Individual and consolidated interim financial information

Natura Cosméticos S.A.

For the quarter ended March 31, 2012

Natura Cosméticos S.A.

Individual and consolidated interim financial information

For the quarter ended March 31, 2012

Contents

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

Independent auditor's report on review of quarterly information

The Shareholders, Board of Directors and Officers
Natura Cosméticos S.A.
Itapecerica da Serra - SP

We have performed a review of the accompanying individual and consolidated interim financial information of Natura Cosméticos S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2012, comprising the balance sheet as at March 31, 2012 and the related income statement, of comprehensive income, statement of changes in equity and cash flow statement for the three-month period then ended, including other explanatory information. Management is responsible for the preparation of individual interim financial information in accordance with Accounting Pronouncement CPC 21 - Interim Financial Statements and the consolidated interim financial information in accordance with CPC 21 and with International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, mainly to persons responsible for financial and accounting matters, and application of analytical and other review procedures. The scope of a review is significantly narrower than an audit conducted in accordance with International Standards on Auditing and, accordingly, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly financial information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not prepared, in all material respects, in accordance with CPC 21 and IAS 34, applicable to the preparation of quarterly financial information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added for the three-month period ended March 31, 2012, prepared under the responsibility of Company management, the presentation of which in the interim information is required by the rules issued by the Brazilian Securities and Exchange Commission applicable to preparation of Quarterly Information, and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in accordance with the overall individual and consolidated interim financial statements.

Audit of prior year corresponding figures

The individual and consolidated financial information contained in the quarterly information related to the balance sheet as of December 31, 2012 and income statement, of comprehensive income, cash flow statement, and statements of changes in equity and value added for the quarter ended March 31, 2011, presented for comparison purposes, were audited and reviewed, respectively, by other independent auditors, who issued an unqualified opinion thereon dated February 15, 2012, and an unqualified review report thereon dated April 27, 2011.

São Paulo, April 25, 2012.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6

Luiz C. Passetti
Accountant CRC-1SP144343/O-3

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

NATURA COSMÉTICOS S.A.

BALANCE SHEETS AS OF MARCH 31, 2012
(In thousands of Brazilian reais - R$)

ASSETS	Note	Company 03/2012	Company 12/2011	Consolidated 03/2012	Consolidated 12/2011
CURRENT ASSETS					
Cash and cash equivalents	5	309,898	166,007	587,468	515,610
Trade accounts receivable	6	425,978	535,309	526,317	641,872
Inventories	7	246,741	217,906	767,874	688,748
Recoverable taxes	8	66,777	69,417	220,846	201,620
Related parties	27.1.	31,590	37,908	-	-
Derivatives	4.2.	21,753	28,184	22,063	28,626
Other receivables	11	118,424	115,328	137,587	126,783
Total current assets		1,221,161	1,170,059	2,262,155	2,203,259
NONCURRENT ASSETS					
Long-term assets:					
Recoverable taxes	8	12,152	12,299	110,013	111,239
Deferred income tax and social contribution	9.a)	92,258	80,145	202,618	189,552
Escrow deposits	10	254,958	244,938	307,051	295,839
Other noncurrent assets	11	3,500	4,562	28,483	29,935
Investments	12	1,261,864	1,253,721	-	-
Property, plant and equipment	13	330,047	332,215	797,525	800,434
Intangible assets	13	80,570	78,929	163,900	162,754
Total noncurrent assets		2,035,349	2,006,809	1,609,590	1,589,753
TOTAL ASSETS		3,256,510	3,176,868	3,871,745	3,793,012

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Company 03/2012	Company 12/2011	Consolidated 03/2012	Consolidated 12/2011
CURRENT LIABILITIES					
Borrowings and financing	14	27,451	66,424	136,781	168,962
Trade and other payables	15	147,214	183,317	466,406	488,980
Suppliers - related parties	27.1.	307,859	293,024	-	-
Dividends and interest on capital payable	27.1.	491,168	217	491,168	217
Payroll, profit sharing and related taxes		61,067	58,551	127,293	132,045
Taxes payable	16	219,164	260,027	426,025	446,800
Other payables		37,197	29,142	44,771	37,715
Total current liabilities		1,291,120	890,702	1,692,444	1,274,719
NONCURRENT LIABILITIES					
Borrowings and financing	14	841,234	852,549	987,292	1,017,737
Taxes payable	16	107,982	97,955	151,274	140,545
Provision for tax, civil and labor risks	17	50,152	49,600	65,426	64,957
Others provisions	18	37,918	35,818	47,204	44,809
Total noncurrent liabilities		1,037,286	1,035,922	1,251,196	1,268,048
SHAREHOLDERS' EQUITY					
Capital	19.a)	427,073	427,073	427,073	427,073
Capital reserves		157,937	160,313	157,937	160,313
Earnings reserves		448,618	292,457	448,618	292,457
Treasury shares	19.c)	(87,046)	(102,849)	(87,046)	(102,849)
Proposed additional dividend	19.b)	-	490,885	-	490,885
Other comprehensive losses		(18,478)	(17,635)	(18,478)	(17,635)
Total equity attributable to owners of the Company		928,104	1,250,244	928,104	1,250,244
Noncontrolling interests		-	-	1	1
Total shareholders' equity		928,104	1,250,244	928,105	1,250,245
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,256,510	3,176,868	3,871,745	3,793,012

NATURA COSMÉTICOS S.A.

STATEMENTS OF INCOME
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company		Consolidated	
		03/2012	03/2011	03/2012	03/2011
NET REVENUE	21	1,306,007	1,227,264	1,275,836	1,145,846
Cost of sales	22	(508,632)	(514,836)	(365,331)	(343,222)
GROSS PROFIT		797,375	712,428	910,505	802,624
OPERATING (EXPENSES) INCOME					
Selling expenses	22	(360,669)	(331,061)	(488,270)	(422,914)
Administrative and general expenses	22	(205,540)	(177,122)	(177,544)	(150,993)
Management compensation	27.2	(3,978)	(3,222)	(3,978)	(3,222)
Equity in subsidiaries	12	514	6,535	-	-
Other operating (expenses) income, net	25	989	11,177	(2,064)	13,798
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME (EXPENSES)		228,691	218,735	238,649	239,293
Financial income	24	26,991	16,690	35,173	31,420
Financial expenses	24	(41,247)	(26,810)	(50,388)	(41,616)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		214,435	208,615	223,434	229,097
Income tax and social contribution	9.b)	(62,946)	(58,098)	(71,945)	(78,580)
NET INCOME		151,489	150,517	151,489	150,517
ATTRIBUTABLE TO					
Owners of the Company		151,489	150,517	151,489	150,517
EARNINGS PER SHARE - R$					
Basic	26.1.	0.3537	0.3493	0.3537	0.3493
Diluted	26.2.	0.3528	0.3479	0.3528	0.3479

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

NATURA COSMÉTICOS S.A.

