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

Natura Cosméticos S.A.

Interim Financial Statements for the Quarter and Nine-month Period Ended September 30, 2008 and Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Shareholders of
Natura Cosméticos S.A.
São Paulo - SP

1. We have reviewed the accompanying interim financial statements of Natura Cosméticos S.A. (the "Company") and subsidiaries, for the quarter ended September 30, 2008, consisting of the individual (Company) and consolidated balance sheets, the related statements of income, changes in shareholders' equity (Company) and cash flows, and the related notes, prepared under the responsibility of the Company's and its subsidiaries' Management.

2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Brazilian Federal Accounting Council (CFC), and consisted, principally, of: (a) inquiries of and discussions with certain officials of the Company and its subsidiaries who have responsibility for accounting, financial and operating matters about the criteria adopted in the preparation of the interim financial statements; and (b) review of the information and subsequent events that have, or might have had, material effects on the financial position and results of operations of the Company and its subsidiaries.

3. As mentioned in Note 24.b), the Company, as permitted by article 5 of CVM Resolution No. 550, of October 17, 2008, which requires public companies that disclose their interim financial statements for the quarter ended September 30, 2008 through October 24, 2008 to restate their interim financial statements until no later than November 14, 2008, did not disclose in notes to the interim financial statements for the quarter ended September 30, 2008 qualitative and quantitative information on derivative transactions, as required by the referred Resolution.

4. Based on our review, except for the lack of the required disclosure, mentioned in paragraph 3, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with standards established by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the interim financial statements, including CVM Instruction No. 469/08.

5. As mentioned in Note 3, on December 28, 2007, Law No. 11,638 was enacted, altering, revoking and adding new provisions to Law No. 6,404/76 (Brazilian Corporate Law). This Law is effective for fiscal years beginning on or after January 1, 2008 and introduced changes in Brazilian accounting practices. Although this Law has already become effective, certain changes introduced by it are subject to regulation by regulatory agencies before being fully applied by companies. Accordingly, during this transition phase, CVM, through the Instruction No. 469/08, has permitted companies not to apply all the provisions of Law No. 11,638/07 in the preparation of the interim financial statements. Thus, the interim financial statements for the quarter ended September 30, 2008 have been prepared in conformity with specific instructions of the CVM and do not include all the changes in accounting practices introduced by Law No. 11,638/07.

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

São Paulo, October 21, 2008

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Altair Tadeu Rossato
Engagement Partner

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

NATURA COSMÉTICOS S.A.

BALANCE SHEETS AS OF SEPTEMBER 30 AND JUNE 30, 2008
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
ASSETS	09/2008	06/2008	09/2008	06/2008
CURRENT ASSETS				
Cash and banks (Note 5)	75,760	44,702	339,859	269,333
Trade accounts receivable (Note 6)	332,803	285,551	372,023	312,909
Inventories (Note 7)	55,472	41,389	352,278	299,688
Recoverable taxes (Note 8)	59,404	64,696	178,507	133,979
Advances to employees and suppliers	1,876	3,694	5,212	4,952
Related parties (Note 10)	14,158	14,741	-	-
Deferred income and social contribution taxes (Note 9.a)	41,413	44,214	69,238	70,396
Unrealized gains on swap and forward transactions (Notes 20.b and 20.d)	3,892	-	5,734	-
Other receivables	30,058	25,349	56,135	69,017
Total current assets	614,836	524,336	1,378,986	1,160,274
NONCURRENT ASSETS				
Long-term assets:				
Advance for future capital increase (Note 10.c)	35	20	-	-
Recoverable taxes (Note 8)	6,555	8,535	22,640	26,033
Deferred income and social contribution taxes (Note 9.a)	17,471	17,244	35,071	34,053
Escrow deposits (Note 16)	35,800	27,623	38,696	31,243
Advances to employees and suppliers	143	357	2,577	3,222
Cash investments (Notes 5 and 16.f)	-	-	5,081	4,923
Permanent assets:				
Investments (Note 11)	863,265	805,910	-	-
Property, plant and equipment (Note 12)	40,821	33,480	517,596	512,688
Intangible assets (Note 12)	-	-	6,212	5,830
Total noncurrent assets	964,090	893,169	627,873	617,992
TOTAL ASSETS	1,578,926	1,417,505	2,006,859	1,778,266

	Company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	09/2008	06/2008	09/2008	06/2008
CURRENT LIABILITIES				
Loans and financing (Note 14)	107,475	5,233	253,450	167,795
Domestic suppliers	43,582	34,096	189,970	166,497
Foreign suppliers	148	148	2,274	2,169
Suppliers - related parties (Note 10)	221,854	150,114	-	-
Salaries, profit sharing and related charges	49,373	35,814	114,138	86,634
Taxes payable (Note 15)	62,266	76,259	202,958	152,895
Dividends (Notes 10 and 17.b)	187	188,170	187	188,170
Accrued freight	22,750	19,342	23,576	20,031
Other payables	22,980	21,276	25,476	23,532
Reserve for tax, civil and labor contingencies (Note 16)	15,321	14,861	15,321	14,861
Allowance for losses on swap and forward transactions (Notes 20.b and 20.d)	-	14,704	-	16,910
Total current liabilities	545,936	560,017	827,350	839,494
NONCURRENT LIABILITIES				
Loans and financing (Note 14)				
Allowance for losses on subsidiaries (Note 11)	125,597	110,962	266,070	184,175
Reserve for tax, civil and labor contingencies (Note 16)	613	519	-	-
Other payables	34,753	33,303	50,272	47,195
Total noncurrent liabilities	7,330	6,683	10,232	8,963
	168,293	151,467	326,574	240,333
DEFERRED INCOME				
Investment grants				
Total deferred income	1,816	1,816	1,816	1,816
	1,816	1,816	1,816	1,816
MINORITY INTEREST				
	-	-	1	1
SHAREHOLDERS' EQUITY (Note 17)				
Capital (Note 17.a)	390,948	390,948	390,948	390,948
Capital reserves (Note 17.e)	118,658	119,161	118,658	119,160
Profit reserves (Note 17.f)	170,318	170,318	164,326	164,327
Treasury shares (Note 17.c)	(14,425)	(15,462)	(14,425)	(15,462)
Retained earnings	197,382	39,240	191,611	37,649
Total shareholders' equity	862,881	704,205	851,118	696,622
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,578,926	1,417,505	2,006,859	1,778,266

The accompanying notes are an integral part of these interim financial statements.

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NATURA COSMÉTICOS S.A.

STATEMENTS OF INCOME
FOR THE QUARTERS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$, except for earnings per share)

	Company				Consolidated			
	07/01/2008 to 09/30/2008	07/01/2007 to 09/30/2007	01/01/2008 to 09/30/2008	01/01/2007 to 09/30/2007	07/01/2008 to 09/30/2008	07/01/2007 to 09/30/2007	01/01/2008 to 09/30/2008	01/01/2007 to 09/30/2007
GROSS SALES								
To domestic market	1,163,296	994,435	3,141,943	2,834,182	1,178,668	1,003,311	3,186,014	2,856,214
To foreign market	-	-	-	-	67,234	48,408	181,723	131,935
Other sales	-	1	1	56	322	280	953	889
GROSS OPERATING REVENUES	1,163,296	994,436	3,141,944	2,834,238	1,246,224	1,051,999	3,368,690	2,989,038
Taxes on sales, returns and rebates	(180,570)	(221,812)	(530,891)	(629,580)	(325,088)	(299,066)	(896,449)	(854,179)
NET OPERATING REVENUES	982,726	772,624	2,611,053	2,204,658	921,136	752,933	2,472,241	2,134,859
Cost of sales	(413,892)	(299,427)	(1,061,385)	(860,733)	(282,756)	(246,363)	(775,866)	(686,883)
GROSS PROFIT	568,834	473,197	1,549,668	1,343,925	638,380	506,570	1,696,375	1,447,976
OPERATING (EXPENSES) INCOME								
Selling	(251,008)	(205,141)	(704,230)	(586,108)	(325,919)	(252,747)	(871,541)	(716,251)
General and administrative	(139,743)	(110,383)	(361,555)	(346,573)	(112,653)	(90,226)	(316,174)	(277,086)
Management compensation	(2,168)	(1,498)	(6,218)	(5,089)	(3,277)	(2,290)	(9,707)	(7,355)
Equity in subsidiaries (Note 11)	13,537	(2,925)	(2,559)	10,112	-	-	-	-
Other operating income (expenses), net (Note 22)	10,481	(1,908)	37,063	(7,237)	10,434	(1,913)	36,961	991
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	199,933	151,342	512,169	409,030	206,965	159,394	535,914	448,275
Financial expenses (Note 21)	(1,303)	(4,306)	(26,165)	(23,541)	(5,072)	(11,793)	(48,615)	(43,842)
Financial income (Note 21)	3,412	1,442	16,870	18,125	15,063	8,249	43,696	34,701
INCOME FROM OPERATIONS	202,042	148,478	502,874	403,614	216,956	155,850	530,995	439,134
Nonoperating income (expenses), net	150	323	605	478	(2)	463	673	551
INCOME BEFORE TAXES ON INCOME	202,192	148,801	503,479	404,092	216,954	156,313	531,668	439,685
Income and social contribution taxes (Note 9.b)	(44,050)	(31,966)	(118,097)	(81,233)	(62,993)	(39,322)	(152,057)	(112,999)
NET INCOME	158,142	116,835	385,382	322,859	153,961	116,991	379,611	326,686
EARNINGS PER SHARE - R$	0.3693	0.2725	0.9000	0.7530	0.3596	0.2729	0.8865	0.7619

The accompanying notes are an integral part of these interim financial statements.

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NATURA COSMÉTICOS S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (COMPANY)
FOR THE QUARTERS ENDED SEPTEMBER 30, JUNE 30 AND MARCH 31, 2008
(In thousands of Brazilian reais - R$, except dividends per outstanding share)

		Capital reserves		Profit reserves				
	Capital	Share premium	Investment grants	Legal	Retention	Treasury shares	Retained earnings	Total
BALANCES AS OF DECEMBER 31, 2007	390,618	107,093	17,378	18,650	151,668	(2,205)	-	683,202
Sale of treasury shares due to exercise of stock options	-	(3,077)	-	-	-	4,564	-	1,487
Capital increase through subscription of shares	330	-	-	-	-	-	-	330
Acquisition of treasury shares	-	-	-	-	-	(21,124)	-	(21,124)
Net income	-	-	-	-	-	-	78,372	78,372
BALANCES AS OF MARCH 31, 2008	390,948	104,016	17,378	18,650	151,668	(18,765)	78,372	742,267
Sale of treasury shares due to exercise of stock options	-	(2,233)	-	-	-	3,303	-	1,070
Net income	-	-	-	-	-	-	148,868	148,868
Allocation of net income:								
Dividends - R$0.43907 per outstanding share	-	-	-	-	-	-	(188,000)	(188,000)
BALANCES AS OF JUNE 30, 2008	390,948	101,783	17,378	18,650	151,668	(15,462)	39,240	704,205
Sale of treasury shares due to exercise of stock options	-	(503)	-	-	-	1,037	-	534
Net income	-	-	-	-	-	-	158,142	158,142
BALANCES AS OF SEPTEMBER 30, 2008	390,948	101,280	17,378	18,650	151,668	(14,425)	197,382	862,881

The accompanying notes are an integral part of these interim financial statements.

(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. OPERATIONS

Natura Cosméticos S.A. (the "Company") and its subsidiaries are engaged in the development, production, distribution and sale, substantially through direct sales by Natura beauty consultants, of cosmetics, fragrances and hygiene products. The Company also holds equity interests in other companies in Brazil and abroad.

The Extraordinary Shareholders' Meeting held on March 31, 2008 resolved to transfer to the Company the negative shareholders' equity of subsidiary Nova Flora Participações Ltda. based on an independent appraisers' report. This transfer did not change the operations described in the previous paragraph.

The negative shareholders' equity of Nova Flora Participações Ltda., transferred into the Company, was R$10,059 as of December 31, 2007, and is composed as follows:

ASSETS		LIABILITIES AND SHAREHOLDERS' DEFICIT	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash and banks	27	Domestic suppliers	18
Deferred income and social contribution taxes	4,563	Reserve for civil contingencies	13,421
		Other payables	833
Total current assets	4,590	Total current liabilities	14,272
		NONCURRENT LIABILITIES	
		Allowance for losses on subsidiaries	352
		Advance for future capital increase	25
		Total noncurrent liabilities	377
		SHAREHOLDERS' DEFICIT	
		Capital	3,695
		Accumulated deficit	(13,754)
		Total shareholders' deficit	(10,059)
TOTAL ASSETS	4,590	TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	4,590

In recording the adjustments resulting from the transfer of the negative shareholders' equity, accounts payable and accounts receivable between the merged company and the Company were eliminated, and the investments and the shareholders' deficit were considered in accordance with Brazilian accounting practices.

Additionally, on March 31, 2008, concurrently with the transfer, the Company's shareholders decided to approve two capital increases in Nova Flora Participações Ltda. in the total amount of R$16,735, represented by 16,735 new shares with par value of R$1.00 each, which were fully paid up in local currency. Therefore, capital was increased from R$3,695 to R$20,430.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

The financial statements have been prepared in accordance with standards established by the Brazilian Securities and Exchange Commission (CVM) and the following significant accounting practices:

a) Results of operations

Determined on the accrual basis of accounting.

b) Cash investments

Consist of highly liquid temporary investments, except for the long-term investments, stated at cost plus income earned through the balance sheet dates, as described in Note 5.

c) Allowance for doubtful accounts

Recognized based on an analysis of risks on realization of receivables, in an amount considered sufficient by Management to cover potential losses, as described in Note 6.

d) Inventories

Stated at the average cost of acquisition or production, adjusted to market value and for potential losses, when applicable. The details are shown in Note 7.

e) Investments

Investments in subsidiaries are accounted for under the equity method, as shown in Note 11.

Exchange gains or losses, arising from the effects of the depreciation or appreciation of the local currency (real) upon the translation of financial statements of foreign subsidiaries for purposes of calculation of equity in subsidiaries and consolidation of financial statements, are allocated in the group "Other operating income and expenses".

f) Property, plant and equipment and intangible assets

Recorded at acquisition and/or construction cost, monetarily adjusted through December 31, 1995, plus interest capitalized during the construction period, when applicable. Depreciation and amortization are calculated under the straight-line method, taking into consideration the average rates determined based on the estimated economic useful lives of the assets and the terms of the property lease agreements, as shown in Note 12.

Additionally, those rights in tangible assets that are used in the operations of the Company and its subsidiaries, arising from capital lease transactions, are recorded under the caption "Property, plant and equipment" and depreciated based upon the estimated useful lives of the assets.

g) Deferred charges

Represented by goodwill arising from the merger of shares of Natura Empreendimentos S.A. into Natura Participações S.A., less the provision for maintenance of dividend payment capacity, as described in Note 13.

h) Current and noncurrent liabilities

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

i) Income and social contribution taxes

Income tax was recorded at the rate of 15%, plus a 10% surtax on annual taxable income exceeding R$240. Social contribution tax was calculated at the rate of 9% on taxable income. Deferred income and social contribution taxes recorded in current and noncurrent assets arise from temporary differences represented by temporarily nondeductible expenses recorded in income.

