11	Deferred income tax	(3.376)	(4.022)	(2.510)	(3.579)
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)	(6.533)	13,958	(6.728)	18,745
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.49243	-	0.66401
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.23048)	-	(0.23833)	-

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.01	Net cash from operating activities	(32,932)	(32,189)	(28,824)	(43,713)
4.01.01	Net cash provided by operating activities	(6,290)	25,766	(6,483)	23,445
4.01.01.01	Net income	(9,544)	20,525	(9,980)	30,279
4.01.01.02	Depreciation and amortization	1,300	3,759	1,207	3,681
4.01.01.03	Deferred income and social contribution taxes	0	0	0	0
4.01.01.04	Allowance for doubtful accounts	553	1,586	460	625
4.01.01.05	Equity in subsidiary	(67)	(3,984)	541	(823)
4.01.01.06	Result on sale of property, plant and equipment	(21)	(34)	(142)	(10,241)
4.01.01.07	Financial charges on loans and liabilities	836	3,265	74	(1,672)
4.01.01.08	Stock option plan	292	944	237	711
4.01.01.09	Other operating provisions	361	(295)	1,120	(761)
4.01.02	Decrease in assets and liabilities	(26,642)	(57,955)	(22,341)	(67,158)
4.01.02.01	Trade accounts receivable	(2,882)	21,398	(9,411)	18,755
4.01.02.02	Receivables from subsidiary - sale of goods	(3,526)	(3,399)	3,125	2,727
4.01.02.03	Dividends - subsidiary	-	-	-	-
4.01.02.04	Inventories	(27,961)	(39,146)	(21,738)	(27,235)
4.01.02.05	Other receivables	(10,619)	(28,667)	(3,792)	(15,536)
4.01.02.06	Trade accounts payable	15,497	3,421	12,629	(20,416)
4.01.02.07	Income and social contribution taxes	(2,871)	(3,248)	(2,583)	(12,658)
4.01.02.08	Payment of interest on financing	(359)	(1,226)	(609)	(1,749)
4.01.02.10	Other operating liabilities	337	(7,088)	38	(11,046)
4.01.03	Other	-	-	-	-
4.02	Net cash used in investing activities	(999)	2,458	234	(2,726)
4.02.01	Purchase of property, plant and equipment	(1,579)	(4,436)	(1,453)	(5,301)

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.02.02	Receipts from sales of property, plant and equipment items	580	6,929	1,687	2,575
4.02.03	Acquisition of shares from minority shareholders	-	(35)	-	-
4.03	Net cash used in financing activities	33,265	436	28,136	15,488
4.03.01	Loans and financing	4,862	18,520	18,268	47,567
4.03.02	Loans granted - subsidiary	31,201	8,327	12,662	(3,963)
4.03.03	Amortization of loans and financing	(2,795)	(8,384)	(2,794)	(8,383)
4.03.04	Disposal of Treasury Shares	-	2,656	-	-
4.03.05	Debt payment on interest on capital	(3)	(20,683)	-	(19,733)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Decrease in cash and cash equivalents	(666)	(29,295)	(454)	(30,951)
4.05.01	Cash and cash equivalents at beginning of year	1,434	30,063	1,233	31,730
4.05.02	Cash and cash equivalents at end of year	768	768	779	779

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

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

Corporate Law

01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY'S NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 07/01/2010 TO 09/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	175,045	20,491	11,279	397,793
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	175,045	20,491	11,279	397,793
5.04	Net income (loss)	0	0	0	0	(6,533)	0	(6,533)
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.05.03.01	Legal reserve	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	292	0	0	292
5.12.01	Stock option plan	0	0	0	292	0	0	292
5.12.02	Disposal of Treasury Shares	0	0	0	0	0	0	0
5.13	Ending balance	190,978	0	0	175,337	13,958	11,279	391,552

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

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

05.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 09/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	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	13,958	0	13,958
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	3,600	0	0	3,600
5.12.01	Stock option plan	0	0	0	944	0	0	944
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,337	13,958	0	391,552
							11,279	

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

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
1	Total assets	917,514	837,867
1.01	Current assets	613,174	545,128
1.01.01	Cash and cash equivalents	3,535	4,312
1.01.02	Receivables	273,880	237,475
1.01.02.01	Trade accounts receivable	200,304	183,604
1.01.02.02	Other receivables	73,576	53,871
1.01.02.02.01	Recoverable taxes	61,975	44,819
1.01.02.02.02	Deferred income and social contribution taxes	0	0
1.01.02.02.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.01.02.02.04	Copyrights advances	4,747	2,710
1.01.02.02.05	Other	5,211	4,741
1.01.03	Inventories	318,890	288,206
1.01.04	Other	16,869	15,135
1.01.04.01	Deferred advertising expenses	16,511	15,059
1.01.04.02	Prepaid expenses	358	76
1.02	Noncurrent assets	300,340	292,739
1.02.01	Long-term assets	80,620	70,622
1.02.01.01	Other receivables	-	-
1.02.01.02	Intercompany receivables	-	-
1.02.01.02.01	Affiliates	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	80,620	70,622
1.02.01.03.01	Deferred income and social contribution taxes	33,800	32,795
1.02.01.03.02	Escrow deposits	27,308	27,174
1.02.01.03.03	Receivables for sale of property, plant and equipment	1,643	1,601
1.02.01.03.04	Recoverable taxes	17,565	9,010
1.02.01.03.05	Other	304	42
1.02.02	Permanent assets	223,720	222,117
1.02.02.01	Investments	566	566
1.02.02.01.01	In affiliates	-	-
1.02.02.01.02	In subsidiary	0	0
1.02.02.01.03	Other investments	566	566
1.02.02.02	Property, plant and equipment	122,086	122,600
1.02.02.03	Intangible assets	101,068	98,951
1.02.02.04	Deferred charges	-	-

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2	Total liabilities and shareholders' equity	917,514	837,867
2.01	Current liabilities	334,082	254,868
2.01.01	Financing	95,573	66,515
2.01.02	Debentures	-	-
2.01.03	Trade accounts payable	191,645	143,131
2.01.04	Taxes payable	24,702	24,034
2.01.04.01	Income and social contribution taxes	-	3,516
2.01.04.02	Taxes payable	5,262	2,577
2.01.04.03	Social contributions	19,440	17,941
2.01.05	Dividends payable	41	44
2.01.05.01	Interest on capital	41	44
2.01.05.02	Dividends	-	-
2.01.06	Provisions	8,852	9,357
2.01.06.01	Management profit sharing	1,567	2,255
2.01.06.02	Customer Loyalty Program	7,285	7,102
2.01.07	Intercompany payables	-	-
2.01.08	Other	13,269	11,787
2.01.08.01	Copyrights payable	711	711
2.01.08.02	Contract for acquisition of subsidiary	5,847	5,244
2.01.08.03	Payable commission	-	-
2.01.08.04	Freight and commissions payable	-	-
2.01.08.05	Commercial assignment	1,196	1,013
2.01.08.06	Advances from customers	3,797	3,687
2.01.08.07	Management profit sharing	-	-
2.01.08.08	Other payables	1,718	1,132
2.02	Noncurrent liabilities	191,829	185,155
2.02.01	Long-term liabilities	191,829	185,155
2.02.01.01	Financing	133,060	131,099
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	53,391	48,672
2.02.01.03.01	Deferred income and social contribution taxes	34,012	29,241
2.02.01.03.02	Reserve for contingencies	18,810	18,734
2.02.01.03.03	Taxes payable	566	697
2.02.01.04	Intercompany payables	-	-
2.02.01.05	Advances to future capital increase	-	-
2.02.01.06	Other	5,378	5,384
2.02.01.06.01	Payables to former shareholders	5,016	4,888
2.02.01.06.02	Other	362	496
2.03	Deferred income	-	-
2.04	Minority interest	51	51
2.05	Shareholders' equity	391,552	397,793
2.05.01	Capital	190,978	190,978
2.05.02	Capital reserves	-	-
2.05.03	Revaluation reserves	-	-
2.05.03.01	Owned assets	-	-
2.05.03.02	Subsidiaries/affiliates	-	-

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

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

1 - Code	2 - Description	3 - 09/30/2010	4 - 06/30/2010
2.05.04	Profit reserves	175,337	175,045
2.05.04.01	Legal reserve	21,977	21,977
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Reserve for contingencies	0	0
2.05.04.04	Unrealized profit reserve	0	0
2.05.04.05	Profit retention reserve	0	0
2.05.04.06	Special reserve for undistributed dividends	0	0
2.05.04.07	Other profit reserves	153,360	153,068
2.05.04.07.01	Reserve for future capital increase	152,175	152,175
2.05.04.07.02	Treasury shares	(1,965)	(1,965)
2.05.04.07.03	Stock option plan	3,150	2,858
2.05.05	Valuation adjustments to equity	11,279	11,279
2.05.05.01	Adjustment of securities	-	-
2.05.05.02	Accumulated translation adjustment	-	-
2.05.05.03	Business combination adjustment	-	-
2.05.06	Retained earnings/accumulated deficit	13,948	20,491
2.05.07	Advances for future capital increase	-	-

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

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

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	334,904	1,077,188	273,892	881,254
3.02	Deductions	(12,953)	(51,708)	(14,690)	(43,523)
3.03	Net revenue from sales and/or services	321,951	1,025,480	259,202	837,731
3.04	Cost of products and/or services	(199,524)	(588,181)	(157,527)	(456,319)
3.05	Gross profit	122,427	437,299	101,675	381,412
3.06	Operating (expenses) income	(131,581)	(414,381)	(112,140)	(349,650)
3.06.01	Selling expenses	(92,474)	(290,790)	(76,835)	(252,007)
3.06.02	General and administrative expenses	(26,782)	(86,562)	(23,202)	(82,097)
3.06.02.01	Management compensation	(2,621)	(7,790)	(2,622)	(7,366)
3.06.02.02	Other	(24,849)	(77,205)	(21,176)	(72,520)
3.06.02.03	Statutory Participation of Administrators	688	(1,567)	596	(2,211)
3.06.03	Financial	(7,572)	(22,135)	(6,268)	(13,258)
3.06.03.01	Financial income	614	2,324	407	1,915
3.06.03.02	Financial expenses	(8,186)	(24,459)	(6,675)	(15,173)
3.06.04	Other operating income	5,341	8,566	1,217	14,464
3.06.05	Other operating expenses	(10,094)	(23,460)	(7,052)	(16,752)
3.06.05.01	Depreciation and amortization	(7,127)	(20,026)	(5,998)	(15,280)
3.06.05.02	Other	(2,967)	(3,434)	(1,054)	(1,472)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	(9,457)	22,918	(10,465)	31,762
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	(9,154)	22,918	(10,465)	31,762
3.10	Provision for income and social contribution taxes	6,387	(2,545)	5,762	(8,844)

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

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.11	Deferred income tax	(3,766)	(6,414)	(2,025)	(4,173)
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	0	(1)	0	0
3.15	Net income (loss)	(6,533)	13,958	(6,728)	18,745
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	28,345	28,345	28,230	28,230
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	-	0.49243	-	0.70482
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	(0.23048)	-	(0.23833)	-

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

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

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
4.01	Net cash from operating activities	(19,099)	(39,408)	(10,922)	(42,779)
4.01.01	Net cash provided by operating activities	5,263	64,752	665	44,327
4.01.01.01	Net income	(9,154)	22,918	(10,465)	31,762
4.01.01.02	Depreciation and amortization	7,545	21,180	6,373	16,167
4.01.01.03	Deferred income and social contribution taxes	0	0	0	0
4.01.01.04	Allowance for doubtful accounts	823	2,574	708	1,186
4.01.01.05	Result on sale of property, plant and equipment	27	156	(97)	(10,933)
4.01.01.06	Financial charges on loans and liabilities	1,340	6,339	626	1,620
4.01.01.07	Stock option plan	292	944	237	711
4.01.01.08	Other provisions	4,390	10,641	3,283	3,814
4.01.01.09	Minority interest - subsidiary	0	0	0	0
4.01.02	Decrease in assets and liabilities	(24,362)	(104,160)	(11,587)	(87,106)
4.01.02.01	Trade accounts receivable	(17,523)	13,453	13,696	66,135
4.01.02.02	Inventories	(30,684)	(26,172)	(31,959)	(54,959)
4.01.02.03	Other receivables	(28,408)	(68,497)	(6,894)	(34,291)
4.01.02.04	Trade accounts payable	48,513	(6,207)	21,534	(37,078)
4.01.02.05	Income and social contribution taxes	(2,871)	(3,248)	(2,583)	(13,547)
4.01.02.06	Payment of interest on financing	(1,861)	(6,339)	(1,914)	(4,158)
4.01.02.08	Other payables	2,730	(7,150)	(3,467)	(9,208)
4.01.03	Other	0	0	0	0
4.02	Net cash used in investing activities	(9,176)	(22,110)	(12,106)	(42,932)
4.02.01	Purchase of property, plant and equipment	(9,780)	(29,056)	(13,764)	(46,217)
4.02.02	Acquisition of shares from minority shareholders	0	(35)	0	0
4.02.03	Receipts from sales of property, plant and equipment items	604	6,981	1,658	3,285
4.03	Net cash used in financing activities	27,498	26,291	20,512	50,933
4.03.01	Obtained loans and financing	32,000	68,114	45,000	127,983

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

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

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11.01 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 07/01/2010 TO 09/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	175,045	20,491	11,279	397,793
5.02	Prior year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	190,978	0	0	175,045	20,491	11,279	397,793
5.04	Net income (loss)	0	0	0	0	(6,533)	0	(6,533)
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	292	0	0	292
5.12.01	Stock option plan	0	0	0	292	0	0	292
5.12.02	Disposal of Treasury Shares	0	0	0	0	0	0	0
5.13	Ending balance	190,978	0	0	175,337	13,958	11,279	391,552

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

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

Corporate Law

01.01 - IDENTIFICATION

1 - CVM CODE 01047-2	2 - COMPANY'S NAME SARAIVA S.A. LIVREIROS EDITORES	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 60.500.139/0001-26
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11.02 - CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 TO 09/30/2010 (In thousands of Brazilian reais - R\$)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Profit reserves	7 - Retained earnings/accumulated deficit	8 - Valuation adjustments to equity	9 - Total shareholders' equity
5.01	Opening balance	190,978	0	0	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	13,958	0	13,958
5.05	Allocations of income	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other	0	0	0	0	0	0	0
5.06	Recognition of earnings reserve	0	0	0	0	0	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	0	0
5.07.01	Adjustments of securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustment	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Capital increase/decrease	0	0	0	0	0	0	0
5.09	Recognition/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	3,600	0	0	3,600
5.12.01	Stock option plan	0	0	0	944	0	0	944
5.12.02	Disposal of Treasury Shares	0	0	0	2,656	0	0	2,656
5.13	Ending balance	190,978	0	0	175,337	13,958	11,279	391,552

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

BALANCE SHEETS

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

(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP			Consolidated - IFRS & BR GAAAP		
		9/30/2010	12/31/2009	1/1/2009	9/30/2010	12/31/2009	1/1/2009
<u>ASSETS</u>							
CURRENT ASSETS							
Cash and cash equivalents	6	768	30,063	31,730	3,535	38,762	37,823
Trade receivables	7	43,389	62,974	64,162	200,304	216,331	199,643
Inventories	8	141,925	102,779	82,381	318,890	292,718	213,158
Recoverable taxes	9	12,177	5,824	4,780	61,975	24,154	19,211
Other receivables		8,027	8,116	2,178	11,601	13,592	5,690
Prepaid expenses		16,472	530	123	16,869	845	367
Total current assets		<u>222,758</u>	<u>210,286</u>	<u>185,354</u>	<u>613,174</u>	<u>586,402</u>	<u>475,892</u>
NONCURRENT ASSETS							
Long-term assets:							
Intragroup loans	11.a)	-	6,964	52,167	-	-	-
Deferred income tax and social contribution	10.a)	745	1,371	2,498	33,800	32,829	31,259
Escrow deposits	21	16,025	16,007	15,568	27,308	26,963	25,499
Recoverable taxes	9	-	-	-	17,565	8,954	-
Receivables from sale of PP&E		1,643	1,535	4,192	1,643	1,535	4,192
Other		284	30	133	304	42	145
		<u>18,697</u>	<u>25,907</u>	<u>74,558</u>	<u>80,620</u>	<u>70,323</u>	<u>61,095</u>
Investments:							
In subsidiaries	12	239,719	235,722	173,893	-	-	-
Other		431	408	408	566	543	543
Property, plant and equipment	13	35,239	35,664	35,416	122,086	121,420	84,771
Intangible assets	14	7,201	6,901	5,380	23,801	17,635	11,610
Goodwill	15	14,596	14,596	14,596	77,267	77,267	80,841
Total noncurrent assets		<u>315,883</u>	<u>319,198</u>	<u>304,251</u>	<u>304,340</u>	<u>287,188</u>	<u>238,860</u>
TOTAL ASSETS		<u><u>538,641</u></u>	<u><u>529,484</u></u>	<u><u>489,605</u></u>	<u><u>917,514</u></u>	<u><u>873,590</u></u>	<u><u>714,752</u></u>