DEMONSTRAÇÕES DOS RESULTADOS ABRANGENTES
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(In thousands of Brazilian reais - R$)

	Note	Company		Consolidated	
		03/2012	03/2011	03/2012	03/2011
NET INCOME		151,489	150,517	151,489	150,517
Other comprehensive losses-					
Losses from translation of financial statements of foreign subsidiaries	12	(843)	(2,641)	(843)	(2,641)
Total comprehensive income		150,646	147,876	150,646	147,876
ATTRIBUTABLE TO					
Owners of the Company		150,646	147,876	150,646	147,876

NATURA COSMÉTICOS S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(In thousands of Brazilian reais - R$, except for dividends per share)

			Capital reserves			Earnings reserves									
				Tax incentive reserve											
QUARTER ENDED MARCH 31, 2011	Note	Capital	Share premium	Investment grants	Additional paid-in capital	Legal	Tax incentives	Retained earnings	Treasury shares	Proposed additional dividend	Retained earnings	Other comprehensive losses	Equity attributable to owners of the Company	Noncontrolling interests in subsidiaries' equity	Total shareholders' equity
BALANCES AS OF DECEMBER 31, 2010		418,061	103,620	17,378	28,629	18,650	10,934	253,360	(14)	430,079	-	(23,196)	1,257,501	1	1,257,502
Net income		-	-	-	-	-	-	-	-	-	150,517	-	150,517	-	150,517
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	(2,641)	(2,641)	-	(2,641)
Total comprehensive income		-	-	-	-	-	-	-	-	-	150,517	(2,641)	147,876	-	147,876
2010 dividends and interest on capital approved at the Annual Shareholders' Meeting of April 8, 2011		-	-	-	-	-	-	-	-	(430,079)	-	-	(430,079)	-	(430,079)
Capital increase through subscription of shares	19.a)	3,797	-	-	-	-	-	-	-	-	-	-	3,797	-	3,797
Changes in stock option plans:													-		-
Grant of stock options	23.2.	-	-	-	1,834	-	-	-	-	-	-	-	1,834	-	1,834
Exercise of stock options	23.2.	-	-	-	(1,209)	-	-	1,209	-	-	-	-	-	-	-
Allocation of net income-													-		-
Recognition of tax incentive reserve		-	-	-	-	-	1,130	-	-	-	(1,130)	-	-	-	-
BALANCES AS OF MARCH 31, 2011		421,858	103,620	17,378	29,254	18,650	12,064	254,569	(14)	-	149,387	(25,837)	980,929	1	980,930
QUARTER ENDED MARCH 31, 2012															
BALANCES AS OF DECEMBER 31, 2011		427,073	103,243	17,378	39,692	18,650	14,611	259,196	(102,849)	490,885	-	(17,635)	1,250,244	1	1,250,245
Net income		-	-	-	-	-	-	-	-	-	151,489	-	151,489	-	151,489
Other comprehensive income	12	-	-	-	-	-	-	-	-	-	-	(843)	(843)	-	(843)
Total comprehensive income		-	-	-	-	-	-	-	-	-	151,489	(843)	150,646	-	150,646
2011 Dividends and interest on capital approved at the Annual Shareholders' Meeting of April 13, 2012		-	-	-	-	-	-	(66)	-	(490,885)	-	-	(490,951)	-	(490,951)
Sale of treasury shares due to exercise of stock options	19.c)	-	(1,057)	-	-	-	-	-	15,803	-	-	-	14,746	-	14,746
Changes in stock option plans:															
Grant of stock options	23.2.	-	-	-	3,419	-	-	-	-	-	-	-	3,419	-	3,419
Exercise of stock options	23.2.	-	-	-	(4,738)	-	-	4,738	-	-	-	-	-	-	-
Allocation of net income-															
BALANCES AS OF MARCH 31, 2012		427,073	102,186	17,378	38,373	18,650	16,150	263,868	(87,046)	-	149,950	(18,478)	928,104	1	928,105

NATURA COSMÉTICOS S.A.

STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(In thousands of Brazilian reais - R$)

	Note	Company 03/2012	Company 03/2011	Consolidated 03/2012	Consolidated 03/2011
CASH FLOW FROM OPERATING ACTIVITIES					
Net income		151,489	150,517	151,489	150,517
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	13	13,984	5,150	33,490	24,765
Provision for losses on swap and forward transactions		6,431	5,723	6,563	8,433
Provision (reversal) for tax, civil and labor contingencies	17	1,964	(713)	1,935	(301)
Interest and inflation adjustment of escrow deposits		(4,174)	(6,053)	(5,200)	(6,459)
Income tax and social contribution	9.a)	62,946	58,098	71,945	78,580
(Gain) loss on sale on property, plant and equipment and intangible assets		2,115	(434)	2,024	2,027
Equity in investees		(514)	(6,535)	-	-
Interest and exchange rate changes on borrowings and financing and other liabilities	24	519	5,993	(159)	4,689
Exchange rate changes on other assets and other liabilities		296	-	(352)	-
Stock options plans expenses		1,685	876	3,419	1,834
Allowance for doubtful accounts	6	2,938	(1,380)	3,613	(918)
Allowance for inventory losses	7	(6,161)	728	(3,316)	1,665
Provision for healthcare plan and carbon credits	18	2,100	217	2,395	571
Recognition of untimely used tax credits	25	-	(11,887)	-	(16,852)
		235,618	200,300	267,846	248,551
(INCREASE) DECREASE IN ASSETS					
Trade receivables		106,393	126,314	111,942	132,976
Inventories		(22,674)	(48,267)	(75,810)	(111,257)
Recoverable taxes		2,787	228	(18,000)	(19,293)
Other receivables		(2,816)	(17,356)	(18,032)	(25,685)
Subtotal		83,690	60,919	100	(23,259)
INCREASE (DECREASE) IN LIABILITIES					
Domestic and foreign suppliers		(36,663)	(8,359)	(22,291)	13,635
Payroll, profit sharing and related taxes, net		2,516	(15,580)	(4,752)	(41,841)
Taxes payable		6,034	(4,105)	32,419	20,109
Other payables		23,154	(15,573)	7,056	(10,604)
Payments of provision for tax, civil and labor contingencies		(1,412)	(262)	(1,466)	(262)
CASH GENERATED BY OPERATING ACTIVITIES		312,937	217,340	278,912	206,329
OTHER CASH FLOWS FROM OPERATING ACTIVITIES					
Payments of income tax and social contribution		(99,816)	(78,602)	(114,410)	(94,233)
Payments of derivatives		(5,067)	(3,349)	(4,440)	(3,991)
Payment of interest on borrowings and financing		(656)	(968)	(656)	(5,367)
NET CASH GENERATED BY OPERATING ACTIVITIES		207,398	134,421	159,406	102,738
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets	13	(14,889)	(6,664)	(33,068)	(22,850)
Proceeds from sale of property, plant and equipment and intangible assets		683	542	683	1,096
Withdrawal (payment) of escrow deposits		(5,846)	(10,142)	(6,012)	(10,447)
Capital increase in subsidiaries	12	(6,738)	(57,214)	-	-
NET CASH USED IN INVESTING ACTIVITIES		(26,790)	(73,478)	(38,397)	(32,201)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of borrowings and financing - principal		(52,168)	(50,747)	(70,038)	(65,399)
Proceeds from borrowings and financing		705	180,000	6,915	301,558
Sale of treasury shares due to exercise of stock options		14,746	-	14,746	-
Capital increase through subscription of shares (153,230 common shares at average price of R$24.78)		-	3,797	-	3,797
NET CASH USED IN FINANCING ACTIVITIES		(36,717)	133,050	(48,377)	239,956
Gains (losses) arising on translating foreign currency cash and cash equivalents		-	-	(774)	(2,617)
INCREASE IN CASH AND CASH EQUIVALENTS		143,891	193,993	71,858	307,876
Cash and cash equivalents at the beginning of the year/period		166,007	206,125	515,610	560,229
Cash and cash equivalents at the end of the year/period		309,898	400,118	587,468	868,105
INCREASE IN CASH AND CASH EQUIVALENTS		143,891	193,993	71,858	307,876
Additional statements of cash flows information:					
Restricted cash	11	-	-	6,757	6,155
Bank overdrafts - unused		117,900	147,900	235,500	265,500