Pursuant to CVM Resolution No. 273/98 and CVM Instruction No. 371/02, deferred taxes are recorded at amounts that are likely to be realized, as detailed in Note 9.

j) Loans and financing

Adjusted based on exchange and monetary variations and interest incurred through the balance sheet dates, as provided for by contract and mentioned in Note 14.

k) Reserves for tax, civil and labor contingencies

Adjusted through the balance sheet dates to cover probable losses, based upon the nature of contingencies and the opinion of the Company's and its subsidiaries' attorneys. For purposes of the interim financial statements, these reserves are presented net of related escrow deposits. The basis and nature of the reserves for tax, civil and labor contingencies are described in Note 16.

l) Swap and forward transactions

The nominal values of swap and forward transactions are not recorded in the balance sheet. Unrealized net gains or losses on these transactions are recorded on the accrual basis of accounting, as mentioned in Notes 20.b and 20.d.

m) Financial income and expenses

Represented by interest and monetary and exchange variations on cash investments, escrow deposits, loans and financing and swap and forward transactions, as mentioned in Note 21.

n) Interest on capital

For corporate and accounting purposes, interest on capital is accounted for as allocation of income directly in shareholders' equity. For tax purposes, interest on capital is treated as financial expense, reducing the income and social contribution tax base.

o) Earnings per share

Calculated based on the number of shares at the balance sheet dates, excluding treasury shares.

p) Use of estimates

The preparation of financial statements requires Management of the Company and its subsidiaries to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses for the reporting periods. Since Management's judgment involves estimates of the probability of future events, actual results may differ from the estimates.

q) Stock option programs

The effects from the stock option programs do not result in any expense to be recorded. Upon the exercise of stock options, the stock purchase by the option holders is recognized as capital increase in an amount equivalent to the total purchase price.

r) Supplemental information - statements of cash flows

The statements of cash flows have been prepared under the indirect method based on the financial statements, in conformity with instructions contained in IBRACON's Accounting Standard and Procedure 20 (NPC 20), considering the main operations that impacted the cash.

3. AMENDMENT TO BRAZILIAN CORPORATE LAW

On December 28, 2007, Law No. 11,638 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law, especially with respect to chapter XV, Fiscal Year and Financial Statements. This Law is effective for fiscal years beginning on or after January 1, 2008, may be fully enforced by the end of the year ending December 31, 2008, and was designed primarily to update the Brazilian Corporate Law, so as to enable the convergence of Brazilian accounting practices with international accounting standards (IFRS) and allow the CVM to issue new accounting standards and procedures, in conformity with such international accounting standards.

The changes in Brazilian Corporate Law are applicable to all companies incorporated as corporations, including public companies, and to large companies.

As these changes have only been introduced recently and not all of them have specific accounting standards issued by regulatory agencies and the CVM, Management of the Company and its subsidiaries is using, for the purpose of disclosing the interim financial statements in accordance with the guidelines of CVM Instruction No. 469/08, the option of disclosing the effects of the changes applicable to the Company and its subsidiaries, summarized as follows:

a) Replacement of the statement of changes in financial position by the statement of cash flows. This statement of cash flows is presented by the Company since December 31, 2004, as supplemental information.

b) Requirement for the presentation of a statement of value added, applicable to public companies, that presents the additional value created by the Company, as well as the composition of the sources of such value and the amount of undistributed value. This statement of value added is presented by the Company since December 31, 2004, as supplemental information to the annual financial statements.

c) Possibility of maintaining separate accounting records for purposes of complying with tax legislation and reflecting necessary adjustments in order to prepare the financial statements in conformity with Brazilian Corporate Law. This practice has not yet been adopted by the Company and its subsidiaries due to the lack of specific accounting and tax standards issued by regulatory agencies. The Company and its subsidiaries shall apply these changes upon the preparation of the annual financial statements for the year ending December 31, 2008, after the issue of the related accounting and tax standards.

d) Creation of a new account group, intangible assets, for purposes of balance sheet presentation. This account encompasses rights in intangible assets maintained or used in the operation of the Company’s business, including the acquired goodwill. This practice has already been adopted by the Company and its subsidiaries since December 31, 2006, as shown in Note 12.

e) Requirement to record under the caption “Property, plant and equipment” those rights in tangible assets that are maintained or used in the operations of the Company’s business, including those rights received as a result of transactions that transfer the benefits, risks and control of such assets to the Company (e.g., capital leases). This practice has already been adopted by the Company and its subsidiaries, as mentioned in note 2.f.

f) Requirement of periodic analysis of the recoverability of amounts recorded in property, plant and equipment, intangible assets and deferred charges to ensure that: (i) impairment losses are recorded as a result of decisions to discontinue activities related to such assets or when there is evidence that future operating results will not be sufficient to ensure their realization. The Company and its subsidiaries shall apply these changes upon the preparation of the annual financial statements for the year ending December 31, 2008, together with the other changes.

g) Requirement that investments in financial instruments, including derivatives, be accounted for: (i) at fair value or equivalent value for trading securities or securities available for sale; and (ii) at the lower of historical cost, adjusted for contractual interest and other contractual provisions, and realizable value for other investments. The Company and its subsidiaries shall apply these changes upon the preparation of the annual financial statements for the year ending December 31, 2008, after the issue of the related accounting and tax standards. Currently, the Company and its subsidiaries disclose the fair value of their derivative financial instruments for reporting purposes only, as shown in Note 20.

h) Creation of a new account group, valuation adjustments to shareholders' equity, in order to record certain fair value adjustments, mainly for financial instruments; foreign exchange rate variations on foreign investments accounted for under the equity method of accounting; and certain fair value adjustments related to assets and liabilities as a result of a merger between unrelated parties that results in the transfer of control. The Company and its subsidiaries shall apply these changes upon the preparation of the annual financial statements for the year ending December 31, 2008, together with the other changes. In view of this change, for the nine-month period ended September 30, 2008, the effect arising from foreign exchange rate variations on foreign investments accounted for under the equity method of accounting was a gain of R$6,040, as shown in Note 22 (loss of R$4,340 in the six-month period ended June 30, 2008).

i) Requirement that certain long-term assets and liabilities be recorded at present value, and, if material, for certain other short-term assets and liabilities. The Management of the Company and its subsidiaries assessed the impacts of this change and concluded that there are no effects to be recorded in the interim financial statements arising from monetary assets and liabilities discounted to present value.

j) Elimination of the possibility of recording government investment grants (including tax incentives) directly as capital reserves in shareholders' equity. Such items are now required to be recorded as part of earnings in the statement of income. Practice adopted by the Company. The total amount of investment grants as of September 30, 2008, R$1,816, is recorded under the caption "Deferred income", as required by CVM Instruction No. 469/08.

k) Elimination of the materiality parameter in determining the applicability of the equity method of accounting for investments in affiliates and subsidiaries and replacement of the parameter of 20% of the capital of the investee by 20% of the outstanding voting capital of the investee. Not applicable to the Company and its subsidiaries because all investments are greater than the percentages set forth by the new legislation, as stated in Note 11.

l) Accounting for the effects of employee and management stock option grants. The Company shall apply these changes upon the presentation of the annual financial statements for the year ending December 31, 2008, after the issue of the related accounting standards. Currently the Company discloses the information and the effects related to stock option programs in conformity with CVM Instruction No. 469/08, as stated in Note 18.

As of September 30, 2008, except for the changes already reflected in the interim financial statements, the main changes that will affect the Company and its subsidiaries and could be assessed are summarized below:

	Debit (credit) to			
Description	Noncurrent assets	Noncurrent liabilities	Net income (loss)	Shareholders' equity
Exchange variation on foreign investments	-	-	6,040	(6,040)
Stock option grants	-	(23,155)	3,981	19,174
Deferred income and social contribution taxes	7,873	-	(1,354)	(6,519)
Net effect	7,873	(23,155)	8,667	6,615

4. CONSOLIDATION CRITERIA

The consolidated financial statements have been prepared in accordance with the consolidation criteria established by Brazilian accounting practices and CVM standards and include the financial statements of the Company and its direct and indirect subsidiaries, as follows:

	Ownership interest - %		
	09/2008	06/2008	09/2007
Direct:			
Indústria e Comércio de Cosméticos Natura Ltda.	99.99	99.99	99.99
Natura Cosméticos S.A. - Chile	99.99	99.99	99.99
Natura Cosméticos S.A. - Peru	99.94	99.94	99.94
Natura Cosméticos S.A. - Argentina	99.96	99.94	99.94
Natura Brasil Cosmética Ltda. - Portugal	98.00	98.00	98.00
Nova Flora Participações Ltda.	-	-	99.99
Natura Inovação e Tecnologia de Produtos Ltda.	99.99	99.99	99.99
Natura Europa SAS	100.00	100.00	100.00
Natura Cosmeticos y Servicios de Mexico, S.A. de C.V.	99.99	99.99	99.99
Natura Cosmeticos de Mexico, S.A. de C.V.	99.99	99.99	99.99
Natura Distribuidora de Mexico, S.A. de C.V.	99.99	99.99	99.99
Natura Cosméticos C.A. - Venezuela	99.99	99.99	99.99
Natura Cosméticos Ltda. - Colombia	99.99	99.99	99.99
Natura Cosmetics USA Co.	100.00	100.00	-
Flora Medicinal J. Monteiro da Silva Ltda.	99.99	100.00	-
Natura Cosméticos España S.L. - Spain	100.00	-	-
Natura (Brasil) International B.V. - The Netherlands	100.00	-	-
Indirect:			
Natura Logística e Serviços Ltda.	99.99	99.99	99.99
Flora Medicinal J. Monteiro da Silva Ltda.	-	-	100.00
Ybios S.A. (proportional consolidation - joint control)	33.33	33.33	33.33
Natura Innovation et Technologie de Produits SAS - France	99.99	99.99	-

The consolidated financial statements have been prepared based on the financial statements as of the same date and consistent with the accounting practices described in Note 2. Investments in subsidiaries were proportionally eliminated against shareholders' equity and net income of the respective subsidiaries. Intercompany balances and transactions and unrealized profits were also eliminated. The minority interest in the Company's subsidiaries was shown separately.

The financial statements of foreign subsidiaries were translated into Brazilian reais at the exchange rates in effect on the date of the related financial statements. Translation gains or losses, arising from the appreciation/devaluation of the Brazilian real, are allocated to the caption "Other operating income (expenses)".

The shareholders' equity balances as of September 30 and June 30, 2008, reported by the Company, differ by R$11,763 and R$7,583, respectively, from those recorded in the consolidated financial statements due to the elimination of unrealized profits of subsidiaries and the Company. For the same reason net income balances reported by the Company for the quarters ended September 30, 2008 and 2007 differ by R$5,875 and R$3,827, respectively, from the balances in the consolidated financial statements.

The operations of the direct and indirect subsidiaries are as follows:

a) Indústria e Comércio de Cosméticos Natura Ltda.: engaged principally in the production and sale of Natura products to Natura Cosméticos S.A. - Brazil, Natura Cosméticos S.A. - Chile, Natura Cosméticos S.A. - Peru, Natura Cosméticos S.A. - Argentina, Natura Cosméticos Ltda. - Colombia, Natura Europa SAS, Natura Cosmeticos de México, S.A. de C.V. and Natura Cosméticos C.A. - Venezuela, whose amounts are mentioned in Note 10.

b) Natura Cosméticos S.A. - Chile, Natura Cosméticos S.A. - Peru, Natura Cosméticos S.A. - Argentina, Natura Cosméticos C.A. - Venezuela, Natura Cosméticos Ltda. - Colombia, Natura Cosmetics USA Co. (as of September 30, 2008 it is in the preoperating stage) and Natura Distribuidora de México, S.A. de C.V.: their activities are an extension of the activities conducted by the parent company Natura Cosméticos S.A. - Brazil.

c) Natura Inovação e Tecnologia de Produtos Ltda.: its activities consist of product and technology development and market research. It is the only owner of Natura Innovation et Technologie de Produits SAS, a research and technology satellite center opened in 2007 in Paris, where researches are developed for "in vitro" tests, an alternative to tests in animals, for safety and efficacy testing of active compounds, skin care and new packaging materials.

d) Natura Europa SAS: engaged in the purchase, sale, import, export and distribution of cosmetics, fragrances in general and hygiene products.

e) Natura Cosmeticos de México, S.A. de C.V.: imports and sells cosmetics, fragrances in general and hygiene products to Natura Distribuidora de México, S.A. de C.V.

f) Natura Cosmeticos y Servicios de México, S.A. de C.V.: provides administrative and logistics services to Natura Cosmeticos de México, S.A. de C.V. and Natura Distribuidora de México, S.A. de C.V.

g) Natura Cosméticos España S.L. and Natura (Brasil) International B.V.: are in preoperating stage and their activities will be an extension of the activities developed by Natura Cosméticos S.A.

h) Flora Medicinal J. Monteiro da Silva Ltda.: used to be engaged in the sale of phytotherapic and phytocosmetic products of its own brand. Since 2005 this company has had no activities. On March 31, 2008, after the merger of Nova Flora Participações Ltda., Flora Medicinal J. Monteiro da Silva Ltda. became a direct subsidiary of Natura Cosméticos S.A.

i) Natura Logística e Serviços Ltda.: engaged in the provision of administrative and logistics services to Natura Group companies based in Brazil. The details are shown in Note 10.

j) Ybios S.A.: engaged in research, management and development of projects, products and services in the biotechnology area, and may also enter into agreements and partnerships with universities, foundations, companies, cooperatives, associations, and other public and private entities, provision of services in the biotechnology area and holding of equity interest in other companies.

k) Natura Innovation et Technologie de Produits SAS: engaged mainly in research activities developed for "in vitro" tests, an alternative to tests in animals, for safety and efficacy testing of active compounds, skin care and new packaging materials.

5. CASH AND BANKS

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Cash and banks	1,151	301	28,133	23,952
Cash investments:				
Bank certificates of deposit (CDBs)	74,609	43,458	316,807	236,963
Investment funds	-	943	-	13,341
	75,760	44,702	344,940	274,256
Current	75,760	44,702	339,859	269,333
Noncurrent (Note 16.f. - tax contingencies)	-	-	5,081	4,923

As of September 30, 2008, CDBs yield interest rates ranging from 100.0% to 103.1% of the interbank deposit rate (CDI) (100.0% to 102.5% as of June 30, 2008). In consolidated, the share in the total investment portfolio as of September 30, 2008 is 100.0% (94.7% as of June 30, 2008). Weighted-average yield of investment fund investments for the quarter ended September 30, 2008 was 99.2% of the CDI.

6. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Trade accounts receivable	372,429	327,276	418,159	360,072
Allowance for doubtful accounts	(39,626)	(41,725)	(46,136)	(47,163)
	332,803	285,551	372,023	312,909

The changes in the allowance for doubtful accounts for the quarter ended September 30, 2008 are as follows:

Company

Balance at 06/2008	Additions (*)	Reversals	Write-offs (**)	Balance at 09/2008
(41,725)	(15,880)	7,731	10,248	(39,626)

Consolidated

Balance at 06/2008	Additions (*)	Reversals	Write-offs (**)	Balance at 09/2008
(47,163)	(16,952)	7,731	10,248	(46,136)

(*) Allowance recognized according to Note 2.c.

(**) Refers to accounts over 180 days past due, written off due to noncollection.

7. INVENTORIES

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Finished products	51,613	40,044	261,478	238,128
Raw materials and packing materials	-	-	87,827	67,807
Promotional material	5,728	3,113	24,449	22,787
Work in process	-	-	8,348	6,821
Allowance for losses	(1,869)	(1,768)	(29,824)	(35,855)
	55,472	41,389	352,278	299,688

The changes in the allowance for inventory losses for the quarter ended September 30, 2008 are as follows:

Company			
Balance at 06/2008	Additions, net (*)	Write-offs (**)	Balance at 09/2008
(1,768)	(235)	134	(1,869)

Consolidated			
Balance at 06/2008	Additions, net (*)	Write-offs (**)	Balance at 09/2008
(35,855)	(2,116)	8,147	(29,824)

(*) Refers mainly to the recognition of the reserve for discontinuance, expiration and quality losses, according to actual need to cover expected losses on the realization of inventories and the policy established by the Company and its subsidiaries.

(**) Refers to write-offs of products discarded by the Company and its subsidiaries.