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

**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		
		9/30/2010	12/31/2009	1/1/2009	9/30/2010	12/31/2009	1/1/2009
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Trade payables	18	39,076	35,655	49,160	191,645	197,851	173,927
Borrowings and financing	16	3,861	10,344	11,269	95,573	81,458	42,317
Accrued payroll and related taxes	20	8,862	6,755	5,832	19,440	14,774	12,521
Taxes payable	19	1,822	1,651	1,742	5,262	5,719	4,669
Provision for income tax and social contribution	10.c)	-	703	4,703	-	703	4,703
Copyrights payable		-	6,342	10,803	711	7,090	11,515
Management profit sharing	11.b)	-	4,065	3,956	1,567	4,065	3,956
Dividends and interest on capital	20.c)	41	20,724	19,776	41	20,724	19,776
Deferred revenue - customer loyalty program	18	-	-	-	7,285	6,105	5,275
Operating leases - store rentals	18	513	517	50	5,847	7,565	6,542
Other payables		2,401	2,114	6,814	6,711	8,001	12,503
Total current liabilities		<u>56,576</u>	<u>88,870</u>	<u>114,105</u>	<u>334,082</u>	<u>354,055</u>	<u>297,704</u>
NONCURRENT LIABILITIES							
Borrowings and financing	16	61,347	43,203	10,247	133,060	92,348	21,822
Intragroup borrowings		2,867	-	-	-	-	-
Deferred income tax and social contribution	10.a)	16,947	13,551	11,701	34,012	26,627	18,844
Provision for tax, civil and labor contingencies	21	8,702	8,771	9,586	18,813	19,857	23,091
Taxes payable	19	566	958	1,481	566	958	2,618
Other payables		84	137	209	5,378	5,688	8,336
Total noncurrent liabilities		<u>90,513</u>	<u>66,620</u>	<u>33,224</u>	<u>191,829</u>	<u>145,478</u>	<u>74,711</u>
EQUITY							
Capital		190,978	190,978	147,774	190,978	190,978	147,774
Treasury shares		(1,965)	(2,870)	(2,870)	(1,965)	(2,870)	(2,870)
Valuation adjustments to equity		11,279	11,279	11,279	11,279	11,279	11,279
Earnings reserve		177,302	174,607	186,093	177,302	174,607	186,093
Retained earnings		13,958	-	-	13,958	-	-
Equity attributable to owners of the Company		391,552	373,994	342,276	391,552	373,994	342,276
Noncontrolling interests		-	-	-	51	63	61
Total equity		<u>391,552</u>	<u>373,994</u>	<u>342,276</u>	<u>391,603</u>	<u>374,057</u>	<u>342,337</u>
TOTAL LIABILITIES AND EQUITY		<u>538,641</u>	<u>529,484</u>	<u>489,605</u>	<u>917,514</u>	<u>873,590</u>	<u>714,752</u>

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

INCOME STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		9/30/2010	9/30/2009	9/30/2010	9/30/2009
NET OPERATING REVENUE	23	207,437	195,417	1,025,480	837,731
COST OF SALES AND SERVICES		(52,656)	(49,109)	(588,181)	(456,319)
GROSS PROFIT		<u>154,781</u>	<u>146,308</u>	<u>437,299</u>	<u>381,412</u>
OPERATING (EXPENSES) INCOME					
Selling expenses	24	(87,108)	(76,161)	(290,790)	(252,007)
General and administrative expenses	25	(41,896)	(41,311)	(86,562)	(82,097)
Depreciation and amortization		(3,557)	(3,515)	(20,026)	(15,280)
Equity in subsidiary	12	3,984	(823)	-	-
Other operating expenses	26	(673)	(962)	(3,434)	(1,472)
Other operating income	27	<u>717</u>	<u>10,565</u>	<u>8,566</u>	<u>14,464</u>
		(128,533)	(112,207)	(392,246)	(336,392)
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>26,248</u>	<u>34,101</u>	<u>45,053</u>	<u>45,020</u>
FINANCIAL INCOME (EXPENSES)					
Financial income	28	3,111	3,179	2,324	1,915
Financial expenses	28	<u>(8,834)</u>	<u>(7,001)</u>	<u>(24,459)</u>	<u>(15,173)</u>
		(5,723)	(3,822)	(22,135)	(13,258)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		20,525	30,279	22,918	31,762
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	10.b)	(2,545)	(7,955)	(2,545)	(8,844)
Deferred	10.a)	<u>(4,022)</u>	<u>(3,579)</u>	<u>(6,414)</u>	<u>(4,173)</u>
PROFIT FOR THE PERIOD		<u>13,958</u>	<u>18,745</u>	<u>13,959</u>	<u>18,745</u>
Attributable to:					
Owners of the Company				13,958	18,745
Noncontrolling interests				<u>1</u>	<u>-</u>
				<u>13,959</u>	<u>18,745</u>

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

**FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010
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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009 AND THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In thousands of Brazilian reais - R\$)

Note	Capital	Earnings reserve				Reserve for stock option plan	Retained earnings	Valuation adjustments to equity	Attributable to owners of Editora (BR GAAP)	Noncontrolling interests	Total equity (IFRS & BR GAAP)
		Treasury shares	Legal reserve	Earnings reserve							
BALANCE AT DECEMBER 31, 2008	147,774	(2,870)	19,327	170,411	1,240	-	-	335,882	61	335,943	
Adoption of new accounting standards (IFRSs and CPCs)	-	-	-	(4,885)	-	-	11,279	6,394	-	6,394	
BALANCE AT JANUARY 1, 2009	147,774	(2,870)	19,327	165,526	1,240	-	11,279	342,276	61	342,337	
Capital increase - ESM held on April 23, 2009	22.a) 43,204	-	-	(43,204)	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	51,477	-	51,477	2	51,479	
Stock option plan	-	-	-	-	966	-	-	966	-	966	
Proposed allocation of profit:											
Legal reserve	22.d)	-	2,650	-	-	(2,650)	-	-	-	-	
Transfer to earnings reserve	-	-	-	28,102	-	(28,103)	-	(1)	-	(1)	
Interest on capital	22.c)	-	-	-	-	(20,724)	-	(20,724)	-	(20,724)	
BALANCE AT DECEMBER 31, 2009	190,978	(2,870)	21,977	150,424	2,206	-	11,279	373,994	63	374,057	
Profit for the period	-	-	-	-	-	13,958	-	13,958	-	13,958	
Stock option plan	22.e)	-	-	-	944	-	-	944	-	944	
Acquisition of noncontrolling interests	22.g)	-	-	-	-	-	-	-	(12)	(12)	
Sale of treasury shares	-	905	-	1,751	-	-	-	2,656	-	2,656	
Balance at September 30, 2010	190,978	(1,965)	21,977	152,175	3,150	13,958	11,279	391,552	51	391,603	

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

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

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

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		9/30/2010	9/30/2009	9/30/2010	9/30/2009
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		20,525	30,279	22,918	31,762
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	3,759	3,681	21,180	16,167
Allowance for doubtful accounts		1,586	625	2,574	1,186
Equity in subsidiary less adjustment to profit on Livraria's inventory - ICPC 09	12	(3,984)	823	-	-
Proceeds from sale of property, plant and equipment		(34)	(10,241)	156	(10,933)
Financial charges and exchange differences on intragroup balances, financing, borrowings and taxes payable	22.e)	3,265	(1,672)	6,339	1,620
Stock option plan		944	711	944	711
Other operating provisions		(295)	(761)	10,641	3,814
Decrease (increase) in operating assets:					
Trade receivables		21,398	18,755	13,453	66,135
Receivables from subsidiaries due to product sales		(3,399)	2,727	-	-
Inventories		(39,146)	(27,235)	(26,172)	(54,959)
Other operating assets		(28,667)	(15,536)	(68,497)	(34,291)
Increase (decrease) in operating liabilities:					
Trade payables		3,421	(20,416)	(6,207)	(37,078)
Income tax and social contribution paid		(3,248)	(12,658)	(3,248)	(13,547)
Interest on borrowings and financing paid		(1,226)	(1,749)	(6,339)	(4,158)
Other operating liabilities		(7,088)	(11,046)	(7,150)	(9,208)
Net cash provided by (used in) operating activities		<u>(32,189)</u>	<u>(43,713)</u>	<u>(39,408)</u>	<u>(42,779)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets	13 / 14	(4,436)	(5,301)	(29,056)	(46,217)
Receipts from sales of property, plant and equipment items		<u>6,929</u>	<u>2,575</u>	<u>6,981</u>	<u>3,285</u>
Net cash provided by (used in) investing activities		<u>2,493</u>	<u>(2,726)</u>	<u>(22,075)</u>	<u>(42,932)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of shares from noncontrolling shareholders	22.g)	(35)	-	(35)	-
Payment of dividends and interest on capital		(20,683)	(19,733)	(20,683)	(19,733)
Financing from BNDES	16	18,520	47,567	38,114	62,983
Borrowings		-	-	30,000	65,000
Loans to subsidiaries less amounts returned		8,327	(3,963)	-	-
Amortization of borrowings and financing		(8,384)	(8,383)	(23,796)	(57,317)
Sale of treasury shares		<u>2,656</u>	<u>-</u>	<u>2,656</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>401</u>	<u>15,488</u>	<u>26,256</u>	<u>50,933</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(29,295)</u>	<u>(30,951)</u>	<u>(35,227)</u>	<u>(34,778)</u>
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		<u>768</u>	<u>779</u>	<u>3,535</u>	<u>3,045</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(29,295)</u>	<u>(30,951)</u>	<u>(35,227)</u>	<u>(34,778)</u>

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SARAIVA S.A. LIVREIROS EDITORES AND SUBSIDIARY

STATEMENTS OF VALUE ADDED

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

(In thousands of Brazilian reais - R\$)

	Note	Editora - BR GAAP		Consolidated - IFRS & BR	
		9/30/2010	9/30/2009	9/30/2010	9/30/2009
CREATION OF WEALTH					
Sales of products and services		207,490	195,499	1,076,008	880,673
Allowance for doubtful accounts, less reversals		(1,586)	(625)	(2,574)	(1,186)
Other operating income		1,512	11,899	9,527	15,816
		<u>207,416</u>	<u>206,773</u>	<u>1,082,961</u>	<u>895,303</u>
INPUTS PURCHASED FROM THIRD PARTIES (includes recoverable and unrecoverable taxes)					
Raw materials consumed		(8,635)	(10,858)	(2,228)	(2,815)
Cost of sales and services		-	(94)	(598,612)	(464,170)
Supplies, power, outside services and other		(110,346)	(99,113)	(222,042)	(197,605)
Other operating expenses		(795)	(1,334)	(961)	(1,351)
		<u>87,640</u>	<u>95,374</u>	<u>259,118</u>	<u>229,362</u>
RETENTIONS					
Depreciation and amortization		(3,609)	(3,559)	(21,030)	(15,874)
		<u>84,031</u>	<u>91,815</u>	<u>238,088</u>	<u>213,488</u>
WEALTH RECEIVED IN TRANSFER					
Equity in subsidiary	12	3,984	(823)	-	-
Financial income	28	3,111	3,179	2,324	1,915
		<u>7,095</u>	<u>2,356</u>	<u>2,324</u>	<u>1,915</u>
DISTRIBUTION OF WEALTH					
		<u>91,126</u>	<u>94,171</u>	<u>240,412</u>	<u>215,403</u>
WEALTH DISTRIBUTED					
Personnel - payroll and related taxes		48,985	44,088	115,376	103,488
Government - taxes and fees		13,570	18,033	53,546	46,707
Lenders - financial expenses, less IOC	28	8,757	6,774	23,330	14,053
Lessors - rentals, gross of recoverable taxes		4,289	4,320	32,635	30,199
Management profit sharing		1,567	2,211	1,567	2,211
Shareholders - recognition of earnings reserve, including stock option plan		13,958	18,745	13,958	18,745
		<u>91,126</u>	<u>94,171</u>	<u>240,412</u>	<u>215,403</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

Livraria is a Brazilian publicly-held company, with head office in the city of São Paulo, State of São Paulo, which is mainly engaged in the retail of book, periodicals, DVDs, music, stationary, multimedia, IT, electrical and electronic products, and digital content. Distribution is undertaken using a web-based sales platform and a chain of 100 stores, of which 40 are megastores, two are iTown format stores, 52 are conventional stores, and 6 are franchises.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

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 September 30, 2010, originally present on November 11, 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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

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

2.3. Basis of preparation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICES

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

a) General principles

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

b) Functional and presentation currency

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

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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

(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.

(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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

- Trade receivables and allowance for doubtful accounts

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

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

- Inventories

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

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

- Unrecognized advertising expenses

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

i) Noncurrent assets

- Investments

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- Property, plant and equipment

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

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

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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

- 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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

- 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.

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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

k) Other current and noncurrent assets and liabilities

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

l) Leases

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

m) Current and deferred income tax and social contribution

- Current

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

- 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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

n) Deferred revenue

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

o) Share-based compensation

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

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

p) Dividends and interest on capital

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

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

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

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

a) Impairment of assets

Where there are indications that property, plant and equipment items and intangible assets with finite useful lives might be impaired, based on financial and economic factors, taking into consideration the maturity of investments, their carrying amounts are annually 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) Reserve for 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 September 30, 2010 are the first to be presented in accordance with IFRSs. Editora applied the accounting policies set out in notes 2 and 3 to all reporting periods presented, including the 2010 interim financial statements and the balance sheet as at the date of transition, defined as January 1, 2009. In measuring the adjustments of the opening balances and in preparing the balance sheet as at the transition date, management applied the mandatory exceptions and certain optional exemptions to the retrospective application prescribed by IFRS 1 and CPC 37(R1) First-time Adoption of International Financial Reporting Standards.

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

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

Corporate Law

01047-2 - SARAIVA S.A. LIVREIROS EDITORES

60.500.139/0001-26

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Effects on the 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 9/30/2010 (date of interim period presented according to previous accounting policies)		
		Effects of		IFRSs	Effects of		IFRSs	Effects of		IFRSs
		Former BR GAAP	transition to IFRSs		Former BR GAAP	transition to IFRSs		Former BR GAAP	transition to IFRSs	
ASSETS										
CURRENT ASSETS										
Cash and cash equivalents		37,823	-	37,823	38,762	-	38,762	3,535	-	3,535
Trade receivables		199,643	-	199,643	216,331	-	216,331	200,304	-	200,304
Inventories	5.3.h)	216,331	(3,173)	213,158	297,597	(4,879)	292,718	323,815	(4,925)	318,890
Recoverable taxes		19,211	-	19,211	24,154	-	24,154	61,975	-	61,975
Deferred income tax and social contribution	5.3.c)	10,923	(10,923)	-	12,345	(12,345)	-	8,110	(8,110)	-
Other receivables		5,690	-	5,690	13,592	-	13,592	11,601	-	11,601
Prepaid expenses		367	-	367	845	-	845	16,869	-	16,869
Total current assets		489,988	(14,096)	475,892	603,626	(17,224)	586,402	626,209	(13,035)	613,174
NONCURRENT ASSETS										
Long-term assets:										
Deferred income tax and social contribution	5.3.c)	19,454	11,805	31,259	19,692	13,137	32,829	24,846	8,954	33,800
Escrow deposits	5.3.e)	7,986	17,513	25,499	9,950	17,013	26,963	10,017	17,291	27,308
Recoverable taxes		-	-	-	8,954	-	8,954	17,565	-	17,565
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,643	-	1,643
Other		145	-	145	42	-	42	304	-	304
		31,777	29,318	61,095	40,173	30,150	70,323	54,375	26,245	80,620
Other investments		543	-	543	543	-	543	566	-	566
Property, plant and equipment		67,682	17,089	84,771	104,331	17,089	121,420	104,997	17,089	122,086
Intangible assets		11,610	-	11,610	17,635	-	17,635	23,801	-	23,801
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	261,006	43,334	304,340
TOTAL ASSETS		682,441	32,311	714,752	843,575	30,015	873,590	887,215	30,299	917,514
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Trade payables		173,927	-	173,927	197,851	-	197,851	191,645	-	191,645
Borrowings and financing		42,317	-	42,317	81,458	-	81,458	95,573	-	95,573
Accrued payroll and related taxes		12,521	-	12,521	14,774	-	14,774	19,440	-	19,440
Taxes payable		4,669	-	4,669	5,719	-	5,719	5,262	-	5,262
Provision for income tax and social contribution		4,703	-	4,703	703	-	703	-	-	-
Copyrights payable		11,515	-	11,515	7,090	-	7,090	711	-	711
Management profit sharing		3,956	-	3,956	4,065	-	4,065	1,567	-	1,567
Dividends and interest on capital		19,776	-	19,776	20,724	-	20,724	41	-	41
Deferred revenue - customer loyalty program	5.3.d)	2,681	2,594	5,275	3,776	2,329	6,105	4,804	2,481	7,285
Operating leases - store rentals		6,542	-	6,542	7,565	-	7,565	5,847	-	5,847
Other payables		12,503	-	12,503	8,001	-	8,001	6,711	-	6,711
Total current liabilities		295,110	2,594	297,704	351,726	2,329	354,055	331,601	2,481	334,082
NONCURRENT LIABILITIES										
Borrowings and financing		21,822	-	21,822	92,348	-	92,348	133,060	-	133,060
Deferred income tax and social contribution		13,034	5,810	18,844	20,817	5,810	26,627	28,202	5,810	34,012
Provision for tax, civil and labor contingencies	5.3.e)	5,578	17,513	23,091	2,844	17,013	19,857	1,522	17,291	18,813
Taxes payable		2,618	-	2,618	958	-	958	566	-	566
Other payables		8,336	-	8,336	5,688	-	5,688	5,378	-	5,378
Total noncurrent liabilities		51,388	23,323	74,711	122,655	22,823	145,478	168,728	23,101	191,829
EQUITY										
Capital		147,774	-	147,774	190,978	-	190,978	190,978	-	190,978
Treasury shares		(2,870)	-	(2,870)	(2,870)	-	(2,870)	(1,965)	-	(1,965)
Valuation adjustments to equity		-	11,279	11,279	-	11,279	11,279	-	11,279	11,279
Earnings reserve		190,978	(4,885)	186,093	181,023	(6,416)	174,607	183,718	(6,416)	177,302
Retained earnings		-	-	-	-	-	-	14,104	(146)	13,958
Equity attributable to owners of the Company		335,882	6,394	342,276	369,131	4,863	373,994	386,835	4,717	391,552
Noncontrolling interests		61	-	61	63	-	63	51	-	51
Total equity		335,943	6,394	342,337	369,194	4,863	374,057	386,886	4,717	391,603
TOTAL LIABILITIES AND EQUITY		682,441	32,311	714,752	843,575	30,015	873,590	887,215	30,299	917,514