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

NATURA COSMÉTICOS S.A.

STATEMENTS OF VALUE ADDED
FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011
(In thousands of Brazilian reais - R$)

		Company				Consolidated			
	Note	03/2012		03/2011		03/2012		03/2011	
REVENUES		1,509,786		1,430,353		1,678,976		1,547,464	
Sales of products and services		1,534,230		1,436,114		1,707,117		1,553,926	
Allowance for doubtful accounts	6	(23,455)		(16,938)		(26,077)		(20,260)	
Other operating (expenses) income, net	25	(989)		11,177		(2,064)		13,798	
INPUTS PURCHASED FROM THIRD PARTIES		(1,008,346)		(986,497)		(1,086,274)		(904,243)	
Cost of sales and services		(581,097)		(564,491)		(611,746)		(582,081)	
Materials, electricity, services and others		(427,249)		(422,006)		(474,528)		(322,162)	
GROSS VALUE ADDED		501,440		443,856		592,702		643,221	
RETENTIONS		(13,984)		(5,150)		(33,490)		(24,765)	
Depreciation and amortization	13	(13,984)		(5,150)		(33,490)		(24,765)	
VALUE ADDED GENERATED BY THE COMPANY		487,456		438,706		559,212		618,456	
TRANSFERRED VALUE ADDED		27,505		23,225		35,173		28,402	
Equity in subsidiaries	12	514		6,535		-		-	
Financial income - includes inflation and exchange rate variations	24	26,991		16,690		35,173		28,402	
TOTAL VALUE ADDED TO BE DISTRIBUTED		514,961		461,931		594,385		646,858	
DISTRIBUTION OF VALUE ADDED:		(514,961)	100%	(461,931)	100%	(594,385)	100%	(646,858)	100%
Employees and social charges		(79,642)	16%	(51,840)	11%	(98,751)	17%	(196,041)	30%
Taxes and contributions		(237,592)	46%	(228,596)	49%	(285,334)	50%	(271,516)	43%
Financial expenses and rentals		(46,238)	8%	(30,978)	7%	(58,811)	7%	(28,784)	4%
Retained earnings		(151,489)	30%	(150,517)	33%	(151,489)	26%	(150,517)	23%

Supplemental statement of value added information

For the analysis of this tax impact on the statement of value added, these amounts should be deducted from those recorded in 'Sales of products and services' and 'Taxes and contributions', since sales revenue does not include the estimated profit attributable to Natura consultants on the sale of products, in the amounts of R$655,832 and R$606,230 in March 31, 2012 and March 31, 2011, respectively, considering an estimated profit margin of 30%.

(Convenience Translation into English from the Original Previously Issued in Portuguese)
NATURA COSMÉTICOS S.A.
NOTES TO THE INDIVIDUAL AND CONSOLIDATED
INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2012
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

Natura Cosméticos S.A. ("Company") is a publicly-traded company, registered in the special trading segment called "Novo Mercado" in the São Paulo Stock Exchange (BM&FBOVESPA), under the ticker "NATU3", and headquartered in Itapecerica da Serra, State of São Paulo.

The Company's and its subsidiaries' activities ("Natura Group" or "Group") include the development, production, distribution and sale of cosmetics, fragrances, and hygiene products, substantially through direct sales by Natura Beauty Consultants. The Company also holds equity interests in other companies in Brazil and abroad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

2.1. Statement of compliance and basis of preparation

The Company's interim financial information, include in the Interim Financial Information – ITR As of March 31, 2012, includes:

- The consolidated interim financial information prepared in accordance with CPC 21 – Interim Financial Information and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and presented in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM), applicable to the Interim Financial Information - ITR.

- The individual interim financial information prepared in accordance with CPC 21 – Interim Financial Information and presented in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM), applicable to the Interim Financial Information – ITR.

The individual financial information includes investments in subsidiaries and joint ventures which are measured under the equity method, as required by the legislation prevailing in Brazil. Therefore, the individual financial information is not fully compliant with IFRS, which requires that these investments be stated at fair value or acquisition cost.

The interim financial information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The main accounting practices adopted in preparing these interim financial statements were disclosed in note 2 to the annual consolidated financial statements of the Company for the year ended December 31, 2011, disclosed on February 15, 2012. These practices are consistent with those adopted in the prior reporting period.

2.2. Consolidation

a) Subsidiaries and joint-controlled entities

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities and in which generally holds more than 50% of the equity interest. In the applicable cases, the existence and the effect of potential voting rights, currently exercisable or convertible, are taken into consideration to determine if the company control another entity. Subsidiaries are fully consolidated from the date in which control is transferred to the Company and cease to be consolidated, when applicable, when control no longer exists.

In the cases control is jointly held, the consolidation of the financial statements is made proportionately to the interest percentage.

b) Companies include in the consolidated financial statements

	Equity interest - %	
	03/2012	12/2011
Direct interest:		
Indústria e Comércio de Cosméticos Natura Ltda.	99.99	99.99
Natura Cosméticos S.A. - Chile	99.99	99.99
Natura Cosméticos S.A. - Peru	99.94	99.94
Natura Cosméticos S.A. - Argentina	99.97	99.97
Natura Inovação e Tecnologia de Produtos Ltda.	99.99	99.99
Natura Cosméticos y Servicios de México, S.A. de C.V.	99.99	99.99
Natura Cosméticos de México, S.A. de C.V.	99.99	99.99
Natura Distribuidora de México, S.A. de C.V.	99.99	99.99
Natura Cosméticos Ltda. - Colombia	99.99	99.99
Natura Cosméticos España S.L. - Spain	100.00	100.00
Natura (Brasil) International B.V. - The Netherlands	100.00	100.00