8. RECOVERABLE TAXES

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
ICMS (state VAT) - ST (tax substitution) (a)	9,232	10,555	9,232	10,555
ICMS on purchases of goods (b)	43,284	21,619	118,217	50,474
ICMS on purchases of fixed assets	3,985	4,401	17,994	19,241
COFINS (tax on revenue) on purchases of fixed assets	-	-	18,000	17,727
PIS (tax on revenue) on purchases of fixed assets	-	-	3,908	3,849
Taxes - foreign operations	-	-	21,152	17,814
PIS and COFINS on purchases of goods (c)	9,458	36,656	9,850	37,048
PIS/COFINS/CSLL - withheld at source	-	-	1,788	1,222
IRPJ (corporate income tax)	-	-	395	1,162
Other	-	-	611	920
	65,959	73,231	201,147	160,012
Current	59,404	64,696	178,507	133,979
Noncurrent	6,555	8,535	22,640	26,033

(a) Refers to the ICMS - ST (tax substitution) credits granted by the State of Santa Catarina which were challenged in courts and were deposited in escrow in the period from March to December 2007. In January 2008, the Company entered into an Agreement with the Santa Catarina State Government for the application of the 30% Value Added Margin (MVA) to calculate the ICMS - ST on sales made by the Company in that State.

As a result of the above-mentioned Agreement, a total of R$29,938 deposited in escrow until December 2007 was converted to income for the State Government. Of that amount, R$11,436 is being refunded by the Santa Catarina State Government to the Company in 24 monthly installments monetarily adjusted, through offsetting against ICMS - ST due beginning April 2008.

For maintaining said Agreement, the Company assumed certain commitments whereby in transactions conducted by Natura's beauty consultants in Santa Catarina the following agreed items will be applied: (i) in the period from January 1, 2007 to June 30, 2008, a value added margin of 30%, (ii) starting October 2008, after approval by Santa Catarina State tax authorities, a value added margin of 35%, calculated based on the study prepared by Fundação Getúlio Vargas - FGV, and (iii) ICMS paid will be increased by at least 5% in 2008, as compared to 2007.

(b) The increase recorded as of September 30, 2008 refers mainly to ICMS - ST (tax substitution) which was withheld from the Company and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda. in operations with products intended to customers located in States (States and Federal District) other than the São Paulo State. This ICMS - ST, in the amount of R$43,284 (Company) and R$118,217 (consolidated) as of September 30, 2008, will be offset starting in the fourth quarter of 2008, after the approval from the São Paulo State Finance Department.

(c) Of the balance recorded as of June 30, 2008, R$30,921 refers to untimely used PIS and COFINS credits, as discussed in the event mentioned in Note 22. This amount was fully offset against other federal taxes in July and August 2008.

9. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred

Deferred income (IRPJ) and social contribution (CSLL) taxes result from temporary differences (Company and subsidiaries). These credits are recorded in current and noncurrent assets, in view of their expected realization. The amounts are as follows:

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Current:				
Temporary differences:				
Allowance for doubtful accounts (Note 6)	13,473	14,186	13,473	14,186
Allowance for inventory losses (Note 7)	635	601	8,870	10,823
Non-inclusion of ICMS in the PIS and COFINS basis (Note 15)	417	435	8,982	7,429
Reserves for tax, civil and labor contingencies (Note 16)	5,209	5,053	5,209	5,053
Effects of unrealized profits on inventories of the Company and its subsidiaries (Note 4)	-	-	6,060	3,906
Allowance for losses on swap and forward contracts (Notes 20.b. and 20.d.)	-	4,999	-	5,749
Provision for ICMS - ST - Paraná (Note 15)	4,215	3,602	4,215	3,602
Other provisions	17,464	15,338	22,429	19,648
Deferred income and social contribution taxes	41,413	44,214	69,238	70,396

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Noncurrent:				
Temporary differences:				
Reserves for tax, civil and labor contingencies (Note 16)	16,305	15,662	37,785	32,317
Other provisions	1,166	1,582	1,286	1,736
Deferred income and social contribution taxes	17,471	17,244	35,071	34,053

As required by CVM Resolution No. 273/98 and CVM Instruction No. 371/02, Management, based on projections of future taxable income, estimates that the recorded tax credits will be fully realized within five years.

The amounts recorded in noncurrent assets will be realized as follows:

	Consolidated	
	09/2008	06/2008
2009	23,391	23,340
2010	8,296	8,042
2011 and 2012	3,384	2,671
	35,071	34,053

b) Current

Reconciliation of income and social contribution taxes

	Company		Consolidated	
	09/2008	09/2007	09/2008	09/2007
Income before taxes on income	503,479	404,092	531,668	439,685
Income and social contribution taxes at the rate of 34%	(171,183)	(137,391)	(180,767)	(149,493)
Reversal of provision for maintenance of dividend payment capacity (Note 13)	37,450	37,450	37,450	37,450
Technological research and innovation benefit - Law No. 11,196/05 (*)	9,312	9,139	9,312	9,139
Tax incentives (donations)	651	1,379	1,037	1,480
Equity in subsidiaries and exchange variation on foreign investments (Note 11)	1,218	1,113	-	-
Losses generated by subsidiaries	-	-	(27,270)	(14,909)
Interest on capital	-	13,344	-	13,344
Other permanent differences	4,455	(6,267)	8,181	(10,010)
Income and social contribution tax expenses	(118,097)	(81,233)	(152,057)	(112,999)
Income and social contribution taxes - current	(128,980)	(74,279)	(169,000)	(111,606)
Income and social contribution taxes - deferred	10,883	(6,954)	16,943	(1,393)
Effective rate - %	23.5	20.1	28.6	25.7

(*) Refers to the tax benefit established by Law No. 11,196/05, which allows for the direct deduction from the calculation of taxable income and the social contribution tax basis of the amount corresponding to 60% of the total expenses on technological research and innovation, observing the rules established in said Law.

10. RELATED PARTIES

Receivables from and payables to related parties are as follows:

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Current assets:				
Natura Inovação e Tecnologia de Produtos Ltda. (a)	6,518	6,496	-	-
Natura Logística e Serviços Ltda. (b)	7,640	8,245	-	-
	14,158	14,741	-	-
Advance for future capital increase:				
Flora Medicinal J. Monteiro da Silva Ltda. (c)	35	20	-	-
	35	20	-	-
Current liabilities:				
Suppliers:				
Indústria e Comércio de Cosméticos Natura Ltda. (d)	192,187	124,130	-	-
Natura Logística e Serviços Ltda. (e)	15,987	13,866	-	-
Natura Inovação e Tecnologia de Produtos Ltda. (f)	13,680	12,118	-	-
	221,854	150,114	-	-
Dividends payable	187	188,170	187	188,170

Transactions with related parties are summarized as follows:

	Product sales		Product purchases	
	09/2008	09/2007	09/2008	09/2007
Indústria e Comércio de Cosméticos Natura Ltda.	1,419,227	1,096,398	-	-
Natura Cosméticos S.A.	-	-	1,338,923	1,044,518
Natura Cosméticos S.A. - Peru	-	-	23,484	14,097
Natura Cosméticos S.A. - Argentina	-	-	22,258	16,846
Natura Cosméticos S.A. - Chile	-	-	17,334	8,843
Natura Cosméticos S.A. - Mexico	-	-	11,183	7,898
Natura Cosméticos Ltda. - Colombia	-	-	3,304	1,108
Natura Cosméticos C.A. - Venezuela	-	-	1,340	1,367
Natura Europa SAS	-	-	1,146	1,059
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	187	662
Natura Logística e Serviços Ltda.	-	-	66	-
Natura Cosmetics USA.	-	-	2	-
	1,419,227	1,096,398	1,419,227	1,096,398

	Service sales		Service purchases	
	09/2008	09/2007	09/2008	09/2007
Administrative structure: (g)				
Natura Logística e Serviços Ltda.	200,180	201,753	-	-
Natura Cosméticos S.A.	-	-	150,899	150,326
Indústria e Comércio de Cosméticos Natura Ltda.	-	-	32,759	34,531
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	16,522	16,896
	200,180	201,753	200,180	201,753
Product and technology research and development: (h)				
Natura Inovação e Tecnologia de Produtos Ltda.	118,875	121,705	-	-
Natura Cosméticos S.A.	-	-	118,875	121,705
	118,875	121,705	118,875	121,705
Research and "in vitro" testing: (i)				
Natura Innovation et Technologie de Produits SAS	758	-	-	-
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	758	-
	758	-	758	-
Lease of properties and common charges: (j)				
Indústria e Comércio de Cosméticos Natura Ltda.	4,584	4,296	-	-
Natura Logística e Serviços Ltda.	-	-	2,657	2,489
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	1,068	1,000
Natura Cosméticos S.A.	-	-	859	807
	4,584	4,296	4,584	4,296
Total of service sales and purchases	1,743,624	1,424,152	1,743,624	1,424,152

(a) Refers to advances granted for provision of product and technology development and market research services.

(b) Refers to advances granted for provision of logistics and general administrative services.

(c) Refers to remittances to Flora Medicinal J. Monteiro da Silva Ltda. by Nova Flora Participações Ltda., a company merged into Natura Cosméticos S.A. on March 31, 2008, as referred to in Note 1.

(d) Payables for the purchase of products.

(e) Payables for services described in item (g).

(f) Payables for services described in item (h).

(g) Provision of logistics and general administrative services.

(h) Provision of product and technology development and market research services.

(i) Provision of research and "in vitro" testing services.

(j) Rental of part of the industrial complex located in the municipality of Cajamar and buildings located in the municipality of Itapecerica da Serra.

The main intercompany balances as of September 30 and June 30, 2008, as well as the intercompany transactions that affected the results for the nine-month periods ended September 30, 2008 and 2007, refer only to transactions between the Company and its subsidiaries.

11. INVESTMENTS

	Company	
	09/2008	06/2008
Investments in subsidiaries	863,265	805,910
	863,265	805,910

Investments in subsidiaries are as follows:

	Indústria e Comércio de Cosméticos Natura Ltda.	Natura Cosméticos S.A. - Chile	Natura Cosméticos S.A. - Peru	Natura Cosméticos S.A. - Argentina	Natura Cosméticos C.A. - Venezuela	Flora Medicinal J. Monteiro da Silva Ltda.	Natura Inovação e Tecnologia de Produtos Ltda. (*)	Natura Europa SAS (*)	Natura Cosméticos (*) - Mexico	Natura Brasil Cosmética Ltda. - Portugal	Natura Cosmetics USA Co.	Natura Cosméticos Ltda. - Colombia	Natura Cosméticos Ltda. - The Netherlands	Natura Cosméticos Ltda. - Spain	Total
Capital	526,155	68,407	2,186	52,950	18,131	33,503	5,008	24,170	80,539	105	26,831	10,898	-	-	848,883
Ownership interest	99.99%	99.99%	99.94%	99.94%	99.99%	100.00%	100.00%	100.00%	99.99%	98.00%	99.99%	99.99%	100.00%	100.00%	
Shareholders' equity of subsidiaries	753,732	7,791	(1,429)	22,872	2,304	(612)	29,260	14,591	23,690	(1)	7,527	2,361	-	-	862,086
Interest in shareholders' equity	753,731	7,790	(1,428)	22,858	2,304	(612)	29,260	14,591	23,688	(1)	7,526	2,361	-	-	862,068
Net income (losses) for the period ended September 30, 2008, net of exchange variation on translation of foreign investments	61,408	(5,094)	(2,739)	(8,461)	(6,072)	(260)	9,326	(12,667)	(18,742)	-	(17,506)	(8,536)	-	-	(9,343)
Book value of Company's investment:															
Balances as of June 30, 2008	716,884	6,303	146	16,583	1,811	-	26,990	12,927	21,150	-	1,315	1,801	-	-	805,910
Equity in subsidiaries	37,369	(639)	(1,261)	1,609	(1,357)	-	2,270	(2,168)	(1,007)	-	(2,938)	(2,877)	-	-	29,001
Exchange variation and other adjustments on translation of foreign investments	-	(101)	(313)	(964)	112	-	-	(580)	(1,581)	-	(2,059)	(12)	-	-	(5,498)
Capital increase	-	2,227	-	5,630	1,739	-	-	4,412	5,126	-	11,209	3,450	51	8	33,852
Balances as of September 30, 2008	754,253	7,790	(1,428)	22,858	2,305	-	29,260	14,591	23,688	-	7,527	2,362	51	8	863,265
Provision for losses:															
Balances as of June 30, 2008	-	-	-	-	-	(518)	-	-	-	(1)	-	-	-	-	(519)
Provision for losses	-	-	-	-	-	(94)	-	-	-	-	-	-	-	-	(94)
	-	-	-	-	-	(612)	-	-	-	(1)	-	-	-	-	(613)
Balances as of September 30, 2008	754,253	7,790	(1,428)	22,858	2,305	(612)	29,260	14,591	23,688	(1)	7,527	2,362	51	8	862,652

(*) Consolidated information on the following companies:

- Natura Cosmeticos y Servicios de Mexico, S.A. de C.V.
- Natura Cosmeticos de Mexico, S.A. de C.V.
- Natura Distribuidora de Mexico, S.A. de C.V.
- Innovation et Technologie de Produits SAS
- Natura Brasil SAS

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

		Company					
		09/2008			06/2008		
PROPERTY, PLANT AND EQUIPMENT	Annual depreciation rates - %	Adjusted cost	Accumulated depreciation	Net book value	Adjusted cost	Accumulated depreciation	Net book value
Vehicles	20 to 33	27,598	8,685	18,913	24,483	12,586	11,897
Software	20	11,854	5,474	6,380	12,844	4,996	7,848
Leasehold improvements	20 to 33	9,497	3,408	6,089	9,493	2,972	6,521
Machinery and equipment	10	4,499	1,004	3,495	4,465	893	3,572
Furniture and fixtures	10	4,091	2,104	1,987	4,054	2,035	2,019
IT equipment	20	5,262	3,660	1,602	5,076	3,504	1,572
Construction in progress	-	2,355	-	2,355	51	-	51
		65,156	24,335	40,821	60,466	26,986	33,480

		Consolidated					
		09/2008			06/2008		
PROPERTY, PLANT AND EQUIPMENT	Annual depreciation rates - %	Adjusted cost	Accumulated depreciation	Net book value	Adjusted cost	Accumulated depreciation	Net book value
Machinery and equipment	10	240,827	91,358	149,469	232,798	84,422	148,376
Buildings	4	144,685	40,292	104,393	144,685	38,857	105,828
Software	20	99,142	36,048	63,094	92,767	32,203	60,564
Installations	10 to 33	91,877	47,752	44,125	97,197	47,031	50,166
Land	-	33,662	-	33,662	33,662	-	33,662
Molds	33	73,653	51,347	22,306	73,271	47,901	25,370
Vehicles	20 to 33	43,909	14,852	29,057	39,155	17,028	22,127
IT equipment	20	48,042	30,062	17,980	46,981	27,895	19,086
Furniture and fixtures	10	24,420	9,720	14,700	23,778	9,065	14,713
Leasehold improvements (b)	20 to 33	23,056	8,784	14,272	16,045	5,830	10,215
Construction in progress	-	13,815	-	13,815	10,344	-	10,344
Advances to suppliers	-	7,902	-	7,902	9,401	-	9,401
Other	10	4,677	1,856	2,821	5,962	3,126	2,836
		849,667	332,071	517,596	826,046	313,358	512,688

		Consolidated					
		09/2008			06/2008		
INTANGIBLE ASSETS	Annual amortization rates - %	Adjusted cost	Accumulated amortization	Net book value	Adjusted cost	Accumulated amortization	Net book value
Business lease - Natura Europa (a)	-	5,595	-	5,595	5,207	-	5,207
Patents	10 to 25	2,053	1,436	617	1,837	1,214	623
		7,648	1,436	6,212	7,044	1,214	5,830

(a) The business lease generated on the purchase of a commercial location where Natura Europa SAS operates is supported by an appraisal report issued by independent appraisers, attributable to the fact that it is an intangible, marketable asset, which does not suffer any decrease in value over time. The balance variation between June 30 and September 30, 2008 is basically due to the effects of the exchange variation for the period.

(b) The amortization rates consider the terms of the property lease agreements, which range from three to five years.