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of consolidated equity

	Equity		
	9/30/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	386,835	369,131	335,882
Adjustments arising from the application of CPCs and IFRSs:			
Unrealized profit on inventories (sale of Editora products to Livraria)	(4,925)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,481)	(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	(4,966)	(5,018)	(4,928)
Subtotal	4,717	4,863	6,394
Noncontrolling interests	51	63	61
Under new accounting standards	<u>391,603</u>	<u>374,057</u>	<u>342,337</u>

Effects on the consolidated income statement

Line items	Item	At 9/30/2010 (date of interim period presented according to previous accounting policies)			At 9/30/2009 (date of comparative quarter presented according to previous accounting policies)		
		Former BR GAAP	Effects of transition to		Former BR GAAP	Effects of transition to	
			IFRSs	IFRSs		IFRSs	IFRSs
NET OPERATING REVENUE	5.3.d)	1,027,129	(1,649)	1,025,480	841,307	(3,576)	837,731
COST OF SALES AND SERVICES	5.3.h)	(588,604)	423	(588,181)	(457,989)	1,670	(456,319)
GROSS PROFIT		<u>438,525</u>	<u>(1,226)</u>	<u>437,299</u>	<u>383,318</u>	<u>(1,906)</u>	<u>381,412</u>
OPERATING (EXPENSES) INCOME							
Selling expenses		(290,790)	-	(290,790)	(252,007)	-	(252,007)
General and administrative expenses		(86,562)	-	(86,562)	(82,097)	-	(82,097)
Depreciation and amortization		(20,026)	-	(20,026)	(15,280)	-	(15,280)
Other operating expenses	5.3.c)	4,104	(7,538)	(3,434)	12,148	(13,620)	(1,472)
Other operating income	5.3.d)	-	8,566	8,566	-	14,464	14,464
		<u>(393,274)</u>	<u>1,028</u>	<u>(392,246)</u>	<u>(337,236)</u>	<u>844</u>	<u>(336,392)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>45,251</u>	<u>(198)</u>	<u>45,053</u>	<u>46,082</u>	<u>(1,062)</u>	<u>45,020</u>
FINANCIAL INCOME (EXPENSES)							
Financial income		2,324	-	2,324	1,915	-	1,915
Financial expenses		(24,459)	-	(24,459)	(15,173)	-	(15,173)
		<u>(22,135)</u>	<u>-</u>	<u>(22,135)</u>	<u>(13,258)</u>	<u>-</u>	<u>(13,258)</u>
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		23,116	(198)	22,918	32,824	(1,062)	31,762
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(2,545)	-	(2,545)	(8,844)	-	(8,844)
Deferred		(6,466)	52	(6,414)	(4,083)	(90)	(4,173)
PROFIT BEFORE NONCONTROLLING INTERESTS		<u>14,105</u>	<u>(146)</u>	<u>13,959</u>	<u>19,897</u>	<u>(1,152)</u>	<u>18,745</u>
Noncontrolling interests	5.3.i)	(1)	-	(1)	-	-	-
PROFIT FOR THE PERIOD		<u>14,104</u>	<u>(146)</u>	<u>13,958</u>	<u>19,897</u>	<u>(1,152)</u>	<u>18,745</u>

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of consolidated net income

	Profit	
	9/30/10	9/30/09
Under prevailing accounting policies before adopting of new accounting standards	14,104	19,897
Adjustments arising from the application of CPCs and IFRSs:		
Unrealized profit on inventories (sale of Editora products to its subsidiary)	(46)	(1,326)
Saraiva Plus customer loyalty program	(152)	264
Deferred income tax and social contribution	52	(90)
Subtotal	(146)	(1,152)
Noncontrolling interests	1	-
Under new accounting standards	13,959	18,745

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

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

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

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

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

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

Corporate Law

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60.500.139/0001-26

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Effects on the individual balance sheet

Line items	Item	At 9/30/2010 (date of interim period presented according to previous accounting policies)								
		At 1/1/2009 (transition date)			At 12/31/2009 (date of last year presented according to previous accounting policies)			At 9/30/2010 (date of interim period 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	768	-	768
Trade receivables		64,162	-	64,162	62,974	-	62,974	43,389	-	43,389
Inventories		82,381	-	82,381	102,779	-	102,779	141,925	-	141,925
Recoverable taxes		4,780	-	4,780	5,824	-	5,824	12,177	-	12,177
Deferred income tax and social contribution	5.3.c)	1,174	(1,174)	-	630	(630)	-	64	(64)	-
Other receivables		2,178	-	2,178	8,116	-	8,116	8,027	-	8,027
Prepaid expenses		123	-	123	530	-	530	16,472	-	16,472
Total current assets		186,528	(1,174)	185,354	210,916	(630)	210,286	222,822	(64)	222,758
NONCURRENT ASSETS										
Long-term assets:										
Intragroup loans		52,167	-	52,167	6,964	-	6,964	-	-	-
Deferred income tax and social contribution	5.3.c)	1,324	1,174	2,498	741	630	1,371	681	64	745
Escrow deposits	5.3.e)	7,240	8,328	15,568	8,512	7,495	16,007	8,513	7,512	16,025
Receivables from sale of PP&E		4,192	-	4,192	1,535	-	1,535	1,643	-	1,643
Other		133	-	133	30	-	30	284	-	284
		65,056	9,502	74,558	17,782	8,125	25,907	11,121	7,576	18,697
Investments:										
In subsidiaries	5.3.h) / 5.3.d)	178,778	(4,885)	173,893	242,138	(6,416)	235,722	246,281	(6,562)	239,719
Other		408	-	408	408	-	408	431	-	431
Property, plant and equipment		18,327	17,089	35,416	18,575	17,089	35,664	18,150	17,089	35,239
Intangible assets		5,380	-	5,380	6,901	-	6,901	7,201	-	7,201
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	297,780	18,103	315,883
TOTAL ASSETS		469,073	20,532	489,605	511,316	18,168	529,484	520,602	18,039	538,641
LIABILITIES AND EQUITY										
CURRENT LIABILITIES										
Trade payables		49,160	-	49,160	35,655	-	35,655	39,076	-	39,076
Borrowings and financing		11,269	-	11,269	10,344	-	10,344	3,861	-	3,861
Accrued payroll and related taxes		5,832	-	5,832	6,755	-	6,755	8,862	-	8,862
Taxes payable		1,742	-	1,742	1,651	-	1,651	1,822	-	1,822
Provision for income tax and social contribution		4,703	-	4,703	703	-	703	-	-	-
Copyrights payable		10,803	-	10,803	6,342	-	6,342	-	-	-
Management profit sharing		3,956	-	3,956	4,065	-	4,065	-	-	-
Dividends and interest on capital		19,776	-	19,776	20,724	-	20,724	41	-	41
Operating leases - store rentals		50	-	50	517	-	517	513	-	513
Other payables		6,814	-	6,814	2,114	-	2,114	2,401	-	2,401
Total current liabilities		114,105	-	114,105	88,870	-	88,870	56,576	-	56,576
NONCURRENT LIABILITIES										
Borrowings and financing		10,247	-	10,247	43,203	-	43,203	61,347	-	61,347
Intragroup borrowings		-	-	-	-	-	-	2,867	-	2,867
Deferred income tax and social contribution		5,891	5,810	11,701	7,741	5,810	13,551	11,137	5,810	16,947
Provision for tax, civil and labor contingencies	5.3.e)	1,258	8,328	9,586	1,276	7,495	8,771	1,190	7,512	8,702
Taxes payable		1,481	-	1,481	958	-	958	566	-	566
Other payables		209	-	209	137	-	137	84	-	84
Total noncurrent liabilities		19,086	14,138	33,224	53,315	13,305	66,620	77,191	13,322	90,513
EQUITY										
Capital		147,774	-	147,774	190,978	-	190,978	190,978	-	190,978
Treasury shares		(2,870)	-	(2,870)	(2,870)	-	(2,870)	(1,965)	-	(1,965)
Valuation adjustments to equity		-	11,279	11,279	-	11,279	11,279	-	11,279	11,279
Earnings reserve		190,978	(4,885)	186,093	181,023	(6,416)	174,607	183,718	(6,416)	177,302
Retained earnings		-	-	-	-	-	-	14,104	(146)	13,958
Total equity		335,882	6,394	342,276	369,131	4,863	373,994	386,835	4,717	391,552
TOTAL LIABILITIES AND EQUITY		469,073	20,532	489,605	511,316	18,168	529,484	520,602	18,039	538,641

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06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of the individual equity

	Equity		
	9/30/10	12/31/09	1/1/09
Under prevailing accounting policies before adopting of new accounting standards	386,835	369,131	335,882
Adjustments arising from the application of CPCs and IFRSs:			
Unrealized profit on inventories (sale of Editora products to Livraria)	(4,925)	(4,879)	(3,173)
Saraiva Plus customer loyalty program	(2,481)	(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	(4,966)	(5,018)	(4,928)
Subtotal	<u>4,717</u>	<u>4,863</u>	<u>6,394</u>
Under new accounting standards	<u>391,552</u>	<u>373,994</u>	<u>342,276</u>

Effects on the individual income statement

Line items	Item	At 9/30/2010 (date of interim period presented according to previous accounting policies)			At 9/30/2009 (date of comparative quarter presented according to previous accounting policies)		
		Effects of			Effects of		
		Former BR GAAP	transition to CPCs	Restated BR GAAP	Former BR GAAP	transition to CPCs	Restated BR GAAP
NET OPERATING REVENUE		207,437	-	207,437	195,417	-	195,417
COST OF SALES AND SERVICES		(52,656)	-	(52,656)	(49,109)	-	(49,109)
GROSS PROFIT		<u>154,781</u>	<u>-</u>	<u>154,781</u>	<u>146,308</u>	<u>-</u>	<u>146,308</u>
OPERATING (EXPENSES) INCOME							
Selling expenses		(87,108)	-	(87,108)	(76,161)	-	(76,161)
General and administrative expenses		(41,896)	-	(41,896)	(41,311)	-	(41,311)
Depreciation and amortization		(3,557)	-	(3,557)	(3,515)	-	(3,515)
Equity in subsidiary	5.3.h) / 5.3.d)	4,130	(146)	3,984	329	(1,152)	(823)
Other operating expenses	5.3.c)	44	(717)	(673)	9,603	(10,565)	(962)
Other operating income		-	717	717	-	10,565	10,565
		<u>(128,387)</u>	<u>(146)</u>	<u>(128,533)</u>	<u>(111,055)</u>	<u>(1,152)</u>	<u>(112,207)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME (EXPENSES)		<u>26,394</u>	<u>(146)</u>	<u>26,248</u>	<u>35,253</u>	<u>(1,152)</u>	<u>34,101</u>
FINANCIAL INCOME (EXPENSES)							
Financial income		3,111	-	3,111	3,179	-	3,179
Financial expenses		(8,834)	-	(8,834)	(7,001)	-	(7,001)
		<u>(5,723)</u>	<u>-</u>	<u>(5,723)</u>	<u>(3,822)</u>	<u>-</u>	<u>(3,822)</u>
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		20,671	(146)	20,525	31,431	(1,152)	30,279
INCOME TAX AND SOCIAL CONTRIBUTION							
Current		(2,545)	-	(2,545)	(7,955)	-	(7,955)
Deferred		(4,022)	-	(4,022)	(3,579)	-	(3,579)
PROFIT FOR THE PERIOD		<u>14,104</u>	<u>(146)</u>	<u>13,958</u>	<u>19,897</u>	<u>(1,152)</u>	<u>18,745</u>

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

Reconciliation of individual net income

	Profit	
	<u>31/09/10</u>	<u>31/09/09</u>
Under prevailing accounting policies before adopting of new accounting standards	<u>14,104</u>	<u>19,897</u>
Adjustments arising from the application of CPCs and IFRSs:		
Unrealized profit on inventories (sale of Editora products to its subsidiary)	(46)	(1,326)
Saraiva Plus customer loyalty program	(152)	264
Deferred income tax and social contribution	<u>52</u>	<u>(90)</u>
Subtotal	<u>(146)</u>	<u>(1,152)</u>
Under new accounting standards	<u>13,958</u>	<u>18,745</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>9/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	6,105	5,275
Deferred revenue related to accumulated points	33,959	21,346
Revenue recognized due to redemption of accumulated points	<u>(32,779)</u>	<u>(20,516)</u>
Balance at end of period/year	7,285	6,105
Balances recognized under former polices	<u>4,804</u>	<u>3,776</u>
Adjustment to new accounting polices	<u>2,481</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>9/30/10</u>	<u>12/31/09</u>
Balance at beginning of period/year	4,879	3,173
Net sales revenue	469	3,806
Cost of sales	<u>(423)</u>	<u>(2,100)</u>
Balance at end of period/year	<u>4,925</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 statement of financial position 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 September 30, 2010 are the first to be presented in accordance with IFRSs. Editora prepared the opening balance sheet as at January 1, 2009 pursuant to IFRS 1, and applied the mandatory exception and certain exemptions, retrospectively, to the full application of the IFRSs.

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

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

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- 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)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Cash and banks	768	1,044	1,693	3,535	9,743	7,786
Short-term investments (*)	-	29,019	30,037	-	29,019	30,037
	<u>768</u>	<u>30,063</u>	<u>31,730</u>	<u>3,535</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)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
	Trade notes receivable	30,841	53,485	56,773	35,941	59,608
Trade notes receivable - Livreria	10,707	7,308	4,706	-	-	-
Credit cards	137	90	117	164,342	157,774	137,254
Checks receivable	<u>3,921</u>	<u>4,000</u>	<u>4,911</u>	<u>5,401</u>	<u>5,801</u>	<u>6,717</u>
	45,606	64,883	66,507	205,684	223,183	206,765
Allowance for doubtful accounts	<u>(2,217)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(5,380)</u>	<u>(6,852)</u>	<u>(7,122)</u>
	<u>43,389</u>	<u>62,974</u>	<u>64,162</u>	<u>200,304</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)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
	Current	40,025	58,930	60,733	196,721	211,613
Past-due:						
Up to 60 days	1,454	2,143	2,569	1,662	2,654	2,841
61 to 90 days	454	834	420	455	884	442
From 91 to 180 days	1,456	1,067	440	1,466	1,180	601
More than 180 days	<u>2,217</u>	<u>1,909</u>	<u>2,345</u>	<u>5,380</u>	<u>6,852</u>	<u>7,122</u>
	<u>45,606</u>	<u>64,883</u>	<u>66,507</u>	<u>205,684</u>	<u>223,183</u>	<u>206,765</u>

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b) Changes in the allowance for doubtful accounts

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
	Balance at beginning of period/year	(1,909)	(2,345)	(2,075)	(6,852)	(7,122)
Write-off of receivables assessed as uncollectible	1,544	1,871	1,674	4,338	2,624	2,374
Receivables assessed as uncollectible in the period/year	(2,029)	(1,544)	(1,871)	(3,038)	(2,396)	(2,242)
Reversal of prior year allowance	365	474	401	494	536	455
Allowance for the period/year	<u>(188)</u>	<u>(365)</u>	<u>(474)</u>	<u>(322)</u>	<u>(494)</u>	<u>(536)</u>
Balance at end of period/year	<u>(2,217)</u>	<u>(1,909)</u>	<u>(2,345)</u>	<u>(5,380)</u>	<u>(6,852)</u>	<u>(7,122)</u>

The amount recognized in profit or loss is as follows:

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Receivables assessed as uncollectible in the period/year	(2,029)	(86)	(3,038)	(334)
Allowance for the period/year less reversal of prior year allowance	177	(387)	172	(317)
Recovery of receivables assessed as uncollectible	<u>266</u>	<u>386</u>	<u>292</u>	<u>126</u>
	<u>(1,586)</u>	<u>(87)</u>	<u>(2,574)</u>	<u>(525)</u>

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8. INVENTORIES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Goods for resale	463	145	4,784	180,842	196,044	143,207
Finished products	79,269	57,464	47,173	79,863	57,464	47,173
Work in process	42,000	32,831	23,408	42,000	32,831	23,408
Raw materials	19,393	11,487	6,181	19,393	11,487	6,181
Packaging and consumption materials	800	852	835	2,311	2,201	1,780
	<u>141,925</u>	<u>102,779</u>	<u>82,381</u>	<u>324,409</u>	<u>300,027</u>	<u>221,749</u>
Allowance for inventory obsolescence	-	-	-	(594)	(2,430)	(5,418)
Unrealized profit on inventories (sale of Editora products to Livraria)	-	-	-	(4,925)	(4,879)	(3,173)
	<u>141,925</u>	<u>102,779</u>	<u>82,381</u>	<u>318,890</u>	<u>292,718</u>	<u>213,158</u>

9. RECOVERABLE TAXES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Tax on revenue (COFINS)	6,525	3,238	3,083	31,515	21,306	11,749
Tax on revenue (PIS)	1,363	1,393	1,697	7,440	5,939	4,005
Business income tax (IRPJ)	2,530	-	-	5,665	2,825	801
Social contribution on profit (CSLL)	1,759	1,193	-	3,099	2,326	113
State VAT (ICMS) (*)	-	-	-	31,821	624	2,447
Other	-	-	-	-	88	96
	<u>12,177</u>	<u>5,824</u>	<u>4,780</u>	<u>79,540</u>	<u>33,108</u>	<u>19,211</u>
Current assets	12,177	5,824	4,780	61,975	24,154	19,211
Noncurrent assets	-	-	-	17,565	8,954	-
	<u>12,177</u>	<u>5,824</u>	<u>4,780</u>	<u>79,540</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.