Indirect interest:		
Via Indústria e Comércio de Cosméticos Natura Ltda.-		
Natura Logística e Serviços Ltda.	99.99	99.99
Via Natura Inovação e Tecnologia de Produtos Ltda.:		
Ybios S.A. (proportionate consolidation - joint control)	43.60	43.33
Natura Innovation et Technologie de Produits SAS - France	100.00	100.00
Via Natura (Brasil) International B.V. - The Netherlands:		
Natura Brasil Inc. - USA - Delaware	100.00	100.00
Natura International Inc. - USA - New York	100.00	100.00
Natura Worldwide Trading Company - Costa Rica	100.00	100.00
Natura Brasil SAS - France	100.00	100.00
Natura Brasil Inc. - USA - Nevada	100.00	100.00
Natura Europa SAS - France	100.00	100.00

The consolidated financial statements have been prepared based on the financial statements as of the same date and consistent with the Company's accounting policies. Investments in subsidiaries have been eliminated proportionately to the investor's interests in the subsidiaries' shareholders' equity and net income or loss, intergroup balances and transactions and unrealized profits, net of taxes.
The operations of the direct and indirect subsidiaries are as follows:

- Indústria e Comércio de Cosméticos Natura Ltda.: engaged principally in the production and sale of Natura products to Natura Cosméticos S.A. - Brasil, Natura Cosméticos S.A. - Chile, Natura Cosméticos S.A. - Peru, Natura Cosméticos S.A. - Argentina, Natura Cosméticos Ltda. - Colombia, Natura Europa SAS - France, and Natura Cosméticos de Mexico S.A. de C.V..
- Natura Cosméticos S.A. - Chile, Natura Cosméticos S.A. - Peru, Natura Cosméticos S.A. - Argentina, Natura Cosméticos Ltda. - Colombia and Natura Distribuidora de Mexico, S.A. de C.V.: their activities are an extension of the activities conducted by the parent company Natura Cosméticos S.A. - Brazil.
- Natura Inovação e Tecnologia de Produtos Ltda.: it is engaged in product and technology development and market research. It is the only owner of Natura Innovation et Technologie de Products SAS - France, a research and technology satellite center opened in 2007 in Paris.
- Natura Europa SAS - France: engaged in the purchase, sale, import, export and distribution of cosmetics, fragrances in general, and hygiene products.
- Natura Cosméticos de Mexico, S.A. de C.V.: engaged in the import and sale of cosmetics, fragrances in general, and hygiene products to Natura Distribuidora de Mexico, S.A. de C.V.

- Natura Cosméticos y Servicios de Mexico, S.A. de C.V.: engaged in the provision of administrative and logistics services to Natura Cosméticos de Mexico, S.A. de C.V. and Natura Distribuidora de Mexico, S.A. de C.V.
- Natura Cosméticos España S.L.: company in start-up stage and its activities will be an extension of the activities carried out by its parent company Natura Cosméticos S.A. - Brazil.
- Natura Logística e Serviços Ltda.: engaged in the provision of administrative and logistics services to Natura Group companies based in Brazil.
- Natura Innovation et Technologie de Produits SAS - France: engaged mainly in research activities developed for in vitro testing as an alternative to animals testing, for to the safety and efficiency of test active compounds, skincare products and new packaging materials.
- Ybios S.A.: engaged in biotechnology research, management and development of projects, products and services, and may also enter into agreements and/or partnerships with universities, foundations, companies, cooperatives, associations and other public and private entities, provide services in the biotechnology area, and holding of equity interest in other companies.

  As Ybios S.A. is a jointly controlled entity whose financial statements were proportionately included in the Company's consolidated financial statements, the main assets, liabilities and income statement accounts, which were included in the consolidated financial statements at the ratio of 43.60% of interest (43.33% as of December 31, 2011) after equity interest elimination adjustments, are stated below:

	03/2012	12/2011
Current assets	559	567
Property, plant and equipment	45	56
Current liabilities	38	30
Net revenue for the year	-	128
Loss for the year	(317)	(1,086)

- Natura Europa SAS and Natura Cosmetics USA Co.: in January 2009 the shares of these subsidiaries were assigned as a capital contribution to the holding company Natura (Brasil) International B.V. - The Netherlands, and the Company became the indirect holder of such interests through this company headquartered in The Netherlands.

c) Discontinuation of subsidiaries' operations

At the meetings held in July and October 2009, the Board of Directors approved the discontinuation of the operations of subsidiary Natura Cosméticos C.A. - Venezuela, which resulted in the need to recognize an allowance for asset impairment losses.

As of March 31, 2012, the net assets balance of Natura Cosméticos C.A. - Venezuela, recorded in the Company's consolidated financial statements, less allowances for asset impairment losses and collection of liabilities during the operation termination process, was R$297.

2.3. New and revised standards and interpretations

a) Standards, interpretations and revised standards not yet effective and which were not early adopted by the Company

Standard	Main requirements	Effective date
IFRS 9 Financial instruments	Classification and Measurement end the first part of the project to supersede "IAS 39 Financial Instruments: Recognition and Measurement". This new standard adopts a simple approach to determine whether a financial asset is measured at amortized cost or fair value, based on the way an entity manages its financial instruments (its business model) and contractual cash flow typical of financial assets. IFRS 9 also requires only one method to be adopted to determine impairment losses	Effective for annual periods beginning on or after January 1, 2013
IFRS 10 - Consolidated Financial Statements	Replaces the IAS 27 requirements applicable to consolidated financial statements and SIC 12. IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities	Effective for annual periods beginning on or after January 1, 2013
IFRS 11 - Joint Arrangements	Eliminated the proportionate consolidation model for jointly controlled entities and maintained equity method model only. It also eliminates the concept to 'jointly controlled assets' and maintains only 'jointly controlled operations' and 'jointly controlled entities'.	Effective for annual periods beginning on or after January 1, 2013.
IFRS 12 - Disclosure of Interests in Other Entities	Expands the current disclosure requirements in respect of entities, whether or not consolidated, where the entities have influence.	Effective for annual periods beginning on or after January 1, 2013.

IFRS 13 - Fair Value Measurement	Replaces and consolidates in a single standard all the guidance and requirements in respect of fair value measurement contained in other IFRSs. IFRS 13 defines fair value and provides guidance on how to measure fair value and requirements for disclosure relating to fair value measurement. However, it does not introduce any new requirement or amendment with respect to items to be measured at fair value, which remain as originally issued.	Effective for annual periods beginning on or after January 1, 2013.
IAS 28 (Revised in 2011) - Investments in Associates and Joint Ventures	Revision of IAS 28 to include the changes introduced by IFRSs 10, 11 and 12.	Effective for annual periods beginning on or after January 1, 2013.
IAS 28 (Revisada 2011) Investimentos em Coligadas e Entidades com Controle Compartilhado	Como consequência dos recentes IFRS 10 e IFRS 12, o que permanece no IAS 27 restringe-se à contabilização de subsidiárias, entidades de controle conjunto, e associadas em demonstrações financeiras em separado	Effective for annual periods beginning on or after January 1, 2013
Amendments to IAS 19 - Employee Benefits	Eliminates the corridor approach and requires recognition of actuarial gains and losses as other comprehensive income for pension plans and other long-term benefits in profit or loss, when earned or incurred, among other changes.	Effective for annual periods beginning on or after January 1, 2013.
Amendments to IAS 1 - Presentation of Financial Statements	Introduces the requirement that all items recognized in other comprehensive income be separated into and totaled as items that are and items that are no subsequently reclassified to profit or loss.	Effective for annual periods beginning on or after January 1, 2013.