13. DEFERRED CHARGES

On March 5, 2004, Natura Participações S.A. was merged into the Company. Natura Participações S.A. had recorded goodwill on the investment in Natura Empreendimentos S.A., amounting to R$1,028,041, and a corresponding provision for maintenance of future dividend payment capacity in the same amount. This goodwill arose from the merger of the shares of Natura Empreendimentos S.A. into Natura Participações S.A. on December 27, 2000. This merger was approved by the Extraordinary Shareholders' Meeting held on that date, and the amounts are supported by a valuation report issued by independent appraisers.

The amounts are as follows:

	Company	
	09/2008	06/2008
Goodwill on investments	354,919	391,635
Provision for maintenance of future dividend payment capacity	(354,919)	(391,635)
	-	-

The provision for maintenance of future dividend payment capacity, as it is in the full amount, will result in the recognition of the goodwill amortization tax benefits for all of the Company's shareholders. The goodwill amount is being amortized over a seven-year period, starting March 2004, and R$110,148 was amortized in the nine-month period ended September 30, 2008.

14. LOANS AND FINANCING

Type	Company 09/2008	Company 06/2008	Consolidated 09/2008	Consolidated 06/2008	Maturity	Charges	Guarantees
BNDES - EXIM [1]	-	-	149,325	95,300	February 2009, January 2010 and May 2010	Interest of 2.57% p.y. + TJLP[2] for 80% of the financing and interest of 9.76% p.y. + exchange variation (dollar) for 20% of the financing maturing in February 2009. Interest of 2.39% p.y. + TJLP[2] for 80% of the financing and interest of 8.44% p.y. + exchange variation (dollar) for 20% of the financing maturing in January 2010. Interest of 2.60% p.y. + TJLP[2] for 80% of the financing and interest of 8.98% p.y. + exchange variation (dollar) for 20% of the financing maturing in May 2010.	Guarantee of Natura Cosméticos S.A.
Resolution No. 2,770 [1]	101,227	85,741	101,227	85,741	January 2010	Exchange variation (YEN) + 2.11% p.y.	Guarantee of Indústria e Comércio de Cosméticos Natura Ltda.
FINEP (Financing Agency for Studies and Projects)	-	-	52,801	55,587	December 2008 and March 2013	Interest of 3% p.y. + TJLP[2] for 10% of the financing maturing in December 2008. TJLP[2] for 90% of the financing maturing in March 2013.	Guarantee, promissory notes and receivables of Natura Cosméticos S.A. and bank guarantee
Agribusiness Credit Note [1]	-	-	52,662	51,200	April and June 2009	Interest of 100.6% of CDI[3] + IOF[4] and TR[5] + 8.66% p.y. + IOF[4]	Guarantee of Natura Cosméticos S.A.
BNDES (National Bank for Economic and Social Development)	29,523	30,454	41,981	43,351	April 2010 and July 2014	Interest of 4.5% p.y. + TJLP[2] + UMBNDES[6] for maturity in April 2010. For financing maturing in July 2014: (i) TJLP[2] + interest of 2.8% p.y. for 85% of financing; (ii) exchange variation (dollar) + interest of 8.54% p.y. for 9% of financing; and (iii) TJLP[2] + interest of 2.3% p.y. for 6% of financing.	Mortgage [7] Bank guarantee
BNDES - FINAME	-	-	12,485	13,875	September 2012	Interest of 4.5% p.y. + TJLP[2]	Chattel mortgage, guarantee of Natura Cosméticos S.A. and promissory notes
Secured account	25,912	-	25,912	-	November 2008	Interest of 106.5% of CDI[3]	Guarantee of Indústria e Comércio de Cosméticos Natura Ltda.
Banco do Brasil - FAT Fomentar (Workers' Assistance Fund)	-	-	6,099	6,298	February 2014	Interest of 4.4% p.y. + TJLP[2]	Chattel mortgage, guarantee of Natura Cosméticos S.A. and promissory notes
Working capital	76,410		76,410		October and November 2008	Interest of 105.40% of CDI[3] Interest of 105.74% of CDI[3]	None
FINEP - grant	-	-	618	618	January 2011	None	None
Total	233,072	116,195	519,520	351,970			
Current	107,475	5,233	253,450	167,795			
Noncurrent	125,597	110,962	266,070	184,175			

(1) Loans and financing for which swap transactions for CDI were contracted.

(2) TJLP - Long-term interest rate.

(3) CDI - Interbank certificate of deposit.

(4) IOF - Tax on financial transactions.

(5) UMBNDES - BNDES monetary unit.

(6) Financing in local currency from the BNDES is guaranteed by the Cajamar unit.

(7) Mortgage - Refers to property mortgages of the Cajamar unit.

Maturities of noncurrent debt are as follows:

	Consolidated	
	09/2008	06/2008
2009	56,698	18,913
2010	153,884	109,783
2011	21,385	21,435
2012	20,249	20,159
2013	10,213	10,292
2014	3,641	3,593
	266,070	184,175

15. TAXES PAYABLE

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
ICMS Company and tax substitution (b)	95,077	88,821	178,526	129,341
PIS/COFINS (Injunction) (a)	1,226	1,279	26,419	21,850
Income tax	12,951	20,726	24,623	24,296
Social contribution tax	4,773	7,666	8,211	8,584
IRRF	2,613	2,516	4,015	4,233
PIS/COFINS/CSLL (Law No. 10,833/03)	2,971	3,637	3,555	4,666
COFINS	-	-	4,476	2,274
Taxes - foreign operations	-	-	5,372	3,818
IPI	-	-	3,553	1,197
ISS (tax on services)	173	155	783	705
PIS	-	-	943	472
	119,784	124,800	260,476	201,436
(-) Escrow deposits (b)	(57,518)	(48,541)	(57,518)	(48,541)
Total taxes payable, net of escrow deposits	62,266	76,259	202,958	152,895

(a) The Company and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda. are challenging in court the non-inclusion of ICMS in the PIS and COFINS tax basis. In June 2007, the Company and its subsidiary were authorized by the court to pay PIS and COFINS without the inclusion of ICMS in the tax basis, starting April 2007. The reserve recognized as of September 30, 2008 refers to the unpaid amounts of PIS and COFINS, from April 2007 to September 2008, adjusted based on the SELIC (Central Bank overnight rate).

(b) Refers to part of the ICMS - tax substitution of the Paraná State, which is being challenged in court, as also mentioned in note 16, item (a) “Possible losses”. The Company has made monthly escrow deposits for the unpaid amounts, and the same amount is recorded as taxes payable under “ICMS Company and tax substitution”.

16. RESERVES FOR TAX, CIVIL AND LABOR CONTINGENCIES

The Company and its subsidiaries are parties to certain tax, labor and civil lawsuits and to tax proceedings at the administrative level. Based on the opinion and judgments of its internal and external attorneys, Management believes that the reserves for tax, civil and labor contingencies are sufficient to cover probable losses. These reserves, net of escrow deposits, are as follows:

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Tax	24,317	23,928	39,078	37,195
Civil	20,858	19,138	19,911	18,153
Labor	4,899	5,098	6,604	6,708
	50,074	48,164	65,593	62,056
Current	15,321	14,861	15,321	14,861
Noncurrent	34,753	33,303	50,272	47,195

Tax contingencies

The changes in the reserves for tax contingencies are as follows:

	Company					
	06/2008	Additions	Reversals	Write-offs	Monetary adjustment	09/2008
Deductibility of CSLL (social contribution tax) (Law No. 9,316/96) (c)	6,821	-	-	-	90	6,911
Late payment fines on Federal taxes paid in arrears (b)	6,352	-	-	-	117	6,469
Monetary adjustment of Federal taxes (IRPJ/CSLL/ILL) according to the UFIR (fiscal reference unit) (d)	5,023	-	-	-	26	5,049
IPI (Federal VAT) - tax collection lawsuit (f)	4,551	-	-	-	75	4,626
Tax assessment - INSS (social security contribution) (g)	3,976		-	-	66	4,042
Assessment notice - IRPJ (corporate income tax) - 1990 (i)	2,943	-	-	-	48	2,991
IRPJ and CSLL tax assessment - attorneys' fees (h)	2,887	-	-	-	-	2,887
Attorneys' fees and other	7,077	16	-	-	208	7,301
Total reserve for tax contingencies	39,630	16	-	-	630	40,276
Escrow deposits for tax contingencies	(15,702)	-	-	-	(257)	(15,959)
Total reserve for tax contingencies, net of escrow deposits	23,928	16	-	-	373	24,317

	Consolidated					
	06/2008	Additions	Reversals	Write-offs	Monetary adjustment	09/2008
IPI - zero rate (a)	32,453	-	-	-	835	33,288
Late payment fines on Federal taxes paid in arrears (b)	7,536	1,177	-	-	133	8,846
Deductibility of CSLL (social contribution tax) (Law No. 9,316/96) (c)	6,821	-	-	-	89	6,910
Monetary adjustment of Federal taxes (IRPJ/CSLL/ILL) according to the UFIR (fiscal reference unit) (d)	5,149	-	-	-	25	5,174
IPI (Federal VAT) credit on purchases of fixed assets and consumption material (e)	4,563	-	-	-	76	4,639
IPI - tax collection lawsuit (f)	4,551	-	-	-	75	4,626
Tax assessment - INSS (social security contribution) (g)	3,975	-	-	-	66	4,041
IRPJ and CSLL tax assessment - attorneys' fees (h)	2,893	-				2,893
Assessment notice - IRPJ (corporate income tax) - 1990 (i)	2,943	-	-	-	48	2,991
Non-inclusion of the ICMS in the PIS and COFINS tax basis - attorneys' fees (j)	2,374	10	(33)	-	49	2,400
PIS (tax on revenue) - semiannual - Decree-laws No. 2,445/88 and No. 2,449/88 (k)	1,896	-	-	-	35	1,931
Attorneys' fees and other	11,508	6	(64)	-	469	11,919
Total reserve for tax contingencies	86,662	1,193	(97)	-	1,900	89,658
Escrow deposits for tax contingencies	(49,466)	-	-	-	(1,114)	(50,580)
Total reserve for tax contingencies, net of escrow deposits	37,196	1,193	(97)	-	786	39,078

(a) Refers to IPI tax credits on raw materials and packing materials purchased at a zero tax rate and with tax exemption. The subsidiary Indústria e Comércio de Cosméticos Natura Ltda. filed for and obtained an injunction granting entitlement to the credit. On September 25, 2006, a sentence was rendered dismissing the injunction, judging the Company's request invalid. The Company filed an appeal for review of the merit and reestablishment of the injunction's effects. To suspend payments of the tax the Company made escrow deposits in the amount in dispute in October 2006. The total amount deposited in escrow, adjusted as of September 30, 2008, is R$33,288 (R$32,453 as of June 30, 2008).

(b) Refers to fine for late payment of Federal taxes.

(c) Refers to CSLL (social contribution tax) that was addressed by an injunction that questions the constitutionality of Law No. 9,316/96, which prohibited the deduction of CSLL from its own tax basis and the IRPJ (corporate income tax) basis. A portion of this reserve, in the amount of R$4,859 (R$4,763 as of June 30, 2008), is deposited in escrow.

(d) Refers to the monetary adjustment of Federal taxes (IRPJ/CSLL/ILL) related to 1991 based on the UFIR (fiscal reference unit), discussed in an injunction. The amount involved is deposited in escrow.

(e) The subsidiary Indústria e Comércio de Cosméticos Natura Ltda. is discussing through injunctions the right to the IPI (Federal VAT) credit on purchases of fixed assets and consumption materials.

(f) Refers to a tax collection lawsuit intended to collect IPI for July 1989, when wholesale establishments began to be considered equivalent to industrial establishments under Law No. 7,798/89. The lawsuit is in the 3rd Region Federal Court (São Paulo) for judgment of the appeal filed by the debtor. The amounts involved in this tax collection lawsuit are collateralized by restricted investment held by the subsidiary Natura Inovação e Tecnologia de Produtos Ltda., in the amount of R$5,081 as of September 30, 2008 (R$4,923 as of June 30, 2008), which is recorded in a specific account in current assets.

(g) Refers to INSS (social security contribution) required by tax assessments issued by the National Institute of Social Security as a result of an inspection. The Company, as a taxpayer having joint liability for tax payment, is required to pay INSS on services provided by third parties. The amounts are discussed in court through a tax debt annulment action and are deposited in escrow. The amounts required in the tax assessment notice cover the period from January 1990 to October 1999. In 2007 the Company reversed the amount of R$1,903, relating to the expiration of part of the amount involved in the lawsuit for the period from January 1990 to October 1994, according to binding precedent No. 08 of the Federal Supreme Court (STF).

(h) Refers to attorneys' fees for defense against the tax deficiency notices issued against the Company in August 2003, December 2006 and December 2007 by the Federal Revenue Service, in which income and social contribution taxes (IRPJ and CSLL) are demanded related to the deductibility of the yield of the debentures issued by the Company in 1999, 2001 and 2002. The attorneys' opinion is that the likelihood of unfavorable outcome is remote.

(i) Refers to a tax assessment notice issued by the Federal Revenue Service requiring the payment of income tax on profit from incentive-based exports made in base year 1989, at the rate of 18% (Law No. 7,988, of December 29, 1989) and not 3%, as established by article 1 of Decree-law No. 2,413/88, which supported the Company in its tax payments at that time.

(j) Refers to attorneys' fees for filing and dealing with the administrative proceeding for requesting a refund of the ICMS included in the PIS and COFINS basis in the period from April 2002 to March 2007. The attorneys assessed the risk of loss as remote.

(k) Refers to the offset of PIS paid as per Decree-laws No. 2,445/88 and No. 2,449/88, in the period from 1988 to 1995, against Federal taxes due in 2003 and 2004. The reversal made by the Company in 2007 in the amount of R$14,910 is due to the final decision favorable to the Company, rendered in August 2007. The remaining reserve refers to the subsidiary Indústria e Comércio de Cosméticos Natura Ltda., which is awaiting the appreciation of the lawsuit by the Board of Tax Appeals.

Civil contingencies

The changes in the reserves for civil contingencies for the quarter ended September 30, 2008 are as follows:

	Company					
	06/2008	Additions	Reversals	Payments	Monetary adjustment	09/2008
Several civil lawsuits (a)	3,922	1,406	(1,049)	(233)	225	4,271
Attorneys’ fees - environmental civil lawsuit (d)	-	1,013	-	-	14	1,027
Civil lawsuits and attorneys’ fees - Nova Flora Participações Ltda. (b) and (c)	15,419	-	(11)	-	358	15,765
Total reserve for civil lawsuits	19,342	2,419	(1,060)	(233)	595	21,063
Escrow deposits for civil contingencies	(204)	-	-	-	(1)	(205)
Total reserve for civil contingencies, net of escrow deposits	19,138	2,419	(1,060)	(233)	594	20,858
Current	14,861					15,321
Noncurrent	4,277					5,537

	Consolidated					
	06/2008	Additions	Reversals	Payments	Monetary adjustment	09/2008
Several civil lawsuits (a)	4,276	1,473	(1,111)	(253)	120	4,505
Attorneys’ fees - environmental lawsuit	-	1,013	-	-	14	1,027
Civil lawsuits and attorneys’ fees - Nova Flora Participações Ltda. (b) and (c)	17,250	-	(11)	-	548	17,787
Total reserve for civil lawsuits	21,526	2,486	(1,122)	(253)	682	23,319
Escrow deposits for civil contingencies	(3,373)	-	-	-	(35)	(3,408)
Total reserve for civil contingencies, net of escrow deposits	18,153	2,486	(1,122)	(253)	647	19,911
Current	14,861					15,321
Noncurrent	3,292					4,590

(a) As of September 30, 2008, the Company and its subsidiaries are parties to 1,262 lawsuits (1,145 as of June 30, 2008), at the civil court, special civil court and PROCON (consumer protection agency), filed by beauty consultants, consumers, suppliers and former employees, mostly related to indemnity claims.