The credit estimated and recognized at September 30, 2010 is R\$24,371 and is subject to the compliance with the requirements above and a review at the time the work is completed. The credit amount for transactions conducted in 2008 and 2009 is still to be determined and will be reasonably known when the calculation activities are completed.

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10. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred income tax and social contribution

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Noncurrent assets:						
Tax loss carryforwards	-	-	-	20,306	14,924	13,431
Provision for contingencies and taxes payable	681	741	1,324	4,540	4,768	6,023
Accrued sale costs of products received on consignment	-	-	-	4,941	7,670	5,490
Saraiva Plus customer loyalty program	-	-	-	2,477	2,076	1,793
Provision for inventory obsolescence	-	-	-	202	826	1,260
Allowance for doubtful accounts	64	124	-	771	1,589	1,581
Other provisions	-	506	1,174	563	976	1,681
	<u>745</u>	<u>1,371</u>	<u>2,498</u>	<u>33,800</u>	<u>32,829</u>	<u>31,259</u>

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	31/03/10	12/31/09	1/1/09
Noncurrent liabilities:						
Provision for book inventory losses (*)	9,036	6,529	5,888	16,603	14,149	13,031
Tax amortization of goodwill on business acquisitions	2,098	1,209	-	11,596	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>16,947</u>	<u>13,551</u>	<u>11,701</u>	<u>34,012</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	8,890
December 31, 2011	10,374
December 31, 2012	8,780
December 31, 2013	<u>5,011</u>
	<u>33,055</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		Consolidated	
	(BR GAAP)		(IFRS & BR GAAP)	
	<u>9/30/10</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/09</u>
Accounting profit before income tax and social contribution	20,525	30,279	22,918	31,762
Management profit sharing	<u>1,567</u>	<u>2,211</u>	<u>1,567</u>	<u>2,211</u>
Taxable profit	<u>22,092</u>	<u>32,490</u>	<u>24,485</u>	<u>33,973</u>
Combined tax rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution at combined tax rate	(7,511)	(11,046)	(8,325)	(11,550)
Permanent additions - nondeductible expenses	(668)	(589)	(877)	(773)
Unrealized profit on inventories	-	-	(15)	(451)
Permanent exclusions -				
Equity in subsidiary	1,354	(280)	-	-
Other deductions (additions)	141	198	141	198
Other	<u>117</u>	<u>183</u>	<u>117</u>	<u>(441)</u>
	<u>(6,567)</u>	<u>(11,534)</u>	<u>(8,959)</u>	<u>(13,017)</u>

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	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Income tax and social contribution in the income statement:				
Current	(2,545)	(7,955)	(2,545)	(8,844)
Deferred	(4,022)	(3,579)	(6,414)	(4,173)
	<u>(6,567)</u>	<u>(11,534)</u>	<u>(8,959)</u>	<u>(13,017)</u>
Effective tax rate on profit	<u>29.73%</u>	<u>35.50%</u>	<u>36.59%</u>	<u>38.32%</u>

11. RELATED-PARTY TRANSACTIONS

a) Business transactions and intragroup loans

Related-party transactions include business purchase and sale transactions, donations, and intragroup loans.

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.

In the nine-month period ended September 30, 2010, donations made totaled R\$300 (R\$300 in the nine-month period ended September 30, 2009).

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

	9/30/10	12/31/09	1/1/09	
	<u>Livraria</u>	<u>Livraria</u>	<u>Livraria</u>	<u>Ético</u> <u>Total</u>
Balance at beginning of period/year	6,964	52,167	14,736	5,743 20,479
Loans less repayments	(8,327)	10,923	34,398	(5,743) 28,655
Transfer for Livraria's capital increase	-	(58,000)	-	- -
Financial income	<u>1,363</u>	<u>1,874</u>	<u>3,033</u>	- <u>3,033</u>
Balance at end of period/year	<u>-</u>	<u>6,964</u>	<u>52,167</u>	<u>-</u> <u>52,167</u>

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The main balance and transactions are as follows:

	<u>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Balances:			
Assets:			
Receivables (current)	10,707	7,308	3,786
Loans - intercompany loan agreement (noncurrent)	-	6,964	52,167
Liabilities-			
Trade payables (current)	1	1	920
Borrowings - intercompany loan agreement (current)	2,867		
		<u>9/30/10</u>	<u>9/30/09</u>
Transactions:			
Product sales		36,492	28,766
Product purchases		16	68
Financial income		1,368	1,870
Financial expenses		4	82

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>9/30/10</u>	<u>9/30/09</u>
Directors' salaries	2,098	1,649
Officers' salaries	<u>5,692</u>	<u>5,717</u>
Subtotal	7,790	7,366
Share-based compensation	<u>944</u>	<u>710</u>
	<u>8,734</u>	<u>8,076</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 September 30, 2010 is R\$1,567 (R\$2,211 accrued as at September 30, 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>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Number of shares - in thousands	193,053	193,053	145,775
Number of shares held - in thousands	193,013	193,003	145,725
Equity interest	99.98%	99.97%	99.97%
Percentage of investment in Editora's equity (includes intragroup loans)	62.28%	64.89%	66.05%
Adjusted capital	296,317	296,317	238,317
Equity	244,695	240,664	177,127
(-) Unrealized profit	<u>(4,925)</u>	<u>(4,879)</u>	<u>(3,173)</u>
Calculation basis of investment	<u>239,770</u>	<u>235,785</u>	<u>173,954</u>
Total investment	<u>239,719</u>	<u>235,722</u>	<u>173,893</u>

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

	<u>Editora (BR GAAP)</u>	
	<u>9/30/10</u>	<u>9/30/09</u>
Calculation basis of equity in subsidiary:		
Livraria's profit	4,031	503
Unrealized profit on inventories on sales to Livraria	<u>(46)</u>	<u>(1,326)</u>
Adjusted calculation basis of equity in subsidiary	<u>3,985</u>	<u>(823)</u>
Equity in subsidiary	<u>3,984</u>	<u>(823)</u>

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The changes recognized in investments were as follows:

	Editora (BR GAAP)	
	9/30/10	12/31/09
Balance at beginning of year/period	235,722	173,893
Capital increase in subsidiary - Livraria	-	58,000
Acquisition of noncontrolling interests	13	-
Equity in subsidiaries	<u>3,984</u>	<u>3,829</u>
Balance at end of period/year	<u>239,719</u>	<u>235,722</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Annual depreciation rate - %	9/30/10			12/31/09			1/1/09		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land	-	18,527	-	18,527	18,527	-	18,527	19,100	-	19,100
Buildings and construction	4	7,361	(3,923)	3,438	7,361	(3,704)	3,657	8,172	(4,216)	3,956
Machinery and equipment	10	1,913	(1,611)	302	1,916	(1,538)	378	1,854	(1,436)	418
Furniture, fixtures and facilities	10	17,888	(11,158)	6,730	16,159	(10,431)	5,728	22,681	(20,125)	2,556
Vehicles	20	6,660	(3,524)	3,136	6,485	(3,031)	3,454	5,978	(2,418)	3,560
IT equipment	20	13,330	(10,362)	2,968	12,843	(10,014)	2,829	11,133	(9,359)	1,774
Constructions in progress	-	<u>138</u>	<u>-</u>	<u>138</u>	<u>1,091</u>	<u>-</u>	<u>1,091</u>	<u>4,052</u>	<u>-</u>	<u>4,052</u>
		<u>65,817</u>	<u>(30,578)</u>	<u>35,239</u>	<u>64,382</u>	<u>(28,718)</u>	<u>35,664</u>	<u>72,970</u>	<u>(37,554)</u>	<u>35,416</u>

Consolidated (IFRS & BR GAAP)

	Annual depreciation rate - %	9/30/10			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	(4,762)	4,040	8,802	(4,501)	4,301	9,613	(4,957)	4,656
Machinery and equipment	10	2,913	(2,436)	477	2,917	(2,337)	580	2,855	(2,170)	685
Furniture, fixtures and facilities	10	176,609	(98,121)	78,488	159,966	(87,916)	72,050	122,429	(85,055)	37,374
Vehicles	20	7,451	(3,982)	3,469	7,250	(3,476)	3,774	6,743	(2,751)	3,992
IT equipment	20	39,674	(28,385)	11,289	37,240	(26,117)	11,123	32,383	(23,953)	8,430
Constructions in progress	-	<u>5,793</u>	<u>-</u>	<u>5,793</u>	<u>11,062</u>	<u>-</u>	<u>11,062</u>	<u>10,531</u>	<u>-</u>	<u>10,531</u>
		<u>259,772</u>	<u>(137,686)</u>	<u>122,086</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>

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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	9/30/10
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	1,240	(836)	1,325	17,888
Vehicles	5,978	1,250	(743)	-	6,485	559	(384)	-	6,660
IT equipment	11,133	1,932	(222)	-	12,843	882	(395)	-	13,330
Constructions in progress	4,052	-	-	(2,961)	1,091	372	-	(1,325)	138
Total cost	<u>72,970</u>	<u>6,615</u>	<u>(13,606)</u>	<u>(1,597)</u>	<u>64,382</u>	<u>3,055</u>	<u>(1,620)</u>	<u>-</u>	<u>65,817</u>
Accumulated depreciation:									
Land	-	-	-	-	-	-	-	-	-
Buildings and construction	(4,216)	(292)	804	-	(3,704)	(219)	-	-	(3,923)
Machinery and equipment	(1,436)	(102)	-	-	(1,538)	(78)	5	-	(1,611)
Furniture, fixtures and facilities	(20,125)	(1,055)	10,749	-	(10,431)	(874)	147	-	(11,158)
Vehicles	(2,418)	(1,116)	503	-	(3,031)	(792)	299	-	(3,524)
IT equipment	(9,359)	(853)	198	-	(10,014)	(715)	367	-	(10,362)
Total depreciation	<u>(37,554)</u>	<u>(3,418)</u>	<u>12,254</u>	<u>-</u>	<u>(28,718)</u>	<u>(2,678)</u>	<u>818</u>	<u>-</u>	<u>(30,578)</u>
Net	<u>35,416</u>	<u>3,197</u>	<u>(1,352)</u>	<u>(1,597)</u>	<u>35,664</u>	<u>377</u>	<u>(802)</u>	<u>-</u>	<u>35,239</u>
	Consolidated (IFRS & BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	9/30/10
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	(6)	-	2,913
Furniture, fixtures and facilities	122,429	47,641	(11,468)	1,364	159,966	7,287	(5,127)	23,573	185,699
Vehicles	6,743	1,250	(743)	-	7,250	663	(462)	-	7,451
IT equipment	32,383	5,994	(1,137)	-	37,240	3,018	(584)	-	39,674
Constructions in progress	10,531	9,161	-	(8,630)	11,062	9,214	-	(23,573)	(3,297)
Total cost	<u>203,657</u>	<u>64,108</u>	<u>(14,732)</u>	<u>(7,266)</u>	<u>245,767</u>	<u>20,184</u>	<u>(6,179)</u>	<u>-</u>	<u>259,772</u>
Accumulated depreciation:									
Land	-	-	-	-	-	-	-	-	-
Buildings and construction	(4,957)	(348)	804	-	(4,501)	(261)	-	-	(4,762)
Machinery and equipment	(2,170)	(167)	-	-	(2,337)	(105)	6	-	(2,436)
Furniture, fixtures and facilities	(85,055)	(13,818)	10,957	-	(87,916)	(14,433)	4,228	-	(98,121)
Vehicles	(2,751)	(1,228)	503	-	(3,476)	(883)	377	-	(3,982)
IT equipment	(23,953)	(3,262)	1,098	-	(26,117)	(2,799)	531	-	(28,385)
Total depreciation	<u>(118,886)</u>	<u>(18,823)</u>	<u>13,362</u>	<u>-</u>	<u>(124,347)</u>	<u>(18,481)</u>	<u>5,142</u>	<u>-</u>	<u>(137,686)</u>
Net	<u>84,771</u>	<u>45,285</u>	<u>(1,370)</u>	<u>(7,266)</u>	<u>121,420</u>	<u>1,703</u>	<u>(1,037)</u>	<u>-</u>	<u>122,086</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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14. INTANGIBLE ASSETS

	Annual amortization rate - %	Editora (BR GAAP)								
		9/30/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Assignment of rights	20	2,932	(1,947)	985	2,932	(1,792)	1,140	2,932	(1,562)	1,370
Software	20	16,570	(13,758)	2,812	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	(603)	1,119	1,722	(344)	1,378	-	-	-
Intangibles in progress	-	<u>2,097</u>	-	<u>2,097</u>	<u>2,137</u>	-	<u>2,137</u>	-	-	-
		<u>23,509</u>	<u>(16,308)</u>	<u>7,201</u>	<u>22,128</u>	<u>(15,227)</u>	<u>6,901</u>	<u>19,160</u>	<u>(13,780)</u>	<u>5,380</u>
Consolidated (IFRS & BR GAAP)										
	Annual amortization rate - %	Consolidated (IFRS & BR GAAP)								
		9/30/10			12/31/09			1/1/09		
		Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill	20	25,332	(22,679)	2,653	25,952	(22,665)	3,287	24,002	(22,076)	1,926
Assignment of rights	20	2,932	(1,947)	985	2,932	(1,792)	1,140	2,932	(1,562)	1,370
Software	20	31,555	(23,785)	7,770	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	(603)	1,119	1,722	(344)	1,378	269	-	269
Intangibles in progress	-	11,016	-	11,016	6,309	-	6,309	-	-	-
Leased intangible	50	-	-	-	-	-	-	-	-	-
		<u>72,880</u>	<u>(49,079)</u>	<u>23,801</u>	<u>64,634</u>	<u>(46,999)</u>	<u>17,635</u>	<u>54,954</u>	<u>(43,344)</u>	<u>11,610</u>

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

	Editora (BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	9/30/10
Cost:									
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932
Software	16,040	831	-	(1,722)	15,149	1,422	-	(1)	16,570
Trademarks and patents	188	-	-	-	188	-	-	-	188
Other intangible assets	-	-	-	1,722	1,722	-	-	-	1,722
Intangibles in progress	-	<u>540</u>	-	<u>1,597</u>	<u>2,137</u>	<u>(40)</u>	-	-	<u>2,097</u>
Total cost	<u>19,160</u>	<u>1,371</u>	=	<u>1,597</u>	<u>22,128</u>	<u>1,382</u>	=	<u>(1)</u>	<u>23,509</u>
Accumulated amortization:									
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(155)	-	-	(1,947)
Software	(12,218)	(1,217)	-	344	(13,091)	(668)	-	1	(13,758)
Trademarks and patents	-	-	-	-	-	-	-	-	-
Other intangible assets	-	-	-	(344)	(344)	(259)	-	-	(603)
Total amortization	<u>(13,780)</u>	<u>(1,447)</u>	=	=	<u>(15,227)</u>	<u>(1,082)</u>	=	<u>1</u>	<u>(16,308)</u>
Net	<u>5,380</u>	<u>(76)</u>	=	<u>1,597</u>	<u>6,901</u>	<u>300</u>	=	=	<u>7,201</u>