The Company intends to adopt such standards when they go into effect.

Considering the current operations of the Group, management does not expect these new rules, interpretations and changes to have a material impact on the financial statements as from their adoption.

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

There are not further standards and interpretations issued but not yet adopted which may, in the management's view, have a significant impact on P&L or equity disclosed by the Company.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the process of application of accounting policies.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered to be relevant in the circumstances. Actual results may differ from those estimates. The effects resulting from the revision of accounting estimates are recognized in the revision period.

These significant assumptions and accounting estimates are follows:

a) Income tax, social contribution, and other taxes

The Company recognizes deferred tax assets and liabilities based on differences between the carrying amount stated in the financial statements and the tax base assets and liabilities using statutory tax rates. The Company reviews regularly deferred tax assets in terms of possible recovery, considering the history of earnings generated and projected future taxable income, based on a technical feasibility study.

b) Provision for tax, civil, and labor contingencies

The Company is a party to several lawsuits and administrative proceedings, as described in note 17. Provisions are recognized for all contingent liabilities arising from lawsuits that represent probable losses and can be reliably estimated. The probability assessment includes assessing available evidences, the hierarchy of laws, available previous decisions, most recent court decisions and their relevance within the legal system, and the assessment of the outside legal counsel. Management believes that these provisions for tax, civil and labor contingencies are fairly presented in the financial statements.

b) Retirees' healthcare plan

The current amount of the retirees' healthcare plan is contingent to a series of factors determined based on actuarial calculations that update a series of assumptions, for example, the discount and other rates, which are disclosed in note 18. The change in one of these estimates could impact the results presented.

4. FINANCIAL RISK MANAGEMENT

4.1 General considerations and policies

Risks and the financial instruments are managed through the definition of policies and strategies and implementation of control systems, defined by the Company's Treasury Committee and approved by the Board of Directors. The compliance of the treasury area's positions in financial instruments, including derivatives, in relation to these policies, is presented and assessed on a monthly basis by the Treasury Committee and subsequently submitted to the analysis of the Audit Committee, the Executive Committee and the Board of Directors.

Risk management is performed by the Company's general treasury function, which is also responsible for approving the short-term investments and loan transactions conducted by the Group's subsidiaries.

4.2 Financial risk factors

The Group's activities expose them to several financial risks: market risk (including currency and interest risks), credit risk and liquidity risk. The Company's overall risk management program is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance, using derivatives to protect certain risk exposures.

a) Market risks

The Group is exposed to market risks arising from their business activities. These risks mainly comprise possible changes in exchange and interest rates.

i) Foreign exchange risk

The Group is exposed to the foreign exchange risk arising from financial instruments denominated in currencies different from their functional currencies. To reduce this exposure, the Group implanted a policy to hedge against the foreign exchange risk that establishes exposure limits linked to this risk (Foreign Exchange Hedging Policy).

The treasury area's procedures defined by the current policy include monthly projection and assessment of the Company's and its subsidiaries' foreign exchange exposure, on which management's decision-making is based.

The Foreign Exchange Hedging Policy considers foreign currency-denominated amounts from receivables and payables related to commitments already assumed and recorded in the interim financial information based on the Company's operations.

As of March 31, 2012 and December 31, 2012, the Group is basically exposed to risks of fluctuations in the U.S. dollar. To hedge against foreign exchange exposures, the Group contracts derivative (swaps) and non-deliverable forward (NDF) transactions. The Foreign Exchange Hedging Policy establishes that the derivatives contracted by the Group should limit loss due to exchange rate depreciation related to the net income estimated for the current year considering the expected depreciation of the Brazilian real against the U.S. dollar. This limit sets the cap on the maximum foreign exchange exposure that the Group can undertake in relation to the U.S. dollar.

As of March 31, 2012, the Company's and the consolidated balance sheets include accounts denominated in foreign currency which, in the aggregate, represent net liabilities of R$429,650 and R$435,437, respectively (R$438,667 and R$444,894 as of December 31, 2011, respectively). These accounts are substantially represented by borrowings and financing which, as of March 31, 2012 and December 31, 2011, are hedged by swap arrangements.

Derivatives to hedge foreign exchange risk

The Company classifies derivatives into "financial" and "operating". "Financial" derivatives include swaps or forwards contracted to hedge against the foreign exchange risk associated with foreign-currency-denominated borrowings and financing. "Operating" derivatives (usually forwards) include derivatives contracted to hedge against the foreign exchange risk on the business's operating cash flows.

As of March 31, 2012, outstanding swap and forward contracts, with maturities between January 2013 and January 2018, were entered into the counterparties represented by the banks Bank of America (62%), Bradesco (25%), Brasil (12%), and HSBC (1%), broken down as follows:

Financial swaps – Company

	Principal		Fair value		Gain (loss) for the year	
Type of transaction	03/2012	12/2011	03/2012	12/2011	03/2012	12/2011
Swap contracts (1)						
Asset position:						
Long position - U,S, dollar	396,002	396,938	430,914	435,094	21,753	28,184
Liability position:						
CDI floating rate:						
Short position in CDI	396,002	396,938	409,160	406,910	-	-

Derivativos "financeiros" - consolidado

	Principal		Fair value		Gain (loss) for the year	
Type of transaction	03/2012	12/2011	03/2012	12/2011	03/2012	12/2011
Swap contracts (1)						
Asset position:						
Long position - U,S, dollar	403,450	404,662	438,203	442,574	22,063	28,626
Liability position:						
CDI floating rate:						
Short position in CDI	403,450	404,662	416,140	413,947	-	-

(1) Swap transactions consist of swapping the exchange rate fluctuation for a percentage of the floating rate Interbank Deposit Rate (CDI).

The notional amount represents the amounts of the contracted derivatives. Fair value refers to the value of outstanding contracted derivatives recognized in balance sheets.

For derivatives maintained by the Group as of March 31, 2012 and December 31,2011, due to the fact contracts are directly entered into with the financial institutions and not through a Mercantile and Futures Exchange, there are no margin calls deposited as guarantee of the related transactions.

Sensitivity analysis

For the sensitivity analysis of derivatives, the Company's management understands it is necessary to take into consideration corresponding assets and liabilities with exposure to exchange rates recorded in the balance sheet, as follows:

	Company	Consolidated
Total borrowings and financing in foreign currency (*)	429,650	435,437
Receivables in foreign currency	-	(5,390)
Payables in foreign currency	8,649	11,356
Notional amounts of financial derivatives	(426,668)	(430,560)
Net asset (liability) exposure	11,631	10,843

(*) The stated amount does not take into account the loan of the Company´s Peruvian subsidiary totaling R$35,305. Management understands that there is no foreign exchange exposure on this liability since it will be settled by the subsidiary with proceeds from transactions in this country, therefore in the same currency the debt was raised.