(b) The Company is a party to civil lawsuits filed by a former shareholder of subsidiary Flora Medicinal J. Monteiro da Silva Ltda., which seek the determination of any amounts and the satisfaction of alleged liabilities due to the former shareholder’s withdrawal. In November 2007, the Court of Justice of Rio de Janeiro judged the appeals filed against the decision issued by the lower court, setting the amount of the liabilities. The decision issued by the Court of Justice of Rio de Janeiro was subject to motions for clarification denied in January 2008, when the Company filed a special appeal.

(c) As of March 31, 2008, after the merger of Nova Flora Participações Ltda., the Company started to be liable for the civil lawsuits of the former subsidiary. The Company is a party to other three civil lawsuits filed by a former shareholder of Flora Medicinal, the nature and likelihood of a favorable outcome of which are described below:

- Lawsuit for arbitration of capital reimbursement: lawsuit in which the former shareholder alleges being entitled to receivables resulting from his withdrawal from the Company. In January 2008, the former shareholder filed with the Superior Court of Justice a special appeal against the decision issued by the Court of Justice of Rio de Janeiro which, by upholding the lower court decision, denied the former shareholder’s claim. The amounts involved cannot be reliably measured. The attorneys are of the opinion that the likelihood of unfavorable outcome is remote.

- Lawsuit for collection of business plan: lawsuit in which the former shareholder alleges being entitled to receivables resulting from his withdrawal from the Company. The court expert work started in March 2008. The lawsuit is in the District of São Paulo. The amounts involved cannot be reliably measured. The attorneys are of the opinion that the likelihood of unfavorable outcome is remote.

- Lawsuit for payment allocation: refers to ICMS credits deposited by the former shareholder on account of the tax payment in installments agreed by Flora Medicinal. The judgment by the Superior Court of Justice of the bill of review filed by the former shareholder against the decision that rejected his special appeal is awaited since September 2007. The Court of Justice of Rio de Janeiro overruled the lower court decision and denied the claim made by the former shareholder. The attorneys are of the opinion that the likelihood of unfavorable outcome is possible.

(d) Refers to attorneys' fees for the defense of the Company's interests in the public lawsuit filed by the Federal Public Prosecution Office of Acre against the Company and other institutions for alleged access to the traditional knowledge associated to the asset.

Labor contingencies

As of September 30, 2008, the Company and its subsidiaries are parties to 725 labor lawsuits filed by former employees and third parties (707 as of June 30, 2008), claiming the payment of severance amounts, salary premiums, overtime and other amounts due, as a result of joint liability. Reserves are periodically reviewed based on the progress of lawsuits and history of losses on labor claims to reflect the best current estimate.

The changes in the reserve for labor contingencies for the quarter ended September 30, 2008 are as follows:

	Company					
	06/2008	Additions	Reversals	Payments	Monetary adjustment	09/2008
Total reserve for labor contingencies	6,248	-	(388)	-	375	6,235
Escrow deposits for labor contingencies	(1,150)	(186)	-	-	-	(1,336)
Total reserve for labor contingencies, net of escrow deposits	5,098	(186)	(388)	-	375	4,899

	Consolidated					
	06/2008	Additions	Reversals	Payments	Monetary adjustment	09/2008
Total reserve for labor contingencies	8,143	-	(408)	-	490	8,225
Escrow deposits for labor contingencies	(1,435)	(186)	-	-	-	(1,621)
Total reserve for labor contingencies, net of escrow deposits	6,708	(186)	(408)	-	490	6,604

Escrow deposits

Escrow deposits, which represent the Company's and its subsidiaries' restricted assets, refer to amounts deposited in court until litigation is resolved. The balances of escrow deposits for which there is no recognized reserve for contingencies, as of September 30, 2008, total R$35,800 - Company and R$38,696 - consolidated (R$27,623 and R$31,243, respectively, as of June 30, 2008) and are classified under the caption "Escrow deposits", in noncurrent assets.

Possible losses

The Company and its subsidiaries are parties to tax, civil and labor lawsuits, for which there is no reserve for losses recorded, because the risk of loss is considered possible by Management and its attorneys. These lawsuits are as follows:

	Company		Consolidated	
	09/2008	06/2008	09/2008	06/2008
Tax:				
Declaratory Action - ICMS Tax Substitution of Paraná State (a)	13,773	12,349	13,773	12,349
Offset of 1/3 of COFINS - Law No. 9,718/98 (b)	4,642	4,577	4,642	4,577
INSS debt annulment action (c)	4161	4,092	4,161	4,092
Tax assessment - transfer pricing on loan agreements with foreign related company (d)	1,104	1,083	1,104	1,083
Tax debt notification - GFIP (FGTS payment and social security information form) (e)	799	739	799	739
ICMS Tax Substitution deficiency notice (f)	687	646	687	646
Request for offset of taxes of the same type - IRPJ (corporate income tax) and IRRF (withholding income tax) (g)	482	470	482	470
Other	6,466	3,855	8,999	6,115
	32,114	27,811	34,647	30,071
Civil	5,973	5,497	18,845	18,345
Labor	32,937	33,606	50,337	49,408
	71,024	66,914	103,829	97,824

(a) Lawsuit filed by the Company challenging the changes in ICMS - ST tax basis introduced by Paraná Decree No. 7,018/06. The amount discussed in the lawsuit, related to the period from January 2007 to September 2008, is fully deposited in escrow, as mentioned in Note 15.

(b) Law No. 9,718/98 increased the COFINS (tax on revenue) rate from 2% to 3%, and allowed this 1% difference to be offset in 1999 against the social contribution tax paid in the same year. However, in 1999 the Company and its subsidiaries filed for an injunction and obtained authorization to suspend the payment of the tax credit (1% rate difference) and to pay COFINS based on Supplementary Law No. 70/91, prevailing at that time. In December 2000, considering former unfavorable court decisions, the Company and its subsidiaries enrolled in the tax debt refinancing program (REFIS), for payment in installments of the debt related to the COFINS not paid in the period. With the payment of the tax, the Company and its subsidiaries gained the right to offset 1% of COFINS against social contribution tax, which was made in the first half of 2001. However, the Federal Revenue Service understands that the period for offset was restricted to base year 1999. On September 11, 2006 the Company was notified that the offsets made were not approved, and timely filed the applicable appeal. This proceeding is awaiting ruling at the lower administrative court.

(c) Lawsuit filed by the Company seeking the annulment of the tax demanded by the INSS through a tax assessment notice issued for purposes of collecting the social security contribution on the allowance for vehicle maintenance paid to sales promoters. The amounts are discussed in the tax debt annulment action and are deposited in escrow. The amounts required in the assessment notice cover the period from January 1995 to October 1999.

(d) Refers to a tax assessment notice whereby the Federal Revenue Service is demanding the payment of IRPJ and CSLL on the difference of interest on loan agreements with a foreign related party. On July 12, 2004, an administrative defense was filed and was dismissed. In June 2008, the Company filed an appeal against the unfavorable decision with the Board of Tax Appeals, which is awaiting judgment.

(e) Demand of fine for failure to complete the GFIP (FGTS payment and social security information form), an accessory social security obligation, for independent contractors' social security contributions and indemnities. The Company is discussing the collection at the administrative level.

(f) Tax deficiency notice for ICMS Tax Substitution, demanded by Goiás State, due to supposed underpayment by the Company. The Company has presented its defense at the administrative level and is awaiting the final judgment.

(g) Refers to the nonapproval of the offset of IRPJ credits related to the 4th quarter of 1999 against IRRF debts for the 2nd quarter of 2000. The Company has presented its defense at the administrative level, for which a partially favorable judgment has been rendered. On July 12, 2006, an annulment action was filed, and an escrow deposit was made, to challenge collection of the balance of offset not approved by the Federal Revenue Service.

Contingent assets

Significant contingent assets of the Company and its subsidiaries are as follows:

(a) The Company and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda. are challenging in court the unconstitutionality and illegality of the increase in the tax basis for PIS and COFINS established by Law No. 9,718/98. The amounts involved in the lawsuits, updated as of September 30, 2008, total R$18,867 (R$18,587 as of June 30, 2008). The lawsuits are awaiting judgment. The attorneys' opinion is that the likelihood of favorable outcome is probable.

(b) The Company and its subsidiaries Indústria e Comércio de Cosméticos Natura Ltda., Natura Inovação e Tecnologia de Produtos Ltda. and Natura Logística e Serviços Ltda. are requesting at administrative level the refund of the ICMS and ISS included in the PIS and COFINS basis and paid in the period from April 2002 to March 2007. The amounts of the refund request as of September 30, 2008 are R$109,830 (R$107,466 as of June 30, 2008). The attorneys believe that the chance of a favorable outcome is probable.

As a final and unappealable decision has not been rendered, the Company and its subsidiaries have not recorded the contingent assets, as established by CVM Resolution No. 489/05.

17. SHAREHOLDERS' EQUITY

a) Capital

As of December 31, 2007, the Company's capital was R$390,618. On March 7, 2008, 100,000 common shares without par value were subscribed, for R$3.30. Accordingly, capital went from R$390,618, equivalent to 428,929,051 subscribed and paid-up common shares as of December 31, 2007, to the current R$390,948, equivalent to 429,029,051 subscribed and paid-up common shares. Authorized capital went from 12,381,074 common shares as of December 31, 2007 to the current 12,481,074 common shares.

b) Dividend payment policy

The shareholders are entitled to receive every year a mandatory minimum dividend of 30% of net income, considering principally the following adjustments:

- Increase in the amounts resulting from the reversal, in the year, of previously recognized reserves for contingencies.

- Decrease in the amounts intended for the recognition, in the year, of the legal reserve and reserve for contingencies.

The bylaws allow the Company to prepare semiannual or interim balance sheets and, based on these balance sheets, authorize the payment of dividends upon approval by the Board of Directors.

On April 8, 2008, the Company paid dividends in the amount of R$237,726, related to the remaining balance of 2007, as approved by the Annual Shareholders' Meeting held on March 31, 2008.

On August 14, 2008, the Company paid dividends in the amount of R$188,000 related to the net income for the first half of 2008, as approved by the Board of Directors on July 23, 2008, subject to approval by the Annual Shareholders' Meeting that will appreciate the financial statements for the year ending December 31, 2008.

c) Treasury shares

As of September 30, 2008, common shares in treasury, which have been used in the exercise of options in the Stock Option Programs for purchase or subscription of shares, totaled 822,293 (851,818 as of June 30, 2008), at a unit average cost of R$17.5426 (R$18.1518 as of June 30, 2008). The decrease in the number of treasury shares as compared to June 2008 is due to the exercise of 59,105 options under the stock option programs.

d) Share premium

Refers to the goodwill generated on the issuance of 3,299 common shares resulting from the capitalization of debentures in the amount of R$100,000, occurred on March 2, 2004.

e) Legal reserve

Since the balance of the legal reserve plus capital reserves (according to 1st paragraph of article 182 of Law No. 6,404/76) exceeded 30% of the capital, the Company decided, in accordance with article 193 of the Brazilian Corporate Law, not to recognize a legal reserve on net income for 2006 and 2007.

f) Reserve for profit retention

As of December 31, 2007 the reserve for profit retention was recognized pursuant to article 196 of Law No. 6,404/76 for use in future investments, in the amount of R$41,777. The retention referring to 2007 is based on the capital budget approved in the Annual Shareholders' Meeting held on March 31, 2008.

As mentioned in article 199 of Law No. 6,404/76, the balance of profit reserves, except for the reserve for contingencies and unrealized profit reserve, may not exceed capital. Therefore, at the Extraordinary Shareholders' Meeting held on April 2, 2007, the capitalization in the amount of R$153,939, referring to the profit reserves recognized in the years ended December 31, 2004 and 2005, which were fully utilized for investments in property, plant and equipment and working capital, in 2005 and 2006, was approved.

18. STOCK OPTION PROGRAM

The Board of Directors meets once a year for the purpose of, pursuant to the terms of the Program, establishing the Plan, indicating the directors and managers who will receive the options and the total amount to be paid.

The plans have a four-year time span for exercising the options, and the exercise rights are 50% at the end of the third year and 50% at the end of the fourth year. The deadline for exercising options was two years after the end of the fourth year.

The balance of options as of September 30, 2008 is 6,078,459 and is composed by plan as follows:

	Number of call options (in shares)	Amount for the year updated according to the IPC-A (extended consumer price index) through September 30, 2008 - R$
2003	759,522	3.43
2004	1,027,923	8.43
2005	725,565	18.08
2006	846,760	26.95
2007	1,114,270	25.48
2008	1,604,419	19.70
	6,078,459	

As of September 30, 2008, had the Company's Management opted to record the effects of the plans based on the intrinsic value of the options (difference between market price as of September 30, 2008 and the value updated based on the IPC-A) recorded over their related vesting period, the pro forma consolidated shareholders' equity and net income for the nine-month period ended September 30, 2008 would have been:

	Shareholders' equity	Net income
Balance as of September 30, 2008	851,118	379,611
Effects of programs considering the vesting period	(23,155)	(3,981)
Deferred income and social contribution taxes	7,873	1,354
Balance as of September 30, 2008 - considering the exercise of the options	835,836	376,984

As of September 30, 2008, the market price of the Company's shares was R$18.50.

19. PENSION PLAN

On August 1, 2004, the Company implemented a supplementary defined contribution plan for all employees of the Company and its subsidiaries in Brazil. According to the terms of this plan, the cost is shared between the employer and the employees, so that the Company's share is equivalent to 60% of the employee's contribution according to a contribution scale based on salary ranges from 1% to 5% of the employee's compensation. The plan is managed by Brasilprev Seguros e Previdência S.A. and the Company's and its subsidiaries' contributions for the nine-month period ended September 30, 2008 totaled R$2,712 (R$2,798 as of September 30, 2007).

20. FINANCIAL INSTRUMENTS

a) General conditions

The Company and its subsidiaries enter into transactions involving financial instruments, all recorded in balance sheet accounts, to meet their own needs, and reduce exposure to market, currency and interest rate risks. These risks and the respective financial instruments are managed through the definition of strategies, establishment of control systems, and determination of exchange exposure limits.

Cash investments are mainly made at negotiated rates of return, since the Companies intend to hold these investments to redemption. These investments reflect market conditions at the balance sheet dates.

Loans and financing are recorded at the contractual interest rates of each transaction as shown in Note 14.

b) Exchange risk

As of September 30, 2008, the main account groups denominated in foreign currency are as follows:

	Consolidated
Assets:	
Trade accounts receivable	1,702
Total assets	1,702
Liabilities:	
Loans and financing (i)	(137,041)
Trade accounts payable	(2,274)
Total liabilities	(139,315)
Total exposure	(137,613)

(i) Of this amount, R$101,227 is denominated in YEN (¥5,784) and R$35,814 in U.S. dollar (US$18,700).

The Company has entered into swap and forward transactions to hedge its liabilities against fluctuations in the exchange rate and TR (a managed prime rate) arising from financing agreements and operating activities. These transactions consist of swapping the liability in foreign currency or certain index for a liability adjusted by a percentage of the CDI (interbank deposit rate), and are composed as follows:

	Consolidated			
			Balance	
Type of transaction	Contracted amount		Assets	Liabilities
	09/2008	06/2008	09/2008	06/2008
Finance (ii)	144,123	129,305	667	(15,579)
Operating (iii)	95,935	58,639	5,067	(1,331)
	240,058	187,944	5,734	(16,910)

(ii) The effects of these transactions are directly related to the monetary and exchange variations on loans and financing, as stated in Note 14.

(iii) Operating activities refer to import of equipment, purchase of inputs linked to exchange variation, and investments in international operations.

Net balances receivable and payable arising from swap and forward transactions are recorded under the captions "Unrealized gains on swap and forward contracts" and "Reserve for losses on swap and forward contracts" in current assets and liabilities, respectively.

The Company and its subsidiaries do not use derivative financial instruments for speculative purposes.

c) Interest rate risk

The Company and its subsidiaries are exposed to fluctuations in the TJLP (long-term interest rate) due to the financing agreements entered into with the BNDES, FAT Fomentar and FINEP.

d) Fair values

The fair values of cash and banks, temporary cash investments and intercompany loans approximate the carrying amounts due to the short-term maturity of these financial instruments. The fair values of loans and financing substantially approximate the carrying amounts since these financial instruments have variable interest rates.