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	Consolidated (IFRS & BR GAAP)								
	1/1/09	Additions	Write-offs	Transfers	12/31/09	Additions	Write-offs	Transfers	9/30/10
Cost:									
Goodwill	24,002	1,950	-	-	25,952	-	(620)	-	25,332
Assignment of rights	2,932	-	-	-	2,932	-	-	-	2,932
Software	27,428	1,690	-	(1,722)	27,396	4,168	(7)	(2)	31,555
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	4,705	-	2	11,016
Leased intangible	-	-	-	-	-	-	-	-	-
Total cost	<u>54,954</u>	<u>4,280</u>	<u>(269)</u>	<u>5,669</u>	<u>64,634</u>	<u>8,873</u>	<u>(627)</u>	<u>-</u>	<u>72,880</u>
Accumulated amortization:									
Goodwill	(22,076)	(589)	-	-	(22,665)	(634)	620	-	(22,679)
Assignment of rights	(1,562)	(230)	-	-	(1,792)	(155)	-	-	(1,947)
Software	(19,643)	(2,835)	-	344	(22,134)	(1,651)	-	-	(23,785)
Trademarks and patents	(63)	(1)	-	-	(64)	(1)	-	-	(65)
Other intangible assets	-	-	-	(344)	(344)	(259)	-	-	(603)
Total amortization	<u>(43,344)</u>	<u>(3,655)</u>	<u>-</u>	<u>-</u>	<u>(46,999)</u>	<u>(2,700)</u>	<u>620</u>	<u>-</u>	<u>(49,079)</u>
Net	<u>11,610</u>	<u>625</u>	<u>(269)</u>	<u>5,669</u>	<u>17,635</u>	<u>6,173</u>	<u>(7)</u>	<u>-</u>	<u>23,801</u>

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

15. GOODWILL

	Acquisition date	Editora (BR GAAP)		
		9/30/10	12/31/09	1/1/09
Goodwill on business acquisition:				
Formato	8/4/2003	70	70	70
Ético	12/7/2007	<u>14,526</u>	<u>14,526</u>	<u>14,526</u>
		<u>14,596</u>	<u>14,596</u>	<u>14,596</u>

	Acquisition date	Consolidated (IFRS & BR GAAP)		
		9/30/10	12/31/09	1/1/09
Goodwill on business acquisition:				
Formato	8/4/2003	70	70	70
Ético	12/7/2007	14,526	14,526	14,526
Siciliano	3/6/2008	<u>62,671</u>	<u>62,671</u>	<u>66,245</u>
		<u>77,267</u>	<u>77,267</u>	<u>80,841</u>

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

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	12/31/09	9/30/10	12/31/09
Balance at beginning of year/period	14,596	14,596	77,267	80,841
Price adjustment (*)	-	-	-	(3,574)
Balance at end of period/year	<u>14,596</u>	<u>14,596</u>	<u>77,267</u>	<u>77,267</u>

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

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

At the end of the reporting period, Editora measured the recoverable amount of goodwill and concluded that the amounts recognized are not impaired as at December 31, 2009 and January 1, 2009. The recoverable amounts of Siciliano's CGUs, included in the Livraria segment, and Ético Sistema de Ensino, 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)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Current - local currency:						
BNDES - FINAME	3,861	10,344	11,269	10,085	17,251	17,765
Working capital loans	-	-	-	85,488	64,207	24,552
	<u>3,861</u>	<u>10,344</u>	<u>11,269</u>	<u>95,573</u>	<u>81,458</u>	<u>42,317</u>
Noncurrent - local currency:						
BNDES - FINAME	<u>61,347</u>	<u>43,203</u>	<u>10,247</u>	<u>133,060</u>	<u>92,348</u>	<u>21,822</u>

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Summary of the characteristics of financing

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

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

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

In February 2009, Editora and Livraria entered into with new agreements with BNDES totaling R\$71,900 and R\$69,700, respectively, of which R\$83,364 were disbursed in 2009 and R\$38,114 in the nine-month period ended September 30, 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 the nine-month period ended September 30, 2010 is R\$5,613 in Editora (R\$2,731 for the nine-month period ended September 30, 2009) and R\$11,788 in consolidated (R\$5,766 for the nine-month period ended September 30, 2009).

Livraria raised other working capital loans, totaling R\$107,000, in 2009, namely R\$77,000 up to December 31, 2009 and R\$30,000 as at September 30, 2010, which bear average interest equivalent to 119% of CDI. The amount recognized as financial expenses for the

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nine-month period ended September 30, 2010 is R\$5,059 (R\$939 for the nine-month period ended September 30, 2009).

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

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

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

17. DEFERRED REVENUE - CUSTOMER LOYALTY PROGRAM

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

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

As at September 30, 2010, deferred revenue of the loyalty program, recognized in a specific line item in consolidated, is R\$7,285 (R\$6,105 as at December 31, 2009 and R\$5,275 as at January 1, 2009).

18. TRADE PAYABLES

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	<u>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>	<u>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Domestic	36,674	35,655	49,160	187,470	195,904	171,167
Foreign	<u>2,402</u>	<u>-</u>	<u>-</u>	<u>4,175</u>	<u>1,947</u>	<u>2,760</u>
	<u>39,076</u>	<u>35,655</u>	<u>49,160</u>	<u>191,645</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.

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19. TAXES PAYABLE

	Editora (BR GAAP)			Consolidated (IFRS & BR GAAP)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
Taxes in installments - Law 11941/09	618	-	-	2,952	-	-
State VAT (ICMS) (a)	-	-	21	-	1,703	21
Income tax and social contribution installment plan (b)	-	-	-	-	1,193	3,044
Social contribution installment plan (c)	1,102	1,491	2,008	1,102	1,491	2,008
Withholding income tax (IRRF)	582	1,038	1,043	1,021	1,601	1,715
Taxes on revenue (PIS and COFINS)	38	40	97	382	442	296
Other	48	40	54	371	247	203
	<u>2,388</u>	<u>2,609</u>	<u>3,223</u>	<u>5,828</u>	<u>6,677</u>	<u>7,287</u>
Current liabilities	1,822	1,651	1,742	5,262	5,719	4,669
Noncurrent liabilities	566	958	1,481	566	958	2,618
	<u>2,388</u>	<u>2,609</u>	<u>3,223</u>	<u>5,828</u>	<u>6,677</u>	<u>7,287</u>

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

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.

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20. ACCRUED PAYROLL AND RELATED CHARGES

	Editora (BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	9/30/10
Vacation pay	2,985	4,509	(4,121)	3,373	3,472	(2,783)	4,062
13 th salary	-	3,296	(3,296)	-	2,634	(1,850)	784
Payroll	-	34,385	(34,385)	-	28,063	(28,063)	-
Severance pay fund (FGTS)	629	3,922	(3,831)	720	3,539	(3,535)	724
Social security tax (INSS)	2,218	12,387	(11,943)	2,662	11,153	(10,523)	3,292
Profit sharing	-	2,933	(2,933)	-	3,200	(3,200)	-
	<u>5,832</u>	<u>61,432</u>	<u>(60,509)</u>	<u>6,755</u>	<u>52,061</u>	<u>(49,954)</u>	<u>8,862</u>

	Consolidated (IFRS & BR GAAP)						
	1/1/09	Expense	Payment	12/31/09	Expense	Payment	9/30/10
Vacation pay	6,604	10,039	(9,119)	7,524	8,151	(7,118)	8,557
13 th salary	-	7,153	(7,153)	-	5,925	(4,151)	1,774
Payroll	-	75,453	(75,453)	-	64,025	(64,025)	-
Severance pay fund (FGTS)	1,357	9,127	(8,969)	1,515	8,019	(8,025)	1,509
Social security tax (INSS)	4,560	26,224	(25,049)	5,735	24,032	(22,167)	7,600
Profit sharing	-	4,999	(4,999)	-	5,562	(5,562)	-
	<u>12,521</u>	<u>132,995</u>	<u>(130,742)</u>	<u>14,774</u>	<u>115,714</u>	<u>(111,048)</u>	<u>19,440</u>

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	9/30/10
PIS/COFINS (a)	7,467	28	-	7,495	(81)	7,414
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	1,015	18	-	1,033	12	1,045
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>(69)</u>	<u>8,702</u>

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	1/1/09	Recognition/ payment	Reversal	12/31/09	Recognition/ payment	9/30/10
PIS/COFINS (a)	16,673	364	-	17,037	(1,077)	15,960
IRPJ/CSLL - Real Plan (b)	861	(861)	-	-	-	-
PIS - Supplementary Law 7/70 (c)	2,529	48	-	2,577	33	2,610
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>(1,044)</u>	<u>18,813</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\$17,650, classified in noncurrent assets.
- (b) In a ruling dated August 21, 2006, the Federal Revenue Service required Livraria to pay part of the amount accrued for the lawsuit challenging the Real plan (Brazilian economic plan) - Law 8880/94, amounting to R\$4. The same ruling implicitly approves the credit under discussion represented by the provision of R\$1,613, which was reversed and recorded in 2007 in line item "Other operating income (expenses)". Editora's lawsuit was paid on November 30, 2009, utilizing the benefits set forth by Law 11941/09, totaling R\$538. Requests were filed for the withdrawal of the lawsuit and the withdrawal of the escrow deposit amounting to R\$861, classified in noncurrent assets.
- (c) Editora and Livraria filed in 1989 a lawsuit requesting the court to annul the legal obligation of paying 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 assessed as possible.

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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)		
	9/30/10	12/31/09	1/1/09	9/30/10	12/31/09	1/1/09
PIS/COFINS (*)	7,870	7,855	7,821	17,650	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	3,108	3,096	2,464
Labor lawsuits	1,014	1,012	610	1,326	1,270	805
	<u>16,025</u>	<u>16,007</u>	<u>15,568</u>	<u>27,308</u>	<u>26,963</u>	<u>25,499</u>

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

22. EQUITY

a) Capital

The Extraordinary Shareholders' Meeting held on April 23, 2009 approved the increase of capital to R\$190,978 using R\$43,204 of the earnings reserve, without changing the number of shares.

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

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

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.

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- Dividends equal to those paid on common shares.
- Share in the distribution of bonus shares out of capitalization of reserves, retained earnings and any other funds, under the same terms and conditions granted to common shareholders.

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

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

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

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

c) Dividends and interest on capital

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

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

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

d) Legal reserve

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

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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				Amounts to be recognized in future years
	Up to year ended 12/31/0	In year ended 12/31/09	In the nine-month period ended 9/30/10	Total	
2007 - 3 rd Plan	822	427	81	1,330	-
2008 - 4 th Plan	418	482	367	1,267	211
2009 - 5 th Plan	-	57	496	553	955
	<u>1,240</u>	<u>966</u>	<u>944</u>	<u>3,150</u>	<u>1,166</u>

The table below shows the changes in stock option grants in the nine-month period ended September 30, 2010:

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

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

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

	3 rd Plan	4 th Plan	5 th Plan
Grant date	3/5/2007	2/28/2008	11/30/2009
Beginning of option exercise period	3/8/2010	3/8/2011	3/8/2012
End of option exercise period	5/7/2010	5/7/2011	5/10/2012
Risk-free interest rate	12.01%	12.45%	12.20%
Number of eligible managers and employees	19	22	27
Price set - R\$	21.50	30.00	27.00
Index	IPCA	IPCA	IPCA
Number of outstanding options (*)	<u>123,800</u>	<u>124,600</u>	<u>125,000</u>
Option fair value on grant date - per option - R\$	<u>11.20</u>	<u>12.61</u>	<u>12.06</u>
Option value for the year, adjusted by the IPCA and dividends distributed up to September 30, 2010 - R\$	<u>23.28</u>	<u>32.40</u>	<u>27.19</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 totaling R\$35,683 was allocated to the reserve for future capital increase, as prescribed by the bylaws, adjusted to R\$28,102 after the adoption of CPCs and IFRSs. This allocation was submitted to the Annual Shareholders' Meeting.

g) Noncontrolling interests

	9/30/10	12/31/09
Balance at beginning of year/period	63	61
Noncontrolling interests n profit for the period/year	1	2
Purchase of shares from noncontrolling shareholders	(13)	-
Balance at end of period/year	<u>51</u>	<u>63</u>

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23. NET OPERATING REVENUE

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Gross operating revenue:				
Products and services - Livraria	-	-	891,510	706,271
Sale of products and services - Editora	243,746	231,841	243,746	231,841
(-) Taxes levied	(53)	(82)	(50,528)	(42,943)
(-) Returns	(36,256)	(36,342)	(57,599)	(53,862)
(-) Revenue from sale of products in Livraria's inventory	-	-	(469)	(2,996)
(-) Deferral of revenue - Saraiva Plus	-	-	(1,180)	(580)
	<u>207,437</u>	<u>195,417</u>	<u>1,025,480</u>	<u>837,731</u>

24. SELLING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Personnel expenses	26,240	22,812	82,593	71,334
Copyrights	25,094	23,380	25,210	23,410
Advertising and publicity	7,906	6,754	23,684	19,898
Rental expense	2,207	1,372	27,857	24,457
Common area maintenance fees	189	106	11,646	10,594
Freight and packaging	4,074	2,936	40,440	37,278
Write-off of obsolete books and discontinued editions	7,199	7,877	7,199	7,877
Expenses on credit cards, bank payment slips and collection	415	424	15,837	12,191
Allowance for doubtful accounts	1,586	625	2,574	1,186
Other	<u>12,198</u>	<u>9,875</u>	<u>53,750</u>	<u>43,782</u>
	<u>87,108</u>	<u>76,161</u>	<u>290,790</u>	<u>252,007</u>

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25. GENERAL AND ADMINISTRATIVE EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Personnel expenses	25,724	23,987	52,853	48,864
Rental expense	1,446	2,103	4,049	4,640
Common area maintenance fees	459	338	1,079	868
Lawyers' fees	868	836	2,697	2,575
Office supplies	394	547	1,265	1,048
IT services	3,712	2,832	4,940	4,672
Travel and lodging	348	281	1,871	2,526
Other	<u>3,012</u>	<u>3,940</u>	<u>8,451</u>	<u>7,327</u>
	<u>35,963</u>	<u>34,864</u>	<u>77,205</u>	<u>72,520</u>

26. OTHER OPERATING EXPENSES

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
PIS and COFINS on other operating income	(17)	(21)	(263)	(289)
Enrollment with tax installment plan - Law 11941/09	(608)	-	(2,903)	-
Taxes paid in administrative proceedings	-	(926)	-	(926)
Other operating expenses	<u>(48)</u>	<u>(15)</u>	<u>(268)</u>	<u>(257)</u>
	<u>(673)</u>	<u>(962)</u>	<u>(3,434)</u>	<u>(1,472)</u>

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27. OTHER OPERATING INCOME

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Proceeds from sale of long-lived assets	34	10,241	(156)	10,933
Royalties on franchise operations	-	-	393	506
Gift cards and other advances unredeemed by Livraria customers	-	-	1,467	354
Indemnities for product losses	-	38	381	1,099
Sale of balances - obsolete products	117	168	235	219
Withdrawal of escrow deposits	93	87	221	207
Unredeemed customer award credits	-	-	857	-
State VAT (ICMS) (a)	-	-	2,814	-
Reversal of provisions (b)	-	-	1,500	-
Other operating income	473	31	854	1,146
	<u>717</u>	<u>10,565</u>	<u>8,566</u>	<u>14,464</u>

(a) ICMS credit arising on amounts unduly paid in the period from April 2008 to December 2009.

(b) Reversal of the previously recognized provision to receivables from Livraria franchises as a result of the agreement entered into with the franchisees on August 16, 2010.

28. FINANCIAL INCOME (EXPENSES)

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Financial income:				
Income from short-term investments	734	401	781	464
Interest on loans to subsidiaries	1,368	1,870	-	-
Interest received from customers	792	866	807	888
Interest on recoverable taxes	32	-	280	48
Financial discounts obtained	83	11	245	152
Other financial income	102	31	211	363
	<u>3,111</u>	<u>3,179</u>	<u>2,324</u>	<u>1,915</u>

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	Editora		Consolidated	
	(BR GAAP)		(IFRS & BR GAAP)	
	9/30/10	9/30/09	9/30/10	9/30/09
Financial expenses:				
Interest and inflation adjustment on financing	(5,613)	(2,731)	(16,847)	(6,705)
Interest on loans granted by the parent	(5)	(82)	-	-
Financial discounts granted	(1,206)	(1,035)	(1,756)	(1,321)
Other interest and inflation adjustment losses	(1,612)	(2,783)	(3,848)	(5,521)
Tax on lending transactions (IOC)	(77)	(227)	(1,130)	(1,120)
Other financial commissions	(74)	(53)	(78)	(66)
Non-deliverable forwards (NDFs)	(158)	-	(158)	-
Other financial expenses	(89)	(172)	(800)	(440)
	(8,834)	(7,001)	(24,459)	(15,173)
	<u>(5,723)</u>	<u>(3,822)</u>	<u>(22,135)</u>	<u>(13,258)</u>

29. OPERATING LEASES - STORE RENTALS

As at September 30, 2010, Livraria had 93 lease agreements with third parties for its stores. Management reviewed these agreements and concluded that they qualify as operating leases. Most of the store lease agreements provide for a variable rental expense, based on sales, or a minimum amount adjusted to inflation on an annual basis by several indexes, are effective for five years, subject to renewal, and are usually guaranteed by Editora. Rentals under lease agreements for Livraria's logistics and administrative areas and Editora's stores are fixed, with annual adjustments to inflation according to the fluctuation of the main indices.