The tables below show the gain (loss) that would have been recognized in profit or loss for the quarter ended March 31, 2012 based on the following scenarios:

	Company			
Description	Company's risk	Probable scenario	Scenario II	Scenario III
Net liability exposure	Us dollar appreciation	(165)	(2,908)	(5,815)

	Consolidated			
Description	Company's risk	Probable scenario	Scenario II	Scenario III
Net liability exposure	Us dollar appreciation	(154)	(2,711)	(5,422)

The probable scenario considers future U.S. dollar rates obtained at BM&FBOVESPA for the maturity dates of the financial instruments exposed to foreign exchange risks. Scenarios II and III consider a 25% (R$2.28/US$1.00) and 50% (R$2.73/US$1.00) appreciation of U.S. dollar, respectively. Probable scenarios II and III are presented as required by CVM Instruction 475/08. In assessing possible changes in exchange rates, management uses the probable scenario, which is being presented for compliance with IFRS 7 – Financial Instruments: Disclosures.

The Group does not use derivatives for speculative purposes.

ii) Interest rate risk

The interest rate risk arises from short-term investments and loans. Financial instruments issued at floating rates expose the Group to cash flow risks associated with the interest rate. Financial instruments issued at fixed rates expose the Group to fair value risks associated with the interest rate.

The Company's cash flow risk associated with the interest rate arises from short-term investments and short- and long-term loans and financing issued at floating rates. The Company's management adopts the policy of maintaining its rates of exposure to asset and liability interest rates pegged to floating rates. Short-term investments are adjusted by the Interbank Deposit Rate (CDI) whereas borrowings and financing are adjusted based on the Long-term Interest Rate (TJLP), CDI and fixed rates, according to the contracts made with the related financial institutions, and trading securities with investors in this market.

Management believes that the risk of significant changes in the CDI and TJLP in the next 12 months is low taking into consideration the stability achieved with the current monetary policy implemented by the Federal Government, in addition to the history of increases in Brazilian policy rate over the past years. For this reason, the Company has not conduct derivative transactions to hedge against this risk.

The Group contracts swap transactions to mitigate risks on borrowing and financing transactions subject to an index other than CDI, TJLP or fixed rates. However, as of March 31, 2012 and December 31, 2011, the Group did not have this type of derivative as they assessed the related risk as very low, as described below.

Sensitivity analysis

As described in the foreign exchange risk section above, as of March 31, 2012 almost all foreign-currency-denominated borrowings and financing are hedged by swap arrangements that exchange the foreign-currency liability index for the CDI rate fluctuation, in light of the Company's policy to hedge such risks. The Company is, therefore, exposed to CDI fluctuation. The table below presents the exposure to interest rate risks of transactions pegged to CDI and TJLP, including derivative transactions:

	Company	Consolidated
Total borrowings and financing - in local currency (note 14)	(439,035)	(653,331)
Derivatives pegged to CDI/TJLP	(429,650)	(435,437)
Short-term investments (notes 5 and 11)	296,239	514,028
Net liability exposure	(572,446)	(574,740)

The sensitivity analysis considers the exposure of borrowings and financing pegged to CDI and TJLP rates, net of short-term investments, also pegged to the CDI rate (note 5).

The tables below show the loss (gain) that would have been recognized in profit or loss for the quarter ended March 31, 2012 based on the following scenarios:

	Company			
Description	Company's risk	Probable scenario	Scenario II	Scenario III
Net liabilities	Alta da taxa	1,259	(13,624)	(27,248)

	Consolidated			
Description	Company's risk	Probable scenario	Scenario II	Scenario III
Net liabilities	Alta da taxa	1,264	(13,679)	(27,358)

The probable scenario considers future interest rates obtained at BM&FBOVESPA for the maturity dates of the financial instruments exposed to interest rate risks. Scenarios II and III consider an increase in the interest rate of 25% (11.9% per year) and 50% (14.3% per year), respectively.

b) Credit risk

Credit risk refers to risk of a counterparty not complying with its contract obligations, which would result in financial losses for the Company. Sales of the Group are made to a great number of sales representatives (Natura Beauty Consultants) and this risk is managed through a strict credit granting process. The result of this management is reflected in the 'Allowance for doubtful accounts', as explained in note 6.

The Group is also subject to credit risks related to financial instruments contracted for the management of its business, primarily represented by cash and cash equivalents, short-term investments and derivative instruments.

The Company believes that the credit risk of transactions with financial institutions is low, as these are considered by the market as prime banks.

The Policy for Short-term Investments adopted by the Company's management establishes the financial institutions with which the Group can do business and defines fund allocation limits and the amounts that may be invested in each of these financial institutions.

c) Liquidity risk

Effectively managing liquidity risk implies to maintain enough cash and marketable securities, funds available through credit facilities used and the ability to settle market positions.

Management monitors the Company's consolidated liquidity level considering the expected cash flows against unused credit facilities.

The carrying amounts of financial liabilities is measured at amortized cost, and their corresponding maturities are as follows:

Company as of March 31, 2012	Less than one year	One to two years	Two to five years	More than five years	Fair value 03/2012	Discount effect	Carrying amount 03/2012
Current:							
Borrowings and financing	66,016	-	-	-	66,016	(38,565)	27,451
Trade payables	109,092	-	-	-	109,092	-	109,092
Derivatives	18,243	-	-	-	18,243	3,510	21,753
Noncurrent:							
Borrowings and financing	-	797,896	49,886	77,802	925,584	(84,350)	841,234

Consolidated as of March 31, 2012	Less than one year	One to two years	Two to five years	More than five years	Fair value 03/2012	Discount effect	Carrying amount 03/2012
Borrowings and financing							
Trade payables	188,905	-	-	-	188,905	(52,124)	136,781
Derivatives	428,285	-	-	-	428,285	-	428,285
	18,527	-	-	-	18,527	3,536	22,063
Noncurrent:							
Borrowings and financing	-	870,323	131,266	88,884	1,090,473	(103,181)	987,292

4.3. Capital management

The Company's objectives in managing its capital are to ensure that the Company is continuously capable of offering return to its shareholders and benefits to other stakeholders, and maintain an optimal capital structure to reduce this cost.

The Company monitors capital based on the financial leverage ratios. This ratio corresponds to the net debt divided by the total capital. The net debt corresponds to total borrowings and financings (including short- and long-term borrowings, as shown in the consolidated balance sheet), deducted from cash and cash equivalents.

The net debt shown below does not take into consideration the adjustments to derivatives contracted to mitigate the foreign exchange risk.