Gains and losses on swap and forward transactions, considering the carrying and fair values, are as follows:

	Consolidated			
	09/2008		06/2008	
	Carrying value	Fair value	Carrying value	Fair value
Gains (losses) on swap and forward transactions	5,734	112	(16,910)	5,004

At the balance sheet dates the Company and its subsidiaries consult the financial institutions and update the fair value of their financial instruments.

e) Credit risk

The Company's and its subsidiaries' sales are made to a large number of beauty consultants. The Company and its subsidiaries manage the credit risk through a strict credit granting process.

21. FINANCIAL INCOME (EXPENSES), NET

	Company		Consolidated	
	09/2008	09/2007	09/2008	09/2007
Financial income:				
Interest on cash investments	5,788	4,541	26,276	17,455
Gains on monetary and exchange variations	437	13,018	1,702	16,440
Gains on swap and forward transactions	4,738	304	6,279	318
Other financial income	5,907	262	9,439	488
	16,870	18,125	43,696	34,701
Financial expenses:				
Losses on swap and forward transactions	-	(18,867)	-	(21,511)
Interest on financing	(10,567)	(3,568)	(27,254)	(17,597)
Losses on monetary and exchange variations	(12,042)	(383)	(12,787)	(2,802)
Other financial expenses	(3,556)	(723)	(8,574)	(1,932)
	(26,165)	(23,541)	(48,615)	(43,842)

22. OTHER OPERATING INCOME (EXPENSES)

	Company		Consolidated	
	09/2008	09/2007	09/2008	09/2007
Operating income:				
Exchange variation on foreign investments	6,142	-	6,040	991
Untimely used credits of PIS and COFINS (*)	30,921	-	30,921	-
Operating expenses:				
Exchange variation on foreign investments	-	(7,237)	-	-
Other operating income (expenses), net	37,063	(7,237)	36,961	991

(*) In the second quarter of 2008, the Company recorded untimely used credits related to PIS and COFINS arising from expense, costs and charges related to its revenues, incurred from May 2004 to December 2007, in the amounts of R$5,516 and R$25,405 for PIS and COFINS, respectively, totaling R$30,921. These credits were generated based on the new interpretation made by the Company of certain provisions of Law No. 10,865/04, which definitely changed the taxation system of such taxes on revenues earned by the Company. The untimely used PIS and COFINS credits were fully offset against other Federal taxes in July and August 2008, as mentioned in Note 8.c.

23. INSURANCE

The Company and its subsidiaries contract insurance based principally on risk concentration and significance, at amounts considered by Management to be sufficient, taking into consideration the nature of their activities and the opinion of their insurance advisors. As of September 30, 2008, the insurance coverage was as follows:

Items	Coverage	Insured amount
Industrial complex/inventories	Any material damages to buildings, installations and machinery and equipment	688,519
Vehicles	Fire, theft and collision for 1,502 vehicles	50,813
Loss of profits	Nonrealization of profits arising from material damages to installations, buildings and production machinery and equipment	925,120

24. SUBSEQUENT EVENT

a) Exchange depreciation

As described in notes 14 and 20.b), in the normal course of its business, the Company has transactions denominated in foreign currency, arising from imports, trade accounts payable and loans due to financial institutions. Accordingly, significant fluctuations in foreign exchange rates may have material effects on the Company's financial statements. As a result of the current market conditions, specifically in September and October 2008, the Brazilian real has depreciated against other currencies, mainly the U.S. dollar. As of September 30, 2008, the U.S. dollar rate against the Brazilian real was US$1.00 = R$1.9143 while the Japanese yen rate against the Brazilian real was ¥1.00 = R$0.017498. As of October 21, 2008, the rates of these currencies were US$1.00 = R$2.1941 and ¥1.00 = R$0.021839, a Brazilian real depreciation against the U.S. dollar of 24.81% and a Brazilian real depreciation against the Japanese yen of 14.62%, compared to September 30, 2008. The interim financial statements have been prepared in accordance with Brazilian accounting practices, which require that assets and liabilities denominated in foreign currency be monetarily adjusted based on the exchange rate of the related currencies at the end of the reporting date and, thus, do not reflect the effects of changes in foreign exchange rates after the reporting period.

Considering this depreciation from September 30 to October 21, 2008, the effects on the exposed net liabilities of the Company and its subsidiaries, net of the effects of derivative financial instruments contracted for hedging purposes, would be an expense of R$600.

b) CVM Resolution No. 550, of October 17, 2008

On October 17, 2008, the Brazilian Securities and Exchange Commission issued CVM Resolution No. 550, requiring public companies to disclose, in a separate note to the interim financial statements, qualitative and quantitative information about their derivative activities, whether recognized or not as assets or liabilities in the balance sheet. Pursuant to article 5 of CVM Resolution No. 550/08, those public companies that have already disclosed its interim financial statements for the third quarter of 2008 as of this Resolution date, or those that are to disclose their interim financial statements through October 24, 2008, without considering this Resolution new requirements, are required to review the explanatory note on derivative instruments and restate their interim financial statements for the third quarter of 2008 until no later than November 14, 2008, as established in the referred Resolution.

Considering that the Company: (i) is required to comply its Corporate Governance policy relating to the timeframe set for disclosure of the interim financial statements; and (ii) is presenting the interim financial statements for the third quarter of 2008 on October 22, 2008, the Company's Management, as permitted by article 5 of CVM Resolution No. 550/08, decided to present these interim financial statements within the timeframe stipulated in said Resolution.

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

NATURA COSMÉTICOS S.A.

STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2008 AND 2007
(In thousands of Brazilian reais - R$)

	Company		Consol
	09/2008	09/2007	09/2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	385,382	322,859	379,611
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (Note 12)	6,678	5,790	63,711
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	8,194	(5,449)	25,432
Reserve for losses on swap and forward contracts (Notes 20.b and 20.d)	(3,892)	18,562	(5,734)
Reserves for tax, civil and labor contingencies, including monetary variation (Note 16)	17,988	(9,739)	4,855
Deferred income and social contribution taxes (Note 9.a)	(15,786)	6,954	(23,822)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	3,014	507	8,582
Equity in subsidiaries (Note 11)	1,005	(3,273)	-
Other adjustments to income, including allowance for inventory losses	725	773	4,547
Minority interest	-	-	-
	403,308	336,984	457,182
(INCREASE) DECREASE IN ASSETS			
Current assets:			
Trade accounts receivable (Note 6)	179,290	53,071	163,505
Inventories (Note 7)	(26,951)	(9,827)	(102,705)
Other receivables	(20,145)	(10,394)	(20,356)
Noncurrent assets (long-term assets):			
Escrow deposits (Note 16)	(7,730)	(44,446)	(7,062)
Recoverable taxes (Note 8)	(4,185)	(403)	(356)
Other receivables	633	983	1,955
Subtotal	120,912	(11,016)	34,981
INCREASE (DECREASE) IN LIABILITIES			
Current liabilities:			
Suppliers	77,298	(38,226)	15,085
Salaries, profit sharing and related charges, net	16,026	4,557	26,937
Taxes payable, net (Notes 8 and 15)	(69,770)	27,433	(37,841)
Other payables	6,942	(2,362)	7,775
Noncurrent liabilities:			
Other payables	1,931	1,581	2,890
Subtotal	32,427	(7,017)	14,846
NET CASH PROVIDED BY OPERATING ACTIVITIES	556,647	318,951	507,009
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and intangible assets (Note 12)	(15,704)	(11,968)	(60,959)
Investments (Note 11)	(102,975)	(43,555)	330
Other investments	-	-	-
NET CASH USED IN INVESTING ACTIVITIES	(118,679)	(55,523)	(60,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amortization - loans and financing (Note 14)	(304,064)	(202,221)	(436,581)
Fundings - loans and financing (Note 14)	282,730	348,344	374,567
Payments of swap and forward contracts (Notes 20.b and 20.d)	(4,847)	(18,162)	(7,970)
Payment of dividends (Note 17.c)	(425,711)	(351,748)	(425,711)
Payment of interest on own capital	-	(39,247)	-
Capital increase (Note 17.a)	330	-	-
Acquisition of shares	(21,125)	(22,701)	(21,125)
Investment grants	1,816	2,116	1,816
Sale of treasury shares due to exercise of stock options (Note 17.c)	3,092	7,389	3,092
Payment of receivables from shareholders	-	92	-
NET CASH USED IN FINANCING ACTIVITIES	(467,779)	(276,138)	(511,912)
INCREASE (DECREASE) IN CASH AND BANKS	(29,811)	(12,710)	(65,532)
Cash and banks at beginning of period	105,571	133,362	405,391
Cash and banks at end of period	75,760	120,652	339,859
CHANGE IN CASH AND BANKS	(29,811)	(12,710)	(65,532)
SUPPLEMENTARY CASH FLOW DISCLOSURE			
Income and social contribution taxes paid	22,840	65,296	29,392
Interest paid on loans and financing	2,332	1,333	13,587

São Paulo, Brazil, October 22, 2008 - Natura Cosméticos S.A. (São Paulo Stock Exchange - Bovespa: NATU3) announces today its results for the third quarter of 2008 (3Q08). The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis,** in accordance with Brazilian Corporate Law.

The report is divided into four sections: (i) overview and summary of operations; (ii) Brazilian operation pro-forma; (iii) international operations pro-forma; and (iv) consolidated results. The profit margin earned in Brazil's exports to international operations has been deducted from the COGS of respective operations, showing the actual impact of these subsidiaries[1] on Natura's consolidated results. Thus, the pro-forma Statement of Income for Brazil only shows the results of sales made on the domestic market. As of the third quarter of 2008, we are excluding the effects from the translation of the pro-forma result of international operations, which result from the conversion of these countries' Statements of Income into Brazilian reais.

> OVERVIEW

The globalized world's main economies are currently undergoing a period of significant change. Developing countries, however, may be less affected by the crisis, and could thus play an important role in the growth of the global economy.

The direct sales of cosmetics and fragrances, in turn, have shown a historically positive performance in relation to other sectors in Brazil, increasing at rates above GDP growth. The model is not dependent on credit and is less sensitive to economic turbulence. This has been the characteristic of the business, although the past is no guarantee of similar performance in the future.

[1] This adjustment is made fully, since Natura Cosméticos S.A. holds a 100% stake in these subsidiaries.

Natura has strong fundamentals both in its financial structure and its business model. Our company is highly profitable, has strong cash generation and a treasury that operates safely and selectively. The brand is strong, having been evaluated by independent institutions[2] as one of the most important and among the fifteen most valuable in Latin America, where we concentrate our business. Thus, we are confident that we have a solid basis to grow and duly remunerate our shareholders.

BRAZILIAN OPERATION

Natura's 3Q08 results reflect the first effects of our Action Plan. The Plan, which foresees investments of R$400 million in marketing and in the commercial model for the 2008-2010 period, aims to accelerate sales growth with full impact in 2009. It is worth mentioning that this investment will be financed entirely by internal efficiency gains.

3Q08 net revenues in Brazil totaled R$868.4 million, a 21.4% growth year-on-year. Brazilian EBITDA amounted to R$236.9 million, with a 27.3% margin, compared to a margin of 27.1% in 3Q07.

The innovation process has been demonstrating its efficiency through restored growth in the innovation index[3] (66.9% in 9M08 versus 54.2% in 9M07) and by the success of new launchings in the first nine months of the year. Highlights have been the *Amor América* perfume line, the *Chronos Politensor de Soja* anti-wrinkle hydrating facial cream, the relaunch of the *Tododia* line, and, more recently, the *Natura Naturé* line, which invites children aged 3 to 7 to take care of hygiene and cleaning while also encouraging care with water.

Additional investments in marketing and in the commercial model in 9M08 totaled R$55.2 million and are in accordance with the Action Plan. By and large, these investments have been allocated toward advertisement and events in support of new launches as well as expanded training for consultants and product experimentation.

Additional marketing expenditures in 9M08 were offset by productivity gains totaling R$64.6 million. These economies resulted from a more efficient management of the product loss prevention process, gains in manufacturing costs, a reduction in the sales catalogue cost, and an increase in the share of orders placed through the Internet.

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[2] INTERBRAND "O poder das marcas na América Latina" – October 2008.

[3] Innovation Index - percentage participation of sales coming from products launched in the past 24 months

The implementation of the CNO (*Consultora Natura Orientadora)*[4] model is proceeding according to plan. It is currently present in the Northeast region, in the São Paulo state, and also in the states of Rio de Janeiro, Minas Gerais, and Espírito Santo. The implementation of the CNO model in other regions of the country is expected to be finalized by the first half of 2009, when we will have approximately 8.5 thousand CNOs.

Our portfolio currently consists of 851 SKUs[5], which represents an 8.5% reduction in relation to the balance at the start of the year. We have maintained our goal of portfolio rationalization, aiming at 780 SKUs by the end of this year.

With respect to the physical distribution decentralization program, at the end of September we opened our fourth distribution center, located in the city of Canoas (in the state of Rio Grande do Sul). This location will cater to part of the states of Rio Grande do Sul and Santa Catarina. Another distribution center is planned for opening in the first half of 2009.

The action plan released at the start of this year also foresees an evolution in our organizational model and seeks to invigorate our culture and establish management by processes. We are restructuring our organization with the creation of business units, and this structure will make operations lighter and more efficient, enabling greater proximity to clients and the market. Our main goal is to implement a management system that can promote continuous improvement and innovation through learning and through the growth of our employees and their relationship with Natura, generating value for all stakeholders.

This year, we ranked first among companies in the Hygiene, Cosmetics and Cleaning industry in four of the main rankings organized by means of communication[6] in Brazil, which took into account our 2007 results. In addition, we were recognized as the second Most Admired Company in Brazil, by "Carta Capital" magazine.

Financial Status:

The combination of an ample hedge policy and a high degree of liquidity has placed the company in an advantageous position to ride through the current period of instability on financial markets.

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[4] The CNO model is an evolution of the current business model that becomes bi-level, whereby the Advising Natura Consultant provides atypical services and is responsible por accelerating channel growth.
[5] Stock keeping unit
[6] We were ranked by *Melhores e Maiores*, of Exame Magazine, *Valor 1000*, of Valor Econômico newspaper, *As Melhores da Dinheiro*, by Isto É Dinheiro magazine, and *Balanço Anual*, of Gazeta Mercantil newspaper.

Natura follows a risk management policy that keeps results, projected for a period of at least six months, as independent as possible from exchange rate fluctuations. The hedge model takes into account not only the balance positions in other currencies, but also the flows projected for this six-month horizon, with suppliers and our international operations.

Taking into account third quarter results and fluctuation projections for the fourth quarter, we estimate a net result for the six-month period of approximately R$12.0 million of positive effect, considering exchange parities as of October 21, 2008[7]. Natura closes 3Q08 with a cash balance of R$339,9 million and total financings of R$519,5 million, with an average duration of 15 months.

Sustainability

As for environmental initiatives, we highlight the 32.0% reduction in the environmental footprint of Revista Natura, as compared to the previous version of the magazine. The change in the type of paper, and the new design allowed for a reduction in both the amount of raw material used in its production, as well as in the number of pages. This initiative resulted in savings of 3.5 thousand tonnes/year of paper and a reduction of 4.5 thousand tonnes of CO_{2e}/year in emissions.

Regarding carbon neutrality, Natura's goal is to reduce by 33% the emissions of GHG[8] in the 5-year period started in 2006. In 2007, we reduced our emissions by 7% (from 4.39 to 4.09 Kg of CO_{2e}/Kg of product). In 2008, seven workgroups were created, led by managers of various areas, and whose responsibility is to reduce emissions throughout the business chain. As of 2007, our entire company and range of products are carbon neutral, by supporting external social and environmental projects.