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

For the nine-month period ended September 30, 2010, rental expenses, net of recoverable taxes, totaled R\$3,653 (R\$3,475 for the nine-month period ended September 30, 2009) at Editora, and R\$31,906 (R\$29,097 for the nine-month period ended 2009) in consolidated. The balance of "Rentals payable" recognized in "Other payable" for the period is R\$513 (R\$536 at September 30, 2009) at Editora and R\$5,847 (R\$5,244 at September 30, 2009) in consolidated.

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Future obligations (consolidated), arising from these agreements at June 30, 2010 values, totaled a minimum amount of R\$121,196, as follows:

<u>Maturity</u>	<u>Amount</u>
Up to 9/30/2011	36,500
From 10/1/2011 to 9/30/2012	29,563
From 10/1/2012 to 9/30/2013	21,186
From 10/1/2013 to 9/30/2014	13,790
From 10/1/2014 to 9/30/2015	6,578
Other maturities up to 2018	<u>13,579</u>
Total	<u>121,196</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:

	9/30/10			9/30/09		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Profit attributed to Editora's shareholders	<u>4,748</u>	<u>9,210</u>	<u>13,958</u>	<u>6,389</u>	<u>12,356</u>	<u>18,745</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>(27)</u>	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,622</u>	<u>18,639</u>	<u>28,261</u>	<u>9,622</u>	<u>18,608</u>	<u>28,230</u>
Basic earnings per share - R\$	0.4934	0.4934		0.6640	0.6640	
Diluted earnings per share - R\$	0.4934	0.4927		0.6640	0.6640	

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

	<u>9/30/09</u>
Stock options:	
3 rd Plan	123,800
4 th Plan	124,600

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).

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

	<u>Editora (BR GAAP)</u>			<u>Consolidated (IFRS & BR GAAP)</u>		
	<u>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>	<u>9/30/10</u>	<u>12/31/09</u>	<u>1/1/09</u>
Total borrowings	65,208	53,547	21,516	228,633	173,806	64,139
(-) Cash and cash equivalents	<u>(768)</u>	<u>(30,063)</u>	<u>(31,730)</u>	<u>(3,535)</u>	<u>(38,762)</u>	<u>(37,823)</u>
Net debt	64,440	23,484	(10,214)	225,098	135,044	26,316
Total equity	<u>391,552</u>	<u>373,994</u>	<u>342,276</u>	<u>391,603</u>	<u>374,057</u>	<u>342,337</u>
Total capital	455,992	397,478	320,783	616,701	509,101	357,374
Net debt ratio	14.13%	5.91%	-3.18%	36.50%	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

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INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

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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>9/30/10</u> Carrying <u>amount</u>	<u>12/31/09</u> Carrying <u>amount</u>	<u>1/1/09</u> Carrying <u>amount</u>
Financial assets:			
Loans and receivables :			
Cash and cash equivalents	768	30,063	31,730
Trade receivables	<u>43,389</u>	<u>62,974</u>	<u>64,162</u>
	44,157	93,037	95,892
Financial liabilities:			
Borrowings and financing	65,208	53,547	21,516
Trade payables	39,076	35,655	49,160
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	<u>174</u>	<u>-</u>	<u>-</u>
	104,458	89,202	70,676
	Consolidated (IFRS & BR GAAP)		
	<u>9/30/10</u> Carrying <u>amount</u>	<u>12/31/09</u> Carrying <u>amount</u>	<u>1/1/09</u> Carrying <u>amount</u>
Financial assets:			
Loans and receivables :			
Cash and cash equivalents	3,535	38,762	37,823
Trade receivables	<u>200,304</u>	<u>216,331</u>	<u>199,643</u>
	203,839	255,093	237,466
Financial liabilities:			
Borrowings and financing	228,633	173,806	64,139
Trade payables	191,645	197,851	173,927
Finance leases	-	-	-
Derivative instruments designated in hedge accounting	<u>174</u>	<u>-</u>	<u>-</u>
	420,452	371,657	238,066

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.

06.01 - NOTES TO THE INTERIM FINANCIAL STATEMENTS

The balance of line item “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.

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.

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

Contract	Maturity	Exchange rate			Notional amount (US\$'000)	Recorded gain (loss) (R\$'000)
		On contract date	Maturity	9/30/2010		
1/15/2010	3/26/2010	1.7970	1.8008	-	840	3
1/15/2010	4/26/2010	1.8080	1.7624	-	840	(38)
1/15/2010	5/26/2010	1.8205	1.8811	-	840	51
6/23/2010	10/21/2010	1.8585	1.6735	1.694	300	(49)
9/2/2010	18/01/2011	1.7906	-	1.6662	1,300	(125)
Total					<u>4,120</u>	<u>(158)</u>

The contracts outstanding as at September 30, 2010 are recognized at the fair value of R\$174 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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- Present the impact of the scenarios outlined on the fair values financial instruments.

Interest rate risk (i)

Transaction	Risk	Amounts in R\$'000		
		Scenario I	Scenario II	Scenario III
Working capital loans subject to CDI fluctuation - Livraria	CDI increase	86,755	87,060	87,666
Gain (loss)		<u>86,755</u>	<u>87,060</u>	<u>87,666</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>125</u>	<u>715</u>	<u>1,430</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\$2,217 and R\$5,380 in consolidated (R\$1,909 in Editora and R\$6,852 in consolidated at December 31, 2009 and R\$2,345 in Editora and R\$7,122 in consolidated at January 1, 2009), to cover credit risks.

i) Liquidity risk management

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

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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	191,645				191,645
Bank financing	95,573	49,205	83,855		228,633
Derivative instruments designated in hedge accounting	174				174

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		
		9/30/10	12/31/09	1/1/09
Guaranteed overdrafts	:			
Utilized		85,488	64,207	24,552
Not utilized		139,512	160,793	200,448
Financing contracted with BNDES:				
Utilized		121,478	83,364	39,587
Not utilized		30,238	58,236	-

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

(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) - 09/30/2010
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Law

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periodically reviewed by the board of directors to assess performance and for decision-making on the allocation of resources and/or investments.

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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)		
	9/30/10	12/31/09	1/1/09
Segment assets:			
Editora	538,641	529,484	489,605
Livraria	637,092	598,979	459,086
Elimination of intersegment transactions	(258,219)	(254,873)	(233,939)
Total consolidated assets	<u>917,514</u>	<u>873,590</u>	<u>714,752</u>
Segment liabilities:			
Editora	147,089	155,490	147,329
Livraria	392,397	358,315	281,959
Elimination of intersegment transactions	(13,575)	(14,272)	(56,873)
Total consolidated liabilities	<u>525,911</u>	<u>499,533</u>	<u>372,415</u>

b) Profit or loss

	Consolidated (IFRS & BR GAAP)			
	9/30/10			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	207,437	855,020	(36,977)	1,025,480
Cost of sales and services	(52,656)	(572,440)	36,915	(588,181)
Gross profit	154,781	282,580	(62)	437,299
Operating expenses	(126,966)	(259,745)	(3,968)	(390,679)
Operating profit before financial income (expenses)	27,815	22,835	(4,030)	46,620
Financial income (expenses)	(5,723)	(16,412)	-	(22,135)
Profit before income tax and social contribution	<u>22,092</u>	<u>6,423</u>	<u>(4,030)</u>	<u>24,485</u>

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	Consolidated (IFRS & BR GAAP)			
	9/30/10			
	Editora	Livraria	Eliminations	Consolidated
	Consolidated (IFRS & BR GAAP)			
	9/30/09			
	Editora	Livraria	Eliminations	Consolidated
Net revenue	195,417	674,143	(31,829)	837,731
Cost of sales and services	(49,109)	(437,647)	30,437	(456,319)
Gross profit	146,308	236,496	(1,392)	381,412
Operating expenses	(109,996)	(225,074)	889	(334,181)
Operating profit before financial income (expenses)	36,312	11,422	(503)	47,231
Financial income (expenses)	(3,822)	(9,436)	-	(13,258)
Profit before income tax and social contribution	32,490	1,986	(503)	33,973

c) Revenue

	Consolidated (IFRS & BR GAAP)	
	9/30/10	9/30/09
Editora:		
Sales to market	202,934	188,881
Sales to government	4,503	6,536
	<u>207,437</u>	<u>195,417</u>
Livraria:		
Physical stores	547,090	441,331
Website	307,930	232,812
	<u>855,020</u>	<u>674,143</u>
Total	1,062,457	869,560
Eliminations	(36,977)	(31,829)
	<u>1,025,480</u>	<u>837,731</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.

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

	<u>9/30/10</u>	<u>12/31/09</u>
Loss of profits	45,000	45,000
Fire - maximum amount per store	54,509	47,595
Vehicles - only civil liability - maximum amount per vehicle	1,025	1,025

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. As at December 31, this line item is broken down as described in note 6.

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

	Editora (BR GAAP)		Consolidated (IFRS & BR GAAP)	
	<u>9/30/10</u>	<u>9/30/09</u>	<u>9/30/10</u>	<u>9/30/09</u>
Portion of recoverable taxes installment transferred to current assets	1,161	-	143	-
Receivables for sale of property, plant and equipment transferred to current assets	-	1,438	-	1,438
Portion of financing transfer to current liabilities	1,943	2,968	690	5,497
Portion of other liabilities transfer to current liabilities	564			

35. AUTHORIZATION FOR COMPLETION OF THE FINANCIAL STATEMENTS

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Any and all information derived from non-accounting or not accounting numbers has not been reviewed by independent auditors. The Saraiva Group operates in the editorial sector through Saraiva S.A. Livreiros Editores (Editora) and in the retail sector through Saraiva e Siciliano S.A. (Livraria). The accounting information contained in the Quarterly Information is presented according to the accounting practices adopted by Brazil in effect until December 31, 2009 and refer to the third quarter of 2010 and the first nine months of 2010 (3Q10 and 9M10), except where otherwise indicated, with comparisons made in relation to the same periods of the previous year.

HIGHLIGHTS

Investments on many business fronts have led to a sharp increase of 22.0% in the consolidated net revenue of the Saraiva Group in the first nine months and 24.1% in the third quarter of 2010.

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

Livraria opened two new stores in 3Q10 and concluded the negotiations to open another 2 new stores in 4Q10. The e-book sales platform registered for a library of 160 thousand imported titles and more than 1,200 local titles by the end of 3Q10. The e-commerce highlights in 9M10 included increases in the information technology (+171.5%) and multimedia/game (+142.6%) categories.

Revenue - Saraiva's consolidated net revenue, including editorial and retail operations, totaled R\$ 1.0 billion in 9M10 and R\$ 322.4 million in 3Q10.

Editora - Net revenue reached R\$ 207.4 million in 9M10 and R\$ 42.7 million in 3Q10, up respectively 6.2% and 4.7% over those registered in the same period of 2009. Revenue from the sale of books to the private market increased 7.4% in 9M10 and 11.6% in 3Q10, with emphasis on the elementary and high schools textbooks and university book segments. The teaching systems division operations also stood out in the year's overall results and registered an increase in revenue of 75.0% in 9M10 and 53.6% in 3Q10.

Livraria - Livraria's net revenue in 9M10 reached R\$ 855.0 million, up 26.8% over that of the same period last year, and reflected a good performance in electronic retail (+32.3%) as well as physical stores (+24.0%). In 3Q10, Livraria's net revenue grew 28.0% in relation to that of the same quarter last year; in the same-store concept, the increase was 16.1%, and Saraiva.com's revenue rose 32.3%. In 9M10, Saraiva.com's operations accounted for 36.0% of Livraria's revenue.

EBITDA¹ - The consolidated EBITDA before management participation totaled R\$ 66.6 million in the first nine months of the year (R\$ 62.5 million in 9M09) and R\$ 4.9 million in 3Q10, which represents a growth of 303.3% in relation to 3Q09.

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Result - Consolidated net profit in 9M10 reached R\$ 14.0 million, down 25.5% in relation to 9M09. Hefty investments in several of the Group's business fronts have pressured consolidated expenses throughout the year; however, good return prospects in the medium and long-term are expected.

EDITORIA (SARAIVA S/A LIVREIROS EDITORES)

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

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

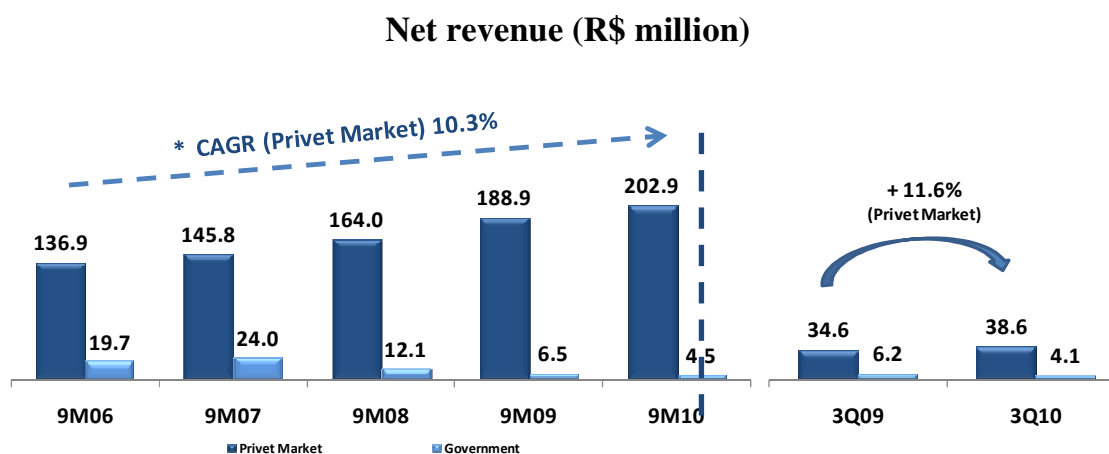
Editoria (R\$ thousand)	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Gross Revenue	42,694	40,772	4.7%	207,491	195,499	6.1%
Net Revenue	42,669	40,765	4.7%	207,438	195,417	6.2%
Gross Profit	29,938	26,851	11.5%	154,782	146,308	5.8%
Gross Margin	70.2%	65.9%	430 b.p.	74.6%	74.9%	-25 b.p.
Operating Expenses	37,716	33,488	12.6%	132,518	111,384	19.0%
EBITDA	(7,232)	(6,080)	18.9%	27,388	40,650	-32.6%
Net Financial (Revenue) Expenses	1,833	2,802	-34.6%	5,723	3,822	49.7%
Net Income (Loss) Before Equity in Subsidiaries	(6,600)	(6,187)	6.7%	9,974	19,568	-49.0%
Net Income (Loss)	(6,533)	(6,728)	-2.9%	13,958	18,745	-25.5%

Net revenue

In 9M10, Editoria's net revenue reached R\$ 207.4 million, up 6.2% in relation to that of the same period last year. Editoria's net revenue reached R\$ 42.7 million in 3Q10, up 4.7% in relation to the same period of last year.

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

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



CAGR: Compound Annual Growth Rate

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Private Market

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

Revenue from the private market in 9M10 reached R\$ 202.9 million, representing a growth of 7.4% in relation to the same period of the previous year. This performance stems from investments made in Editora's book catalogue, the performance of the teaching systems division, which registered a growth of 75.0% in relation the same period of 2009, and the sale of customized content for universities.

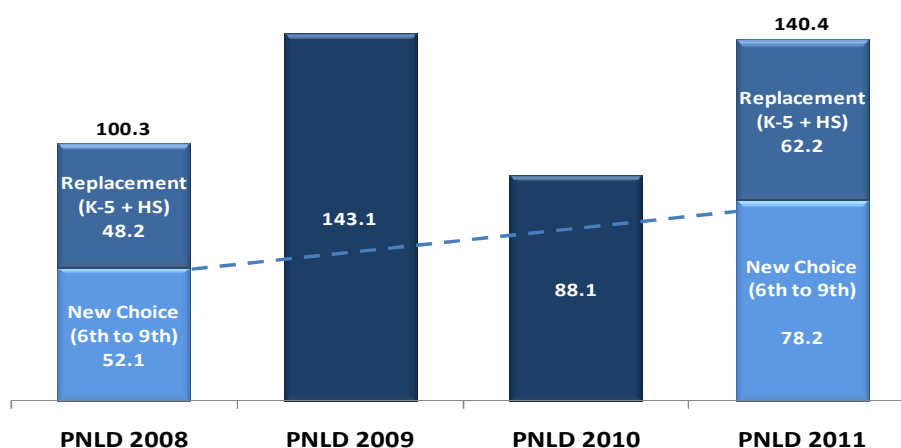
In the legal book segment, the highlight was the sales performance of collections aimed at training professionals interested in pursuing public careers and in the fiction and non-fiction editorial segment, the Benvirá imprint launched 10 new books since its launching in April 2010.

Government

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

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

New Cycle Government Program (R\$ million)



HS - High Schools

K-5 - Elementary Schools

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Gross Profit

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

Operating Result

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

In 9M10, operating expenses summed R\$ 132.5 million and represented 63.9% of net sales. In the same period of the previous year, the operating expenses on net revenue ratio reached 60.3% if not considering non-recurring event of the property sale (revenue of R\$ 10 million) and the obsolete inventory write-off (expenses of R\$ 3.5 million).