Another important topic we must highlight is energy and water consumption. In 9M08 we established two multidisciplinary committees to discuss the reduction and control of energy and water consumption. We achieved a 5.8% reduction in our energy matrix (Electric, LPG and Diesel), whereas the original target was 2.0%. Furthermore, we reduced water consumption by 6.8% over the same period of 2007, whereas our initial target was also 2.0%. We have also focused on improving our productive process and raising awareness about environmental issues among our administrative and operating employees.

[7] Brazilian real/US$ Exchange rate: 2.1941
[8] Greenhouse Gases

INTERNATIONAL OPERATIONS

Natura's internationalization strategy has not changed. International expansion through a brand of global expression is still an important growth driver for Natura. Our focus continues to be on accelerating growth in the markets where we operate in Latin America, where our model and brand already show strength and potential.

Studies for the implementation of a United States operation have shown that the moment is not suitable. In view of this, we have decided to suspend our entry into that market for an indeterminate period of time. We will maintain our operation in France as part of a group of initiatives to build our global brand and as a source of learning about demand in a highly sophisticated market.

International operations as a whole posted gross revenues of R$67.2 million in 3Q08, a year-on-year weighted growth of 55.2% in local currency (41.2% in Brazilian reais), accounting for 5.4% of consolidated gross revenues, versus 4.6% in the previous year.

EBITDA of international operations amounted to negative R$20.0 million in 3Q08, with: (i) R$10.0 million in Latin American operations (R$9.9 million in 3Q07), showing a favorable evolution of these operations with a consequent improvement in the margin from -27.0% to -19.3% between the two periods; and (ii) R$9.9 million in other markets (R$3.1 million in 3Q07), especially impacted by the costs of studies for the establishment of a unit in the United States.

Also in Latin America, the number of consultants grew 41.4% in 3Q08 and already exceeds 111 thousand. We currently count on six *Casas Natura* (Buenos Aires, two in Mexico City, Cali, Bogotá, and Lima) and another three will be opened by year-end in Latin American countries in which we operate. Another positive aspect seen in these operations is Natura's positioning among the best places to work[9] in Argentina, Chile, and Peru. In Mexico, we received two awards in the category of social responsibility: "Socially-Responsible Company 2008" and "Best Social Responsibility Practice 2008".

CONSOLIDATED RESULTS

Consolidated gross revenues amounted to R$1,246.2 million in 3Q08, a year-on-year growth of 18.5% (R$1,052.0 million). Consolidated net revenues totaled R$921.1 million in 3Q08, a 22.3% growth over 3Q07 (R$752.9 million).

[9] Survey "Great Place to Work" 2008

Consolidated EBITDA reached R$227.3 million, versus R$179.1 million in 3Q07, showing, therefore, a growth of 27.0% between the periods. The consolidated EBITDA margin increased to 24.7% in 3Q08 (23.8% in 3Q07), influenced by a higher gross margin and by operational efficiency gains which offset increased marketing expenses. We reaffirm our consolidated EBITDA margin guidance of at least 23.0% for each year in the three-year period of 2008-2010.

The consolidated number of consultants reached 803.9 thousand at the end of 3Q08, up 14.6% year-on-year.

> COSMETICS, FRAGRANCES, AND PERSONAL HYGIENE SECTOR IN BRAZIL

According to data by the Brazilian Personal Hygiene and Cosmetics Industry Association (Sipatesp/Abihpec), the growth of the target market[10] for cosmetics, fragrances, and personal hygiene products in Brazil came to 12.0% in the first half of 2008 compared to the same period in 2007. Discounting the period's IPCA[11], actual growth stood at 5.7%. The table below shows the breakdown of the target market in two segments—cosmetics & fragrances; and personal hygiene—as well as Natura's market share in these segments. The Company posted a market share reduction in the target market of 70 basis points in this period, going from 22.5% in 6M07 to 21.8% in 6M08.

> CF&T Core Market Net Revenues Breakdown and Natura's Market Share in Brazil

	Core Market (R$ million)			Market Share - Natura (%)		
	6M08	**6M07**	**Change %**	**6M08**	**6M07**	**Var. pp**
Cosmetics and Fragrances	2787.2	2474.7	12.6%	35.4%	38.0%	(2.6)
Personal Hygiene	3636.1	3257.9	11.6%	11.4%	10.7%	0.7
Total	**6423.3**	**5732.6**	**12.0%**	**21.8%**	**22.5%**	**(0.7)**

Source: SIPATESP

[10] Target Markets: Skin Care, Sunscreen, Make-up, Perfumes, Fragrances, hair Care, Shaving Cream and Deodorant. It does not include Diapers, Nail Polishing, Sanitary Napkin, Hair Dye and Oral Hygiene products.
[11] IPCA of 6.06% in the 12-month period ended 6/30/2008.

> BRAZILIAN OPERATION – Pro-Forma Statement of Income

> Financial Highlights - Brazil (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	691.9	622.5	11.1	691.9	622.5	11.1
Unit sold – items for resale (in million)	74.6	67.7	10.1	206.1	188.5	9.4
Gross Revenues	1,179.0	1,004.4	17.4	3,190.5	2,859.5	11.6
Net Revenues	868.4	715.6	21.4	2,332.0	2,033.4	14.7
Gross Profit	605.9	483.5	25.3	1,609.3	1382.4	16.4
Gross Margin (%)	*69.8%*	*67.6%*	*2.2 pp*	*69.0%*	*68.0%*	*1.0 pp*
Sales Expenses	287.4	223.9	28.4	767.3	638.3	20.2
Administrative Expenses	97.9	82.2	19.2	275.7	254.3	8.4
Others (Income) / Expenses, net	0.0	0.0	-	30.9	7.8	294.9
Financial Income, net	11.1	(3.5)	-	(3.1)	(9.1)	-
Operating Profit	228.4	171.7	33.0	584.5	481.2	21.5
Net Income	167.1	133.7	25.0	437.8	372.5	17.5
EBITDA	236.9	194.1	22.1	649.3	542.4	19.7
EBITDA Margin (%)	27.3%	27.1%	*0.2 pp*	27.8%	26.7%	*1.2 pp*

(*) Number of consultants by the end of the cycle 13 of sales

Gross revenues from the Brazilian operation totaled R$1,179.0 million in 3Q08 versus R$1,004.4 million in 3Q07, showing a growth of 17.4%. Net revenues posted a 21.4% growth. This growth was the result of highly-successful new product launches, sustained by an efficient communication strategy with the final sales and consumer channel. The difference between the growth of gross revenues and net revenues once again had the positive effect of reducing tax expenses due to decentralized distribution and changes to the tax replacement mechanisms in several states.

Year-to-date (9M08), **gross revenues from the Brazilian operation** were R$3,190.5 million with an 11.6% growth over the same period in the previous year (9M07 – R$2,859.5 million). Net revenues posted an increase of 14.7%.

The **Cost of Goods Sold** (COGS) decreased from 32.4% of net revenues in 3Q07 to 30.2% in 3Q08. This decrease and the consequent gross margin increase resulted mainly from: (i) a rationalization of the product loss prevention process; (ii) improved manufacturing cost management (material and expenditures); and (iii) a lower tax rate on sales, in this order of significance. Part of these gains was offset by the repositioning of prices in some product lines.

Year-to-date, COGS also posted a reduction, dropping from 32.0% in 9M07 to 31.0% in 9M08. This gross margin increase is mainly the result of the same factors mentioned above.

Sales expenses increased from 31.3% of net revenues in 3Q07 to 33.1% in 3Q08 as a result of our program for greater investment in marketing, mainly allocated in advertisement, events, training and product experimentation. Part of this increase was offset by efficiency gains in customer service.

Year-to-date, **sales expenses,** expressed as a percentage of net revenues, also posted an increase of 150 basis points, going from 31.4% in 9M07 to 32.9% in 9M08 due to the same factors mentioned above.

Administrative expenses remained virtually at the same level of 11.4% in 3Q08 as in 3Q07. Reductions deriving from the end of the CPMF tax, our overhead freezing program and lower innovation expenses were partially offset by a greater provision for profit sharing related to the year of 2008, reflecting changes in our variable compensation model, which will lead to more result-dependent compensations.

Year-to-date, **administrative expenses** continued to post a reduction, going from 12.5% in 9M07 to 11.8% in 9M08 as a percentage of net revenues, due to the same abovementioned factors.

The favorable **net financial result** was due to gains in operational hedge operations.

EBITDA from the Brazilian operation stood at R$236.9 million in 3Q08, versus R$194.1 million in 3Q07: an increase of 22.1%. The EBITDA margin increased from 27.1% in 3Q07 to 27.3% in 3Q08.

Year-to-date in 9M08, **EBITDA** from the Brazilian operation totaled R$649.3 million, a 19.7% growth over the same period of the previous year (9M07 – R$542.4 million), while the EBITDA margin increased from 26.7% in 9M07 to 27.8% in 9M08.

At the end of 3Q08, we counted on 691.9 thousand consultants in the Brazilian operation, a year-on-year increase of 11.1%. Meanwhile, the average productivity per active consultant in this quarter increased, from an average R$2,904.0 in 3Q07 to R$2,962.0 in 3Q08. Year-to-date, the productivity remained stable at R$8,999.0 in 9M07 and R$8,990.0 in 9M08.

> INTERNATIONAL OPERATIONS

As of 1Q08, we have begun presenting pro-forma results from international operations with a breakdown of results between LATAM[12] operations and other markets. Within the LATAM operation, we highlight two blocs of operation: one bloc, under consolidation (Argentina, Chile, and Peru) and another under implementation (Mexico, Colombia, and Venezuela).

The number of consultants in international operations reached 112.1 thousand[13] at the end of 3Q08, up 41.5% versus 3Q07, reinforcing the strength of Natura's brand outside Brazil.

The weighted growth in gross revenues totaled 55.2% (41.2% in Brazilian reais) in 3Q08 versus 3Q07. Year-to-date, this growth amounts to 53.8% in 9M08 versus 9M07 (37.5% in reais).

Investments in international operations, represented by the negative EBITDA**,** totaled R$20.0 million in 3Q08 versus R$13.1 million in 3Q07. Year-to-date, this investment totaled R$55.2 million in 9M08 versus R$33.0 million in 9M07.

For 2008, expenses[14] with international expansions in Latin America, France, and the United States decreased from R$97.0 million, as disclosed up to the last quarter, to R$82.0 million. This reduction reflects the decision to cancel the opening of an operation on the United States market.

[12] LATAM: Latin America excluding Brazil.
[13] Final position of Cycle 12.
[14] Expenses represented by the EBITDA.

>> LATIN AMERICA (LATAM)[15] - Pro-Forma Statements of Income

> Financial Highlights - LATAM (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	111,6	79,0	41,4	111,6	79,0	41,4
Unit sold – items for resale (in million)	6,1	4,4	39,5	17,0	11,3	50,2
Gross Revenues	66,3	47,0	41,0	175,2	127,5	37,4
Net Revenues	51,9	36,8	41,1	137,8	99,8	38,0
Gross Profit	31,9	22,7	41,0	85,1	64,3	32,5
Gross Margin (%)	*61,6%*	*61,6%*	*0,0 pp*	*61,8%*	*64,4%*	*-2,6 pp*
Sales Expenses	34,7	26,2	32,5	93,3	69,8	33,6
Administrative Expenses	7,7	6,9	11,9	22,5	19,0	18,4
Financial Income, net	(1,1)	(0,0)	-	(1,8)	(0,0)	-
Operating Profit	(11,6)	(10,5)	10,8	(32,4)	(24,6)	32,0
Net Income	(13,4)	(11,4)	17,4	(37,1)	(28,3)	31,0
EBITDA	(10,0)	(9,9)	1,0	(29,0)	(23,2)	25,0
EBITDA Margin (%)	-19,3%	-27,0%	*7,7*	-21,0%	-23,2%	*2,2 pp*

(*) Number of consultants by the end of the cycle 12 of sales

Latin American operations posted a weighted growth of 55.1% in gross revenues in local currency (41.0% in Brazilian reais). It is worth pointing out that the greatest amount of gross profits from these operations was allocated towards marketing and growth of the sales channel.

Year-to-date, the weighted growth of gross revenues amounts to 53.9% in local currency (37.4% in Brazilian reais). EBITDA stood at negative R$29.0 million in 3Q08, versus negative R$23.2 million in 3Q07.

The number of consultants in LATAM reached 111.6 thousand at the end of 3Q08, representing a growth of 41.4% over 3Q07.

[15] LATAM: Latin America excluding Brazil.

> Financial Highlights - Operations under Consolidation (Argentina, Chile and Peru) (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	85,5	65,2	31,2	85,5	65,2	31,2
Unit sold – items for resale (in million)	4,8	3,7	30,0	13,5	9,9	36,2
Gross Revenues	53,4	40,1	33,3	141,9	111,2	27,6
Net Revenues	40,6	30,7	32,3	108,8	85,6	27,1
Gross Profit	24,7	18,8	31,5	67,8	55,1	23,1
Gross Margin (%)	*60,9%*	*61,2%*	*-0,3 pp*	*62,3%*	*64,4%*	*-2,0 pp*
Sales Expenses	21,6	17,1	26,2	58,0	46,3	25,3
Administrative Expenses	4,4	4,2	4,7	13,0	11,8	10,0
Financial Income, net	(1,0)	(0,0)	-	(1,6)	(0,1)	-
Operating Profit	(2,3)	(2,5)	(10,1)	(4,7)	(3,1)	49,9
Net Income	(3,4)	(3,1)	12,3	(7,9)	(6,0)	31,6
EBITDA	(0,9)	(2,2)	(61,1)	(2,0)	(2,2)	(9,8)
EBITDA Margin (%)	-2,1%	-7,3%	*5,1 pp*	-1,8%	-2,6%	*0,8 pp*

(*) Number of consultants by the end of the cycle 12 of sales

Gross revenues from operations under consolidation (Argentina, Chile, and Peru) stood at R$53.4 million in 3Q08, posting a weighted growth of 46.9% in local currency (33.3% in Brazilian reais) versus 3Q07. Year-to-date, these operations posted gross revenues of R$141.9 million, representing a weighted growth of 42.7% in local currency (27.6% in Brazilian reais) compared to the previous year.

EBITDA in these operations remained virtually at break-even (-R$0.9 million), posting a significantly improved margin, from -7.3% to -2.1% year-on-year.

The total number of consultants in these operations reached 85.5 thousand at the end of the quarter, a substantial year-on-year growth of 31.2%.

>> Financial Highlights - Operations under Implementation (Mexico, Venezuela and Colombia) (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Total Consultants - end of period* (in thousand)	26.1	13.7	89.8	26.1	13.7	89.8
Unit sold – items for resale (in million)	1.4	0.7	85.4	3.5	1.4	148.8
Gross Revenues	12.9	6.9	85.7	33.3	16.3	104.4
Net Revenues	11.3	6.1	85.5	29.0	14.2	103.9
Gross Profit	7.2	3.9	86.8	17.3	9.2	88.5
Gross Margin (%)	*64.2%*	*63.8%*	*0.4 pp*	*59.8%*	*64.6%*	*-4.9 pp*
Sales Expenses	13.2	9.1	44.4	35.3	23.5	49.9
Administrative Expenses	3.3	2.7	23.1	9.5	7.2	32.1
Financial Income, net	(0.1)	(0.0)	-	(0.2)	0.1	-
Operating Profit	(9.3)	(8.0)	17.3	(27.7)	(21.4)	29.3
Net Income	(9.9)	(8.3)	19.3	(29.2)	(22.3)	30.8
EBITDA	(9.2)	(7.7)	18.9	(27.0)	(21.0)	28.7
EBITDA Margin (%)	-81.4%	-127.0%	*45.6 pp*	-93.1%	-147.4%	*54.3 pp*

(*) Number of consultants by the end of the cycle 12 of sales

With regard to operations under implementation (Mexico, Venezuela, and Colombia), gross revenues reached R$12.9 million in 3Q08 versus R$6.9 million in the same period of 2007. Year-to-date, gross revenues from these operations amount to R$33.3 million in 9M08 versus R$16.3 million in 9M07. The total number of consultants in these operations totaled 26.1 thousand at the end of the quarter.