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

EBITDA

EBITDA before management participation totaled R\$ 27.4 million in 9M10, down 32.6% in relation to the same period in 9M09 when it registered R\$ 40.7 million. In comparison with the adjusted EBITDA of 9M09, the decline was 19.7%.

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

<i>Editora (R\$ thousand)</i>	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Income from Operations before Equity Income	(9,611)	(9,439)	-1.8%	16,541	31,102	-46.8%
(+) Management's Participation	(688)	(596)	-15.4%	1,567	2,211	-29.1%
(+) Depreciation and Amortization Expenses	1,234	1,153	7.0%	3,557	3,515	1.2%
(+) Net Financial (Revenue) Expenses	1,833	2,802	-34.6%	5,723	3,822	49.7%
(=) EBITDA	(7,232)	(6,080)	18.9%	27,388	40,650	-32.6%
EBITDA Margin	-16.9%	-14.9%	-203 b.p.	13.2%	20.8%	-760 b.p.

Financial Result / Capital Structure

The financial result in 9M10 reached R\$ 5.7 million in net financial expenses, higher than the R\$ 3.8 million posted in 9M09. In 3Q10, the financial result registered net financial expenses of R\$ 1.8 million against a financial expense of R\$ 2.8 million in 3Q09. On September 30, 2010, net debt was R\$ 64.4 million as compared with R\$ 42.6 million at the end of September 2009. The net debt increase stems from loans contracted from the National Economic and Social Development Bank (BNDES) to finance the catalogue expansion, the creation of new multimedia products and to format the content of the teaching systems division. Nevertheless, Editora has a long-term debt with reasonable interest rates.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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

Net Profit

Net profit before equity income of the subsidiary Livraria reached R\$ 10.0 million in 9M10 against a result of R\$ 19.6 million in 9M09. Net profit after equity totaled R\$ 14.0 million in 9M10, compared with a profit of R\$ 18.7 million in 9M09. In 2009, Editora's net profit was positively impacted by the nonrecurring result of the sale of the building that sheltered Saraiva's head office, which totaled R\$ 10.0 million (before taxes).

Investments

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

Teaching Systems Division

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

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

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

LIVRARIA (Saraiva e Siciliano S.A.)

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

<i>Livraria (R\$ thousand)</i>	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Gross Revenue	302,872	241,255	25.5%	906,675	717,584	26.4%
Net Revenue	289,944	226,572	28.0%	855,020	674,143	26.8%
Gross Profit	92,739	75,077	23.5%	282,580	236,496	19.5%
Gross Margin	32.0%	33.1%	-110 b.p.	33.0%	35.1%	-210 b.p.
Operating Expenses	86,298	72,406	19.2%	259,745	225,074	15.4%
EBITDA	12,333	7,516	64.1%	39,304	23,187	69.5%
Net Financial (Revenue) Expenses	5,739	3,467	65.5%	16,412	9,436	73.9%
Net Income (Loss)	312	(311)	-	4,031	503	>500%

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

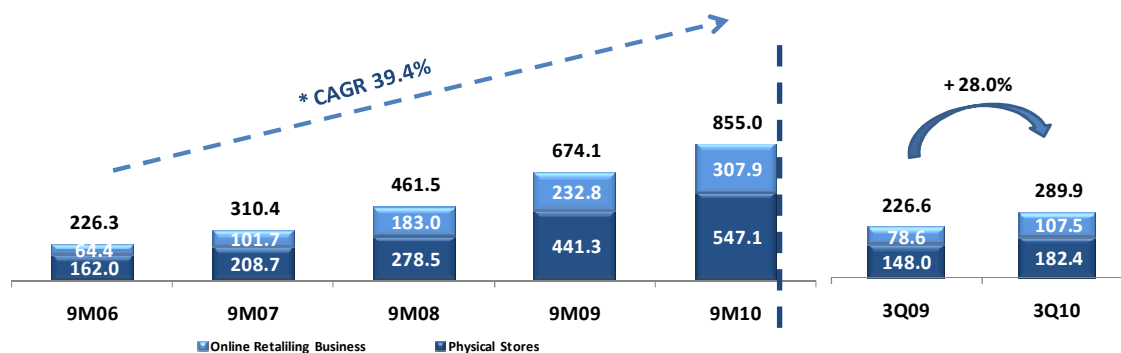
Net revenue

In 9M10, Livraria's net revenue totaled R\$ 855.0 million, up 26.8% as compared with that in 9M09. Physical stores in the same period registered an increase in net revenue of 24.0% and, in e-commerce, of 32.3%.

Net revenue (R\$ million)

CAGR 2006 - 2010 (Physical Stores): 35.6%

CAGR 2006 - 2010 (Online Retail): 47.9%

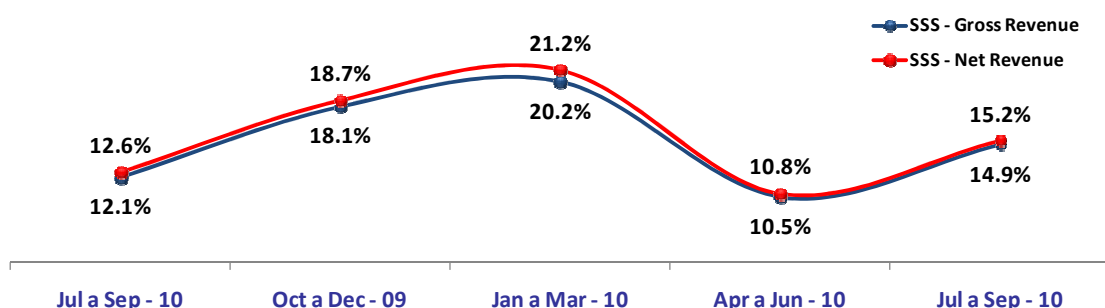


CAGR: Compound Annual Growth Rate

Livraria's net revenue in 3Q10 amounted to R\$ 289.9 million, 28.0% above that posted in 3Q09. The strong sales performance in this period was positively influenced by the growth in electronic retail (+36.8%), as well as, by the increment in revenue from physical stores (+23.3%). Under the same-store concept, the growth index in 3Q10 was 15.2%.

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

Same-Store Sales



12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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

Gross Profit

Gross profit in 3Q10 summed R\$ 92.7 million, up 23.5% in relation to 3Q09. Gross margin declined 110 basis points and reached 32.0% in 3Q10, against 33.1% in the same year-ago period.

In the 9-month period, Livraria's gross profit reached R\$ 282.6 million, 19.5% greater than that of the same period in 2009, and the gross margin was 33.0%, 210 basis points lower than that registered in 9M09. This result derives basically from the change in product *mix* with a greater share of the electronic and computer goods category, as well as more aggressive commercial policies, in particular in e-commerce.

Operating Result

<i>Livraria (R\$ thousand)</i>	3Q10	3Q09	Var.	9M10	9M09	Var.
Resultado Operacional após Resultado Financeiro Líquido	702	(796)	-	6,423	1,986	223.4%
(+) Despesas (Receitas) Financeiras Líquidas	5,739	3,467	65.5%	16,412	9,436	73.9%
Operating Result before Financial Expenses (EBIT)	6,441	2,671	141.1%	22,835	11,422	99.9%
EBIT Margin	2.2%	1.2%	104 b.p.	2.7%	1.7%	98 b.p.

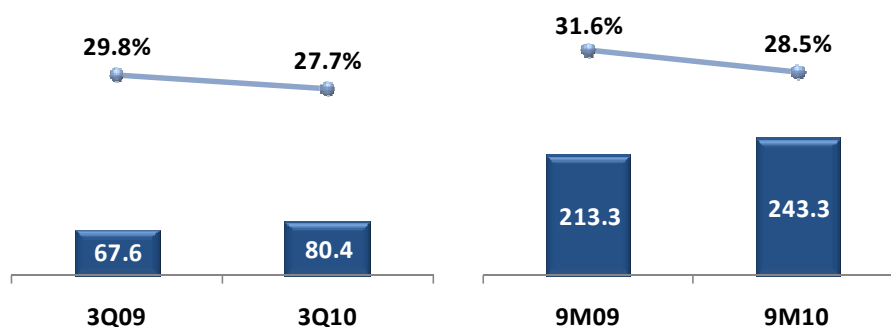
<i>Livraria (R\$ thousand)</i>	3Q10	3Q09	Var.	9M10	9M09	Var.
Operating Expenses	86,298	72,406	19.2%	259,745	225,074	15.4%
(-) Amortization and Depreciation Expenses	5,892	4,845	21.6%	16,469	11,765	40.0%
Operating Expenses before Depreciation and Amortization	80,406	67,561	19.0%	243,276	213,309	14.0%
Operating Expenses before Depreciation and Amortization / Net Revenue	27.7%	29.8%	-209 b.p.	28.5%	31.6%	-310 b.p.

Livraria's operating profit before financial result totaled R\$ 6.4 million in 3Q10 and R\$ 22.8 million in 9M10, representing an increase of 141.1% and 99.9% respectively.

If depreciation and amortization expenses are not considered, the operating expenses on net revenue ratio registered a drop of 310 basis points in 9M10 and 209 basis points in 3Q10, according to the following graph, which also shows that the steady increase in Livraria's revenue is enabling a greater dilution in fixed expenses and a consequent gain in profitability.

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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



(* Without considering expenses for depreciation and amortization)

EBITDA

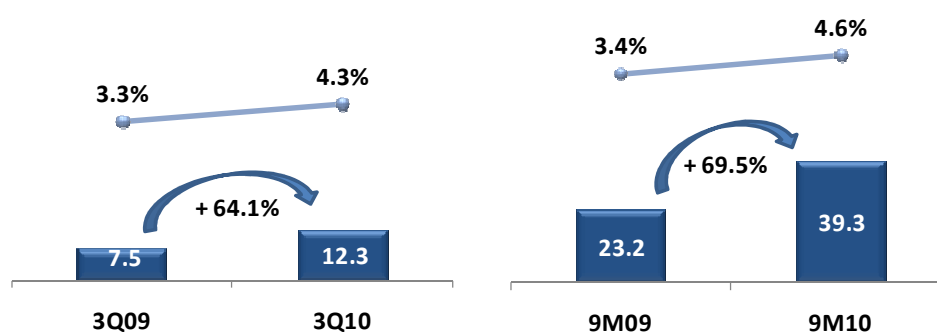
In 3Q10, EBITDA totaled R\$ 12.3 million, against R\$ 7.5 million in 3Q09, up 64.1%. EBITDA reached R\$ 39.3 million in 9M10, representing a growth of 69.5% as compared with the same period last year. The EBITDA margin was 3.4% in 9M09, against 4.6% in 9M10.

Livraria (R\$ thousand)	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Income from Operations after Net Financial Income	702	(796)	-	6,423	1,986	223.4%
(+) Depreciation and Amortization Expenses	5,892	4,845	21.6%	16,469	11,765	40.0%
(+) Net Financial (Revenue) Expenses	5,739	3,467	65.5%	16,412	9,436	73.9%
(=) EBITDA	12,333	7,516	64.1%	39,304	23,187	69.5%
EBITDA Margin	4.3%	3.3%	94 b.p.	4.6%	3.4%	116 b.p.

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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



(* Adjusted by nonrecurring expenses in 2009)

Financial Result / Capital Structure

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

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

Working Capital

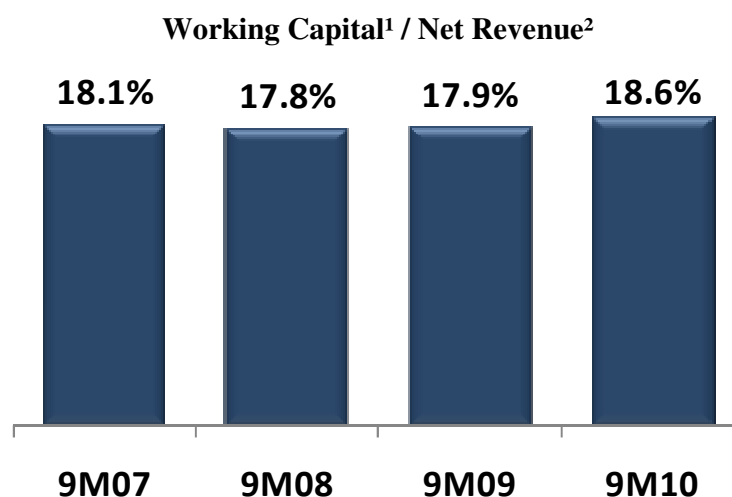
The working capital on net revenue ratio went from 17.9% in 9M09 to 18.6% in 9M10. Livraria's average operating cycle reached 77 days in the 12-month period ended on September 30, 2010, against 76 days in the same period ended in September 2009.

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

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

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE



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

(2) Net Revenue in the past 12 months

Net Profit

In 9M10, Livraria registered a net profit of R\$ 4.0 million, above the R\$ 0.5 million of the previous year. Livraria's net profit in 9M10 is being pressured by greater financial expenses as a result of an increase in the Company's indebtedness.

Investments

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

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Marketing/Partners

The “Saraiva Plus” loyalty program had a membership base of 4.4 million card members at the end of 3Q10, representing a growth of 25.0% in comparison with the cards base in December 2009. In the 12-month period ending in September 2010, the Saraiva Plus membership base grew 34.5%. The “Saraiva Plus” loyalty program has consolidated itself as one of the most efficient programs for retaining customers in local retail due to a systematic that facilitates the accumulation of bonus points and simplifies their redemption.

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

Online Retailing Business (Saraiva.com)

In 9M10, net revenue reached R\$ 307.9 million, 32.3% higher than that posted in the same period of last year. In 3Q10, net revenue totaled R\$ 107.5 million, up 36.8% over 3Q09.

E-commerce has been gaining more importance in Livraria’s operations. With a steady growth in sales terms, the share of total net revenue from the Saraiva.com website’s operations in relation to the Group’s overall retailing operations was 36.0% in 9M10.

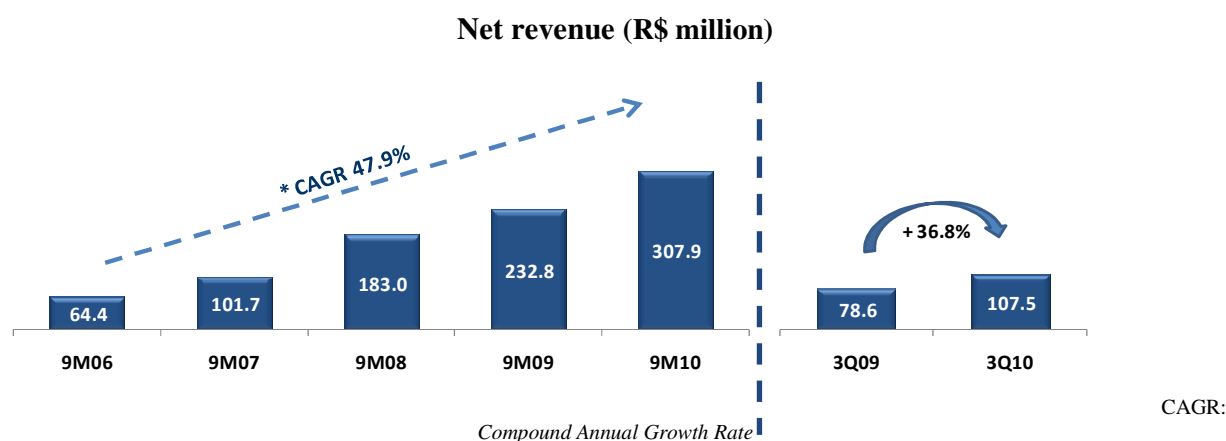
<i>Saraiva.com (R\$ thousand)</i>	<i>3Q10</i>	<i>3Q09</i>	<i>Chg.</i>	<i>9M10</i>	<i>9M09</i>	<i>Chg.</i>
Gross Revenue	109,778	84,710	29.6%	328,359	250,781	30.9%
Net Revenue	107,495	78,572	36.8%	307,930	232,812	32.3%
Active Customers (thousand) ¹	1,676	1,265	32.5%	1,676	1,265	32.5%
% of Revenue - Livraria Saraiva Consolidated	36.2%	35.1%	113 b.p.	36.2%	34.9%	127 b.p.
Average Ticket (R\$)	144.3	152.6	-5.4%	158.1	140.9	12.2%

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

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

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

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE



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

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

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

CONSOLIDATED

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

Consolidated (R\$ thousand)	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Gross Revenue	335,353	274,478	22.2%	1,077,657	884,250	21.9%
Net Revenue	322,401	259,788	24.1%	1,025,949	840,727	22.0%
Gross Profit	122,427	101,674	20.4%	437,298	381,411	14.7%
Gross Margin	38.0%	39.1%	-116 b.p.	42.6%	45.4%	-280 b.p.
Operating Expenses	124,010	105,872	17.1%	392,246	336,392	16.6%
EBITDA	4,856	1,204	303.3%	66,645	62,510	6.6%
Net Financial (Revenue) Expenses	7,571	6,268	20.8%	22,134	13,258	66.9%
Net Income (Loss)	(6,533)	(6,728)	-2.9%	13,958	18,745	-25.5%
Total Assets	917,514	724,837	26.6%	917,514	724,837	26.6%
Shareholders' Equity	391,552	350,453	11.7%	391,552	350,453	11.7%
Net Debt	(225,097)	(134,307)	-67.6%	(225,097)	(134,307)	-67.6%

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Consolidated Net revenue Mix

9M09



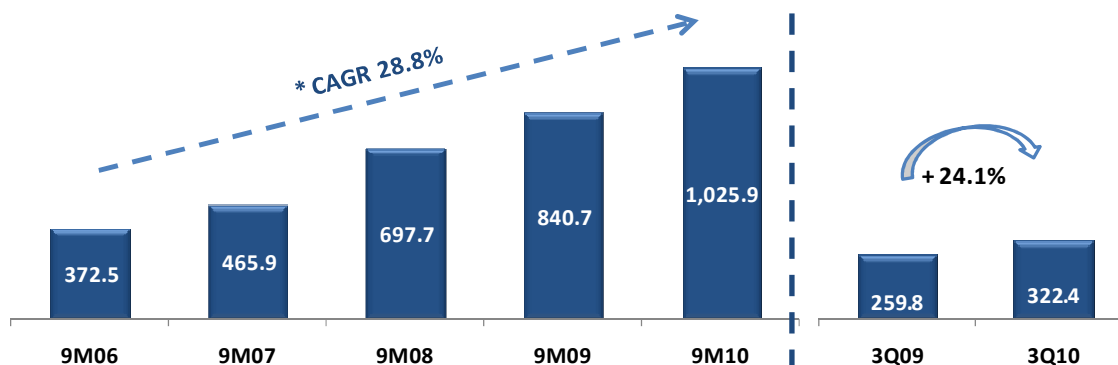
9M10



Net revenue

In 3Q10, Editora's net revenue reached R\$ 322.4 million, up 24.1% in relation to the same period of last year. Consolidated net revenue reached R\$ 1.0 billion in 9M10, up 22.0% over 9M09. Saraiva's growth in revenue was mainly the result of the increase in Livraria's sales. The share of retailing activities in the consolidated figure of the group was 83.3% in 9M10 against 80.2% in 9M09.