Other markets in which we operate (France and the United States[16]) posted operating losses (EBTIDA) of R$9.9 million in 3Q08, versus R$3.1 million in 3Q07, driven by the French results, which are still negative, and by expenses related to the analysis and planning of the United States operation.

[16] Expenses related to feasibility studies.

> CONSOLIDATED RESULTS

>> CONSOLIDATED FINANCIAL SUMMARY

> Consolidated Financial Summary (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Gross Revenues	1,246.2	1,052.0	18.5	3,368.7	2,989.0	12.7
Net Revenues	921.1	752.9	22.3	2,472.2	2,134.9	15.8
Gross Profit	638.4	506.6	26.0	1,696.4	1,448.0	17.2
Gross Margin (%)	*69.3%*	*67.3%*	*2.0 pp*	*68.6%*	*67.8%*	*0.8 pp*
Operating Profit	217.0	155.9	39.2	531.0	439.1	20.9
EBITDA*	227.3	179.1	27.0	600.3	502.6	19.4
EBITDA Margin (%)	*24.7%*	*23.8%*	*0.9 pp*	*24.3%*	*23.5%*	*0.7 pp*
Net Income	154.0	117.0	31.6	379.6	326.7	16.2
Net Margin (%)	*16.7%*	*15.5%*	*1.2 pp*	*15.4%*	*15.3%*	*0.1 pp*
Total Consultants - end of period** (in thousand)	803.9	701.7	14.6	803.9	701.7	14.6

(*) EBITDA = Income from operations before financial effects + non-operating income + depreciation & amortization.

(**) Positon at the end of the 13th sales cycle in Brazil and the 12th sales cycle in International Operations.

Consolidated gross revenues reached R$1,246.2 million in 3Q08, up 18.5% from 3Q07 (R$1,052.0 million). Net revenues increased 22.3%.

Year-to-date, **consolidated gross revenues** amounted to R$3,368.7 million in 9M08, a 12.7% growth over 9M07 (R$2,989.0 million). Net revenues, in turn, increased 15.8%.

The **Cost of Goods Sold** (COGS) increased from 32.7% of net revenues in 3Q07 to 30.7% in 3Q08. The improvement in the consolidated gross margin was influenced by better cost management in the Brazilian operation.

Year-to-date, the **Cost of Goods Sold** (COGS) also underwent a reduction, going from 32.2% in 9M07 to 31.4% in 9M08 due to the same abovementioned factors.

The chart below shows the breakdown of the main components of COGS:

> Composition of Cost of Good Sold (% Net Revenues)

	3Q08	3Q07	9M08	9M07
RM/PM*	24.8	25.6	24.9	25.0
Labor	2.5	2.9	2.8	2.9
Depreciation	1.2	1.3	1.3	1.3
Others	2.3	2.9	2.4	3.0
Total	**30.7**	**32.7**	**31.4**	**32.2**

(*) Raw material and packaging material

Sales expenses, as a percentage of net revenues, increased from 33.6% in 3Q07 to 35.4% in 3Q08, driven by greater marketing investment in Brazil and investments in the expansion of sales channels for international operations, as planned.

Year-to-date, **sales expenses**, as a percentage of net revenues, went from 33.6% in 9M07 to 35.3% in 9M08, due to the same factors mentioned above.

Administrative expenses, as a percentage of net revenues, remained largely stable from 12.0% in 3Q07 to 12.2% in 3Q08. Reductions deriving from the end of the CPMF tax and the overhead freezing program offset a greater provision for profit sharing related to the year 2008, which reflects changes in our model of variable compensation and a greater participation of international operations.

Year-to-date, **administrative expenses**, as a percentage net revenues, went from 13.0% in 9M07 to 12.8% in 9M08, due to the same abovementioned factors.

Consolidated EBITDA totaled R$227.3 million in 3Q08, compared to R$179.1 million in 3Q07: a growth of 27.0%. The EBITDA margin increased from 23.8% in 3Q07 to 24.7% in 3Q08.

In 9M08, the **consolidated EBITDA** amounted to R$600.3 million, versus R$502.6 million in 9M07: a growth of 19.4%. The EBITDA margin was 24.3% in 9M08, compared to 23.5% in 9M07.

> EBITDA (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Net Revenues	921,1	752,9	22,3	2.472,2	2.134,9	15,8
(-) Cost of Sales and Expenses	714,2	593,5	20,3	1.936,3	1.686,6	14,8
EBIT	**207,0**	**159,4**	**29,8**	**535,9**	**448,3**	**19,5**
(+) Non-operating income	0,0	0,5	-	0,7	0,5	-
(+) Depreciation/Amortization	20,4	19,2	6,2	63,7	53,8	18,5
EBITDA	**227,3**	**179,1**	**27,0**	**600,3**	**502,6**	**19,4**

The chart below shows the reconciliation of consolidated EBITDA per bloc of operations:

> EBITDA *pro-forma* by areas of operation (R$ million)

	3Q08	3Q07	Change %	9M08	9M07	Change %
Brazil	236.9	194.1	22.1	649.3	542.4	19.7
Argentina, Chile and Peru	(0.9)	(2.2)	(61.1)	(2.0)	(2.2)	(9.8)
Mexico, Venezuela and Colombia	(9.2)	(7.7)	18.9	(27.0)	(21.0)	28.7
France and USA	(9.9)	(3.1)	216.6	(26.3)	(9.8)	167.8
Effects of exchanges variation on translation of foreign investments	10.4	(1.9)	n/a	6.2	(6.9)	n/a
Total	**227.3**	**179.1**	**27.0**	**600.3**	**502.6**	**19.4**

Consolidated net income totaled R$154.0 million in 3Q08 versus R$117.0 million in 3Q07, an increase of 31.6%.

The higher growth rate in net income related to the EBITDA is due mainly to the positive financial result caused by operating hedge gains.

Year-to-date, **consolidated net income** totaled R$379.6 million in 9M08 versus R$326.7 million in 9M07: a 16.2% growth.

> CASH FLOW

Internal cash flow generation[17] in 9M08 totaled R$443.3 million, up 16.5% year-on-year. A total of R$67.8 million was added to this figure from operating working capital.

To better understand the working capital reduction in 9M08, one must consider the events that occurred in 4Q07: (i) the extraordinary reduction of R$122.0 million in accounts receivable on 12/31/07—the result of a more flexible credit policy adopted for Christmas sales—; and (ii) the effect of R$25.0 million in the inventory balance due to lower-than-expected revenues in the period.

Added to these effects were a few following transitory impacts totaling R$38.0 million in taxes recoverable (net of taxes payable effects, also transitory), resulting from changes to the tax replacement mechanisms of some states, in addition to structural effects totaling R$21.0 million in taxes payable due to the postponement of the ICMS collection period in the state of São Paulo.

> Consolidated cash flow – *pro-forma* (R$ million)

	9M08	9M07	Change %
Net income	**379.6**	**326.7**	**16.2**
(+) Depreciation and amortization	63.7	53.8	18.5
Internal cash generation	**443.3**	**380.5**	**16.5**
Operating working capital*	67.8	(82.4)	
Other assets and liabilities**	(28.5)	(20.7)	
Operating cash generation	**482.6**	**277.3**	**74.0**
Capex	(61.0)	(73.4)	
Free cash flow* **	**421.7**	**203.9**	**106.8**

(*) Assets - Accounts receivable, inventories, and short-term recoverable taxes. Liabilities - Suppliers, payrolls, profit sharing and social charges, tax liabilities, provisions, and freight payable.

(**) Assets - Advance to employees and suppliers, short-term deferred income and social contribution taxes, other credits, and long-term assets. Liabilities - Other short and long-term accounts payable and provisions for tax, civil, and labor losses.

(***) (Internal cash generation) +/- (changes in working capital and long-term assets and liabilities) – (acquisitions of property, plants, and equipment).

[17] (Net income for the period) + (depreciation and amortization)

Fixed asset investments made in 9M08 totaled R$61.0 million, mainly allocated to production and logistics capacity expansion and information technology. Accordingly, free cash flow generation in 9M08 came to R$421.7 million, versus R$203.9 million in the same period of the previous year.

Fixed asset investments have once more been re-evaluated. For the year 2008, these will amount to R$90 million, compared to the R$120 million announced previously.

> CONFERENCE CALL & WEBCAST

Portuguese: **Friday, October 24, 2008**
10 am – Brasília time (8 am EST)

English: **Friday, October 24, 2008**
12 pm – Brasília time (10 am EST)

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> Exhibit 1 – Statement of Income for the year (consolidated)

R$ million	**3Q08**	**3Q07**	**9M08**	**9M07**
Gross sales to domestic market	1,178.7	1,003.3	3,186.0	2,856.2
Gross sales to foreign market	67.2	48.4	181.7	131.9
Other sales	0.3	0.3	1.0	0.9
GROSS OPERATING REVENUES	1,246.2	1,052.0	3,368.7	2,989.0
Taxes on sales, returns and rebates	(325.1)	(299.1)	(896.4)	(854.2)
NET OPERATING REVENUES	921.1	752.9	2,472.2	2,134.9
Cost of sales	(282.8)	(246.4)	(775.9)	(686.9)
GROSS PROFIT	638.4	506.6	1,696.4	1,448.0
OPERATING (EXPENSES) INCOME				
Selling	(325.9)	(252.7)	(871.5)	(716.3)
General and administrative	(112.7)	(90.2)	(316.2)	(277.1)
Management compensation	(3.3)	(2.3)	(9.7)	(7.4)
Other operating income (expenses), net	10.4	(1.9)	37.0	1.0
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	207.0	159.4	535.9	448.3
Financial income	(5.1)	(11.8)	(48.6)	(43.8)
Financial expenses	15.1	8.2	43.7	34.7
INCOME FROM OPERATIONS	217.0	155.9	531.0	439.1
Nonoperating income, net	(0.0)	0.5	0.7	0.6
INCOME BEFORE TAXES ON INCOME	217.0	156.3	531.7	439.7
Income and social contribution taxes	(63.0)	(39.3)	(152.1)	(113.0)
NET INCOME	**154.0**	**117.0**	**379.6**	**326.7**

> Exhibit 2 – Balance sheet as of 06/30/2008 and 03/31/2008 (consolidated)

ASSETS	09/2008	06/2008
CURRENT ASSETS		
Cash and banks	339.9	269.3
Trade accounts receivable	372.0	312.9
Inventories	352.3	299.7
Recoverable taxes	178.5	134.0
Advances to employees and suppliers	5.2	5.0
Deferred income and social contribution taxes	69.2	70.4
Allowance for losses on swap and forward transactions	5.7	-
Other receivables	56.1	69.0
Total current assets	**1,379.0**	**1,160.3**
NONCURRENT ASSETS		
Long-term assets:		
Cash investments	5.1	4.9
Recoverable taxes	22.6	26.0
Deferred income and social contribution taxes	35.1	34.1
Escrow deposits	38.7	31.2
Advances to employees and suppliers	2.6	3.2
Permanent assets:		
Property, plant and equipment	517.6	512.7
Intangible assets	6.2	5.8
Total noncurrent assets	**627.9**	**618.0**
TOTAL ASSETS	**2,006.9**	**1,778.3**

LIABILITIES AND SHAREHOLDERS' EQUITY	09/2008	06/2008
CURRENT LIABILITIES		
Loans and financing	253.5	167.8
Domestic suppliers	190.0	166.5
Foreign suppliers	2.3	2.2
Salaries, profit sharing and related charges	114.1	86.6
Taxes payable	203.0	152.9
Dividends	0.2	188.2
Accrued freight	23.6	20.0
Other payables	25.5	23.5
Reserve for tax, civil and labor contingencies	15.3	14.9
Allowance for losses on swap and forward transactions	-	16.9
Total current liabilities	**827.4**	**839.5**
NONCURRENT LIABILITIES		
Loans and financing	266.1	184.2
Reserve for tax, civil and labor contingencies	50.3	47.2
Other payables	10.2	9.0
Total noncurrent liabilities	**326.6**	**240.3**
DEFERRED INCOME		
Investment grants	1.8	1.8
Total deferred income	**1.8**	**1.8**
SHAREHOLDERS' EQUITY		
Capital	390.9	390.9
Capital reserves	118.7	119.2
Profit reserves	164.3	164.3
Treasury shares	(14.4)	(15.5)
Retained earnings	191.6	37.6
Total shareholders' equity	**851.1**	**696.6**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,006.9**	**1,778.3**

> Exhibit 3 – Cash Flow Statement (consolidated)

R$ million	9M08	9M07
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	379.6	326.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortizations	63.7	53.9
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	25.4	4.7
Reserve for losses on swap and forward contracts	(5.7)	21.2
Reserve for tax, civil and labor contingencies, including monetary variation on those reserves	4.9	5.1
Income tax, social contribution and other deferred taxes	(23.8)	(5.4)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	8.6	2.4
Other adjustments of income, including provisions in allowance for inventory losses	4.5	4.2
Subtotal	**457.2**	**412.7**
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	163.5	47.5
Inventories	(102.7)	(77.3)
Other receivables	(20.4)	(10.3)
Noncurrent assets (long-term assets):		
Escrow deposits	(7.1)	(44.8)
Recoverable taxes	(0.4)	(0.3)
Other receivables	2.0	0.2
Subtotal	**35.0**	**(85.0)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	15.1	(45.3)
Salaries, profit sharing and related charges, net	26.9	8.0
Taxes payable, net	(37.8)	21.1
Other payables	7.8	(2.1)
Noncurrent liabilities (long-term liabilities):		
Other payables	2.9	3.9
Subtotal	**14.8**	**(14.3)**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**507.0**	**313.4**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(61.0)	(73.5)
Investments	0.3	-
Others investments	-	1.7
NET CASH USED IN INVESTING ACTIVITIES	**(60.6)**	**(71.7)**
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in loans	(436.6)	(284.7)
Fundings - loans	374.6	561.1
Payments of swap and forward transactions	(8.0)	(18.5)
Payment of dividends	(425.7)	(351.7)
Payment of interest on capital	-	(39.2)
Acquisition of treasure shares	(21.1)	(22.7)
Subventions for investments	1.8	2.1
Sale of treasury shares by exercise of stock options	3,092.0	7.4
Payment of receivables from shareholders	-	0.1
NET CASH USED IN INVESTING ACTIVITIES	**2,577.0**	**(146.2)**
NET DECREASE (INCREASE) IN CASH AND BANKS	**(65.5)**	**95.4**
Cash and banks at beginning of year	405.4	275.2
Cash and banks at end of quarter	339.9	370.6
CHANGE IN CASH AND BANKS	**(65.5)**	**95.4**

EBITDA is not used in the accounting practices adopted in Brazil, and thus it does not represent the cash flow for the periods. Also, it must not be deemed as an alternative to net income as an indicator of the operating performance or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and its definition by the Company may eventually not be comparable to the Brazilian LAJIDA or to EBITDA as defined by other companies. Although EBITDA does not provide, according to the accounting practices adopted in Brazil, a measure of cash flow, the Management utilizes it to measure the Company's operating performance. Furthermore, we understand that certain investors and financial analysts utilize the EBITDA as an indicator of the operating performance and/or cash flow of a company.

This report contains forward-looking statements. This information represents not only historical facts, but also reflects the wishes and expectations of Natura's management. The words "foresees", "wishes", "hopes", "forecasts", "intends", "plans", "predicts", "projects", "aims" and similar terms intend to identify statements that, necessarily, involve known and unknown risks. Known risks include uncertainties, which are not limited to the impact of price and product competition, product acceptance in the market, the product transition of the Company and its competitors, regulatory approval, currency, currency fluctuation, supply and production difficulties and changes in product sales, among other risks. This report also contains "pro forma" information, prepared by the Company to be used exclusively for information and reference purposes; therefore, they are non-audited figures. This report is updated up to the present date and Natura does not undertake to update it in the event of new information and/or future events.