Net revenue (R\$ million)



Compound Annual Growth Rate

CAGR:

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Gross Profit

Consolidated gross profit totaled R\$ 122.4 million in 3Q10 and R\$ 437.3 million in 9M10, representing increases of respectively 20.4% and 14.7%. The gross margin went from 39.1% in 3Q09 to 38.0% in 3Q10 and, in the nine-month period, from 45.4% in 2009 to 42.6% in 2010. The greater contribution of retail in the breakdown of consolidated revenue explains the differences registered in the gross margins. Saraiva's retailing activities have lower margins than the group's publishing activities.

Operating Result

The operating result reached R\$ 22.9 million in 9M10, against R\$ 31.8 million in the same period of last year. This result is due mostly to a rise in financial expenses, caused by the increase in the Group's debt. Consolidated operating expenses were also pressured by investments in new editorial areas, in particular the teaching systems division.

EBITDA

EBITDA before management participation reached R\$ 4.9 million in 3Q10, up 303.3% over 3Q09. In 9M10, EBITDA summed R\$ 66.6 million against R\$ 62.5 million in 9M09, an increase of 6.6%.

Consolidated (R\$ thousand)	3Q10	3Q09	Chg.	9M10	9M09	Chg.
Income from Operations after Net Financial Income	(9,154)	(10,466)	-12.5%	22,918	31,761	-27.8%
(+) Management's Participation	(688)	(596)	-15.4%	1,567	2,211	-29.1%
(+) Depreciation and Amortization Expenses	7,127	5,998	18.8%	20,026	15,280	31.1%
(+) Net Financial (Revenue) Expenses	7,571	6,268	20.8%	22,134	13,258	66.9%
(=) EBITDA	4,856	1,204	303.3%	66,645	62,510	6.6%
EBITDA Margin	1.5%	0.5%	100 b.p.	6.5%	7.4%	-90 b.p.

EBITDA Mix

9M09



9M10



12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

Financial Result

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

Net Profit

Consolidated net profit reached R\$ 14.0 million in the first nine months of 2010, against a profit of R\$ 18.7 million in 9M09. In 3Q10, Saraiva posted a loss of R\$ 6.5 million, against a loss of R\$ 6.7 million in 3Q09.

Investments

During 9M10, R\$ 29.1 million was invested to expand and remodel Livraria's store chain and on information technology projects.

CAPITAL STRUCTURE

The consolidated financial position went from a net debt of R\$ 193.3 million at the end of June 2010 to R\$ 225.1 million at the end of September 2010.

In 3Q10, the Company received, in consolidated terms, R\$ 2.0 million of long-term financing contracted in February 2009 from the National Economic and Social Development Bank (BNDES). The contract's total value is R\$ 141.6 million, of which R\$ 121.6 million have already been disbursed by the bank. The remaining balance will be disbursed by December 2010.

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

CAPITAL MARKETS

Below is a market summary of Saraiva's shares in 9M10 in comparison with 9M09 at the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange. The share price, as well as the amount and volume of trades, registered significant progress in the comparison and reflect the liquidity increase of the shares issued by the Company.

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60.500.139/0001-26

12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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

Source: BM&FBOVESPA

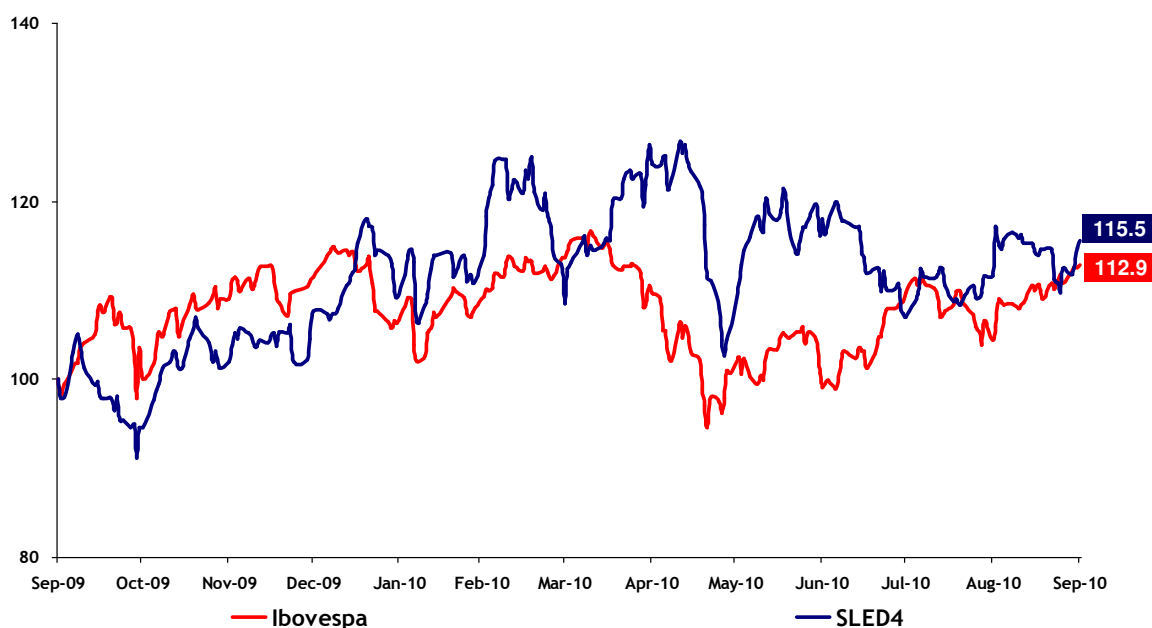
(1) Referring to preferred shares (SLED4)

(*) Not reviewed by independent auditors

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

SLED4 versus Ibovespa

From (basis 100) 09/30/2009 to 09/30/2010



SUBSEQUENT EVENT

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

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

OUTLOOK

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

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

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

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

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

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

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

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

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12.01 - COMMENT OF CONSOLIDATED QUARTER PERFORMANCE

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

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

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

09.01- INVESTMENTS IN SUBSIDIARIES AND/OR AFFILIATES

01 - ITEM 01	2 - SUBSIDIARY'S/AFFILIATE'S NAME SARAIVA E SICILIANO S.A.	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 61.365.284/0001-04	4 - Classification Non-public subsidiary	5 - Equity interest in investee 99.98%	6 - Investor's shareholders' equity 62.92%
7 - Company Commercial, industrial and other	8 - Number of shares held in the current quarter (in thousands) 193,013			9 - Number of shares held in the prior quarter (in thousands) 193,013	

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

Additional Requirements for Level 2 of Corporate Governance Practices

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

OWNERSHIP POSITION OF SHAREHOLDERS WITH MORE THAN 5% OF SHARES OF EACH TYPE AND CLASS, INCLUDING INDIVIDUALS						
Company: SARAIVA S.A. LIVREIROS EDITORES						Position as of 10/31/2010 (in thousands of shares)
Shareholder	Common shares		Preferred shares		Total	
	Number	%	Number	%	Number	%
Jorge Eduardo Saraiva	4,521	47.00	30	0.16	4,551	15.91
Olga Maria Barbosa Saraiva	1,131	11.75	-	-	1,131	3.96
Maria Sylvia Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Eugênia Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Henriqueta Saraiva M. Gonçalves	494	5.13	-	-	494	1.73
Maria Cecília Saraiva M. Gonçalves	494	5.13	13	0.07	507	1.77
Ernesto Zarzur	483	5.02	-	-	483	1.69
HSBC (i)						
HSBC GL Invest Funds Brazil Equity	-	0.00	1,644	8.67	1,644	5.76
The M T B O J T F H BR MOT FD	-	0.00	1,532	8.07	1,532	5.36
HSBC GL Invest Fund Lat Amer Equity	-	0.00	112	0.59	112	0.39
Trust A C S B L T H B N MO FD	-	0.00	70	0.37	70	0.24
HSBC Priv Bank World Funds PLC	-	0.00	8	0.04	8	0.03
HSBC F M LON PR GOA EQ HEDGE	-	0.00	7	0.04	7	0.02
Subtotal	-	0.00	3,373	17.78	3,373	11.80
AMUNDI FUNDS (ii)	-	0.00	2,962	15.61	2,962	10.36
ABERDEEN (ii)	-	0.00	2,059	10.85	2,059	7.20
PROFESSIONAL INVESTOR (i)						
Fundo Inv em Ações IP Seleção	-	0.00	504	2.65	504	1.76
IP PART MASTER FUNDO INV ACOES	4	0.04	501	2.64	505	1.77
Bransfield LLC	-	0.00	170	0.90	170	0.59
Hatteras LLC	1	0.01	170	0.90	171	0.60
IP Part Institucional Master FIA	-	0.00	102	0.54	102	0.36
IP VAL HED MAS FUNDO INV ACOES	-	0.00	86	0.45	86	0.30
subtotal	5	0.05	1,533	8.08	1,538	5.38
Itaú (i)						
Itau Gov Corp Ações Fundo Inv	-	0.00	301	1.58	301	1.04
Itau Momento Ações Fundo Inv	-	0.00	283	1.49	283	0.99
Itau Valor Ações Fundo Inv	-	0.00	250	1.32	250	0.87
Itau Seleção Ações Fundo Inv	-	0.00	242	1.28	242	0.85
Small Cap Val IB Fundo Inv Ações	-	0.00	84	0.44	84	0.29
Itau Gov Corp Ações FI Genova	-	0.00	68	0.36	68	0.24
Itau FL Valor Ações Fundo Inv	-	0.00	58	0.31	58	0.20
Itau Fenix Ações FI	-	0.00	42	0.22	42	0.15
Itau Celi Ações Fundo de Inv	-	0.00	33	0.17	33	0.12
Itau Val Ações Alav Fundo Inv	-	0.00	29	0.15	29	0.10
Fondo Mutuo Itau Brasil Activo	-	0.00	28	0.15	28	0.10
Fondo Mutuo Itau Small Cap BR	-	0.00	11	0.06	11	0.04
Goal ACC Latin BCO Itau S	-	0.00	2	0.01	2	0.01
Subtotal	-	0.00	1,431	7.54	1,431	5.00

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20.01 - OTHER INFORMATION THAT THE COMPANY CONSIDERS IMPORTANT

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

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

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 10/31/2010						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	13,507	0.07	663,163	2.32
Executive Board	-	0.00	176,592	0.93	176,592	0.62
Fiscal Council (iii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	250,550	1.32	250,550	0.88
Other shareholders	4,452,083	46.27	18,503,135	97.52	22,955,218	80.27
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,503,135	97.52	22,955,218	80.27

CONSOLIDATED OWNERSHIP POSITION OF CONTROLLING SHAREHOLDERS, MANAGEMENT AND OUTSTANDING SHARES						
Position as of 10/31/2009 (prior 12 months)						
Shareholder	Number of common shares (in units)	%	Number of preferred shares (in units)	%	Total number of shares (in units)	%
Controlling shareholder	4,520,574	46.98	30,026	0.16	4,550,600	15.91
Management						
Board of Directors	649,656	6.75	13,508	0.07	663,164	2.32
Executive Board	-	0.00	161,292	0.85	161,292	0.56
Fiscal Council (iii)	-	0.00	-	0.00	-	0.00
Treasury shares	-	0.00	365,750	1.93	365,750	1.28
Other shareholders	4,452,083	46.27	18,403,234	96.99	22,855,317	79.93
Total	9,622,313	100.00	18,973,810	100.00	28,596,123	100.00
Outstanding shares	4,452,083	46.27	18,403,234	96.99	22,855,317	79.93

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

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21.01 - INDEPENDENT ACCOUNTANTS' REVIEW REPORT - UNQUALIFIED

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

INDEPENDENT ACCOUNTANTS' 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 third quarter ended September 30, 2010, consisting of the individual (Editora) and consolidated balance sheets, the related income statements, statements of changes in equity, and statements of cash flows, the performance report and the related notes, prepared under the responsibility of the Editora's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Editora and its subsidiary who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Editora and its subsidiary.
3. Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the interim financial statements referred to in paragraph 1 for them to be in conformity with: (a) the accounting practices adopted in Brazil, in the case of the individual interim financial statements; (b) the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil, in the case of the consolidated interim financial statements; and the standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements.
4. As mentioned in note 2, the interim financial statements, originally presented on November 11, 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.

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

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

Corporate Law

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

São Paulo, March 18, 2011

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Reynaldo Awad Saad
Engagement Partner

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

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01.01 - IDENTIFICATION

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

Subsidiary: SARAIVA E SICILIANO S.A.

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

1 - Code	2 - Description	3 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.01	Gross revenue from sales and/or services	302.872	906.675	241.255	717.584
3.02	Deductions	(12.928)	(51.655)	(14.684)	(43.441)
3.03	Net revenue from sales and/or services	289,944	855,020	226.571	674.143
3.04	Cost of products and/or services	(197.205)	(572.440)	(151.495)	(437.647)
3.05	Gross profit	92.739	282,580	75,076	236,496
3.06	Operating (expenses) income	(92.036)	(276,157)	(76,872)	(234,510)
3.06.01	Selling expenses	(68.191)	(203.698)	(56.540)	(175.914)
3.06.02	General and administrative expenses	(15.115)	(44.666)	(11.834)	(40.785)
3.06.02.01	Administration	(1.165)	(3.424)	(1.192)	(3.129)
3.06.02.02	Other	(13.950)	(41.242)	(10.642)	(37.656)
3.06.03	Financial	(5.739)	(16.412)	(3.467)	(9.436)
3.06.03.01	Financial income	255	585	247	688
3.06.03.02	Financial expenses	(5.994)	(16.997)	(3.714)	(10.124)
3.06.04	Other operating income	5.368	7.963	929	3.900
3.06.05	Other operating expenses	(8.359)	(19,344)	(4,960)	(12,275)
3.06.05.01	Depreciation and amortization	(5.892)	(16.469)	(4.845)	(11.765)
3.06.05.02	Other	(2,467)	(2,875)	(115)	(510)
3.06.06	Equity in subsidiary	-	-	-	-
3.07	Income (loss) from operations	703	6.423	(796)	1,986
3.08	Nonoperating income (expenses)	-	-	-	-
3.08.01	Income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.09	Income before taxes and profit sharing	703	6,423	(796)	1,986
3.10	Provision for income and social contribution taxes	-	-	(317)	(1.206)

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

**FEDERAL PUBLIC SERVICE
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01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY'S NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
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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 - 07/01/2010 to 09/30/2010	4 - 01/01/2010 to 09/30/2010	5 - 07/01/2009 to 09/30/2009	6 - 01/01/2009 to 09/30/2009
3.11	Deferred income tax	(390)	(2,392)	802	(277)
3.12	Profit sharing/contributions	-	-	-	-
3.12.01	Profit sharing	-	-	-	-
3.12.02	Contributions	-	-	-	-
3.13	Reversal of interest on capital	-	-	-	-
3.15	Net income (loss)	313	4,031	(311)	503
	NUMBER OF SHARES, EX-TREASURY (THOUSANDS)	193,053	193,053	193,053	193,053
	EARNINGS PER SHARE (BRAZILIAN REAIS - R\$)	0,00162	0,002088	0	0,00261
	LOSS PER SHARE (BRAZILIAN REAIS - R\$)	0	0	(0,00161)	-

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BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)
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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.