The consolidated financial leverage ratios as of March 31, 2012 and December 31, 2011 are as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Short- and long-term borrowings and financing	868,685	918,973	1,124,073	1,186,699
Cash and cash equivalents	(309,898)	(166,007)	(587,468)	(515,610)
Net debt	558,787	752,966	536,605	671,089
Shareholders' equity	928,104	1,250,244	928,105	1,250,245
Financial leverage ratio	60.20%	60.23%	57.81%	53.68%

4.4. Fair value estimate

Financial instruments are measured at fair value at the end of the reporting period as prescribed by CPC 40 – Financial Instruments: Disclosures and according to the following hierarchy:

- Level 1: Prices quoted (unadjusted) in active markets for identical assets or liabilities. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.
- Level 2: Used for financial instruments that are not traded in active markets (for example, over-the-counter derivatives) and whose fair value is determined using valuation techniques that, in addition to the quoted prices, included in Level 1, use other inputs adopted by the market for assets or liabilities, whether directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on the data adopted by the market (i.e., unobservable inputs).

As of March 31, 2012 and December 31, 2011, the measurement of all the Company's and its subsidiaries' derivatives falls under the Level 2 characteristics. The fair value of exchange rate derivatives (swap and forwards) is determined based on the exchange rate at the end of the reporting period, with the resulting amount being discounted to present value.

Fair value of financial instruments at amortized cost
Short-term investments

The carrying amounts of the short-term investments approximate their fair values as transactions are conducted at floating interest rates and can be immediately redeemable.

Borrowings and financing

The carrying amounts of borrowings and financing, except those pegged to a fixed rate, approximate their fair values as they are pegged to a floating rate, the CDI fluctuation. The carrying amounts of financing pegged to TJLP approximate their fair values as the TJLP is also pegged to CDI and is a floating rate.

The fair value of borrowings and financing contracted at fixed interest rates does not have significant variation related to the book value disclosed in note 14.

Trade and other payables

It is estimated that the carrying amounts of trade receivables and trade payables approximate their fair values in view of the short term of the transactions conducted.

5. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Cash and banks	13,659	27,929	80,221	98,208
Floating rate Bank certificates of deposit (CDBs)	296,239	138,078	507,247	417,402
	309,898	166,007	587,468	515,610

As of March 31, 2012, the CDBs yield interest ranging from 100.0% to 101.1% of CDI (100.0% to 101.5% as of December 31, 2011).

6. TRADE RECEIVABLES

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Trade receivables	485,087	591,480	594,919	706,861
Allowance for doubtful accounts	(59,109)	(56,171)	(68,602)	(64,989)
	425,978	535,309	526,317	641,872

The aging list of trade receivables is as follows:

	Controladora		Consolidado	
	03/2012	12/2011	03/2012	12/2011
Current	368,770	452,392	457,521	543,472
Past due:				
Up to 30 days	64,858	102,107	75,601	117,560
31 to 60 days	15,773	14,029	17,542	16,254
61 to 90 days	12,981	9,950	14,629	13,306
91 to 180 days	22,705	13,002	29,626	16,269
	485,087	591,480	594,919	706,861

The balance of trade receivables in consolidated is basically denominated in Brazilian reais, and approximately 88% of the outstanding balance as of March 31, 2012 refers to real-denominated transactions (89% as of December 31, 2011). The remaining balance is denominated in several currencies and refers to sales of foreign subsidiaries.

The changes in the allowance for doubtful accounts for the quarter ended March 31, 2012 are as follows:

Company				Consolidated			
Balance at 12/2011	Additions (a)	Reversals (b)	Balance at 03/2012	Balance at 12/2011	Additions (a)	Reversals (b)	Balance at 03/2012
(56.171)	(23.455)	20.517	(59.109)	(64.989)	(26.076)	22.463	(68.602)

(a) Allowance recognized according to note 2.7, disclosed in note 2 to the annual consolidated financial statements of the Company for the year ended December 31, 2011, disclosed on February 15, 2012.

(b) Refers to accounts that are over 180 days past due that were written off due to uncollectible amounts.

The expense on the recognition of the allowance for doubtful accounts was recorded in 'Selling expenses' in the income statement. When recovery of additional cash is less than probable, the amounts credited to line item 'Allowance for doubtful accounts' are in general reversed against the definite write-off of the receivable and is recorded in net income or loss.

Maximum exposure to credit risk at the reporting date is the carrying amount of each aging range, net of the allowance for doubtful accounts, as shown in the aging list above. The Group does not have any guarantee for past-due receivables.

7. INVENTORIES

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Finished products	231,261	219,626	605,470	565,739
Raw materials and packaging	-	-	164,342	149,806
Promotional material	29,599	18,560	71,610	52,288
Work in progress	-	-	18,535	16,314
Allowance for losses	(14,119)	(20,280)	(92,083)	(95,399)
	246,741	217,906	767,874	688,748

The changes in the allowance for inventory losses for the quarter ended March 31, 2012 are as follows:

Company				Consolidated			
Balance at 12/ 2011	Reversals (a)	write-offs (b)	Balance at 03/2012	Balance at 12/2011	Additions (a)	write-offs (b)	Balance at 03/2012
(20,280)	3,893	2,268	(14,119)	(95,399)	(22,140)	25,456	(92,083)

(a) Refer basically to the recognition of the allowance for losses due to discontinuation, expiration and quality, to cover expected losses on the realization of inventories, pursuant to the Group's policy.

(b) Consist of write-offs of products discarded by the Company.

8. RECOVERABLE TAXES

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
ICMS on purchases of goods	-	-	180,289	154,942
Refundable ICMS - ST on interstate sales, SP (a)	868	8,296	868	8,296
Taxes - foreign subsidiaries	-	-	22,781	22,170
ICMS on purchases of fixed assets	14,529	15,428	23,037	24,318
PIS and COFINS on purchases of fixed assets	-	-	4,141	7,376
PIS and COFINS on purchase of goods	50,841	45,012	73,900	68,187
PIS and COFINS resulting from win on a lawsuit (b)	11,887	11,887	16,852	16,852
IRPJ and CSLL on freight	29	728	4,304	3,236
PIS, COFINS and CSLL - withheld at source	-	-	1,945	2,024
Other	775	365	6,272	8,834
Provision for discount on sale of ICMS credits	-	-	(3,530)	(3,376)
	78,929	81,716	330,859	312,859
Current	66,777	69,417	220,846	201,620
Noncurrent	12,152	12,299	110,013	111,239

(a) Refers to the State Reverse Charge System VAT (ICMS - ST) amount that has been separately disclosed and withheld on a monthly basis on the Company's and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda.'s products sold and shipped to customers located in the Federal District and States other than the State of São Paulo, pursuant to São Paulo State tax legislation in effect since February 2008. In 2010, São Paulo State Department of Finance (SeFaz - SP) granted the Company a special regime that allows it to offset the credits through the "Fast Track", in which the credits are offset in the month following its computation, through a bank guarantee of 1.5 times the credit amount.

(b) The stated amount refers to the recognition of PIS and COFINS tax credits as a result of the favorable outcome in a lawsuit claiming the unconstitutionality and illegality of the PIS and COFINS taxable basis broadening established by Law 9718/98. See details on note 17 (a) (contingent assets).

9. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred

Deferred Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) result from temporary differences in the Company and in its subsidiaries. These credits are kept recorded in noncurrent assets, as prescribed by CPC 26 (R1) – Presentation of Financial Statements. The amounts are as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Allowance for doubtful accounts (note 6)	20,097	19,098	20,097	19,098
Allowance for losses on inventories realization (note 7)	4,800	6,895	26,596	28,219
Reserve for tax, civil and labor contingencies (note 17)	17,992	17,743	37,092	36,896
Non-inclusion of ICMS in the PIS and COFINS basis (note 17)	634	620	41,593	39,173
Actuarial liability - Retirees' healthcare plan (note 18)	6,752	6,573	9,844	9,565
Allowance for losses on swap and forward contracts (note 24)	(7,396)	(9,583)	(7,501)	(9,733)
Provision for ICMS – ST, PR, DF, MS, MT and RJ States (note 16)	10,087	8,247	10,087	8,247
Allowances for losses on advances to suppliers	2,403	1,992	2,548	2,137
Accrued contractual obligations	2,185	1,439	3,518	2,713
Provision for discount on assignment of ICMS credits	-	-	1,200	1,148
Accrued benefits sharing and partnerships	6,929	6,178	6,929	6,178
Temporary differences of foreign subsidiaries	-	-	10,602	9,681
Provision for profit sharing	4,280	3,955	8,586	10,947
Depreciation rate adjustments to useful lives (RTT)	1,723	1,420	(7,266)	(6,989)
Other temporary differences	21,772	15,568	38,693	32,272
	92,258	80,145	202,618	189,552

Management, based on projections of future taxable income, estimates that the recorded tax credits will be fully realized within five years.

Tax credits will be realized as follows:

	Company	Consolidated
2012	55,952	118,148
2013	4,398	6,438
2014	5,764	47,862
2015 and thereafter	26,144	30,170
	92,258	202,618

With respect to the Company's foreign subsidiaries, except for the operation in Argentina and Peru which reports taxable income, the other subsidiaries do not record tax credits on tax loss carryforwards and temporary differences in their financial statements due to the absence of a history of taxable income and taxable income projections for the coming fiscal years.

As of December 31, 2011, tax credits calculated at the prevailing tax rates in the countries where the subsidiaries are located, are as follows:

Total temporary differences	
Tax loss carryforwards:	
Argentina	9.533
Chile	82.379
Mexico	110.771
Colombia	73.980
France	110.678

Tax credits on tax loss carryforwards generated by the subsidiaries can be carried forward indefinitely, except for those of the subsidiaries in Argentina and Mexico, which expire as follows:

	Argentina	Mexico
2012	3,060	-
2013	4,564	-
2014	-	11
2015	1,909	7,434
2016 and thereafter	-	103,326
	9,533	110,771

b) Reconciliation of income tax and social contribution

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Income before income tax and social contribution	214,435	208,615	223,434	229,097
Income tax and social contribution at the rate of 34%	(72,908)	(70,929)	(75,968)	(77,893)
Technological research and innovation benefit - Law 11196/05 (*)	5,293	3,936	5,293	3,936
Tax incentives - donations	927	620	1,498	1,498
Equity in investees (note 12)	175	2,222	-	-
Unrecognized deferred taxes on tax losses generated by foreign subsidiaries	-	-	(5,156)	(9,959)
Tax Transition Regime (RTT) - Provisional Act 449/08 – Law 11,638/07 adjustments	97	87	(493)	(218)
Other permanent differences	3,470	5,966	2,881	4,056
Income tax and social contribution expenses	(62,946)	(58,098)	(71,945)	(78,580)
Income tax and social contribution - current	(75,060)	(69,374)	(85,011)	(100,711)
Income tax and social contribution - deferred	12,114	11,276	13,066	22,131
Effective rate - %	29.4	27.8	32.2	34.3

(*) Refers to the tax benefit established by Law 11196/05, 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.

The changes in income tax and social contribution for the year were as follows:

Company			Consolidated		
Balance at 12/2011	Charged / (credit) to profit or loss	Balance at 03/2012	Balance at 12/2011	Charged / (credit) to profit or loss	Balance at 03/2012
80,145	(12,113)	92,258	189,552	(13,066)	202,618

10. ESCROW DEPOSITS

Represent Group's restricted assets related to amounts deposited and held by the courts until the litigation to which they are linked is resolved.
The Group's escrow deposits as of March 31, 2012 and December 31, 2011 are as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
ICMS - ST (note 17.(a))	83,660	80,304	83,660	80,304
ICMS - ST suspended collection (*) (note 16 (b))	98,368	88,521	98,368	88,521
Other accrued tax obligations (note 16 (e) and (g))	9,614	9,434	52,906	52,024
Other suspended tax obligations (noteº 17.(c))	11,071	10,955	11,071	10,955
Unaccrued tax lawsuits	30,237	34,373	34,154	38,254
Accrued tax lawsuits (note 17)	9,969	9,952	11,554	11,515
Unaccrued civil lawsuits	1,037	1,016	1,128	1,108
Accrued civil lawsuits (note 17)	1,891	1,886	1,998	1,992
Unaccrued labor lawsuits	6,446	5,844	7,752	6,999
Accrued labor lawsuits (note 17)	2,665	2,653	4,460	4,167
	254,958	244,938	307,051	295,839

11. OTHER CURRENT AND NONCURRENT ASSETS

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Advances to advertisement services	105,680	111,690	107,152	112,666
Asset held for sale	-	-	17,752	17,752
Insurance	888	1,829	1,206	2,464
Restricted cash - CDBs (*)	-	-	6,781	6,757
Others	15,356	6,371	33,179	17,079
	121,924	119,890	166,070	156,718
Circulante	118,424	115,328	137,587	126,783
Não circulante	3,500	4,562	28,483	29,935

(*) Refers to a blocked account pledged as guarantee related to the court collection of Federal VAT (IPI) for July 1989 when wholesale units were held equivalent to manufacturing establishments under Law 7798/89. The lawsuit is pending a decision on the appeal from the defendant at the Federal Regional Court of the 3rd region (São Paulo). Based on the Company's legal counsel assessment the likelihood of loss in this lawsuit is possible.

12. INVESTMENTS

	Company	
	03/2012	12/2011
Investments in subsidiaries and jointly controlled entities	1,261,864	1,253,721

Information on and changes for quarter ended March 31, 2012

	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	Natura Inovação e Tecnologia de Produtos Ltda.	Natura Cosméticos de Mexico S.A. (*)	Natura Cosméticos Ltda. - Colombia	Natura (Brasil) International B.V. - The Netherlands (*)	Natura Cosméticos España S.L.	Total
Share capital	526,155	106,793	13,621	101,345	6,420	5,008	204,023	77,187	80,128	73	1,120,753
Equity interest	99.99%	99.99%	99.94%	99.97%	99.99%	99.99%	99.99%	99.99%	100.00%	100.00%	
Subsidiaries' shareholders' equity	1,074,237	20,374	134	68,170	297	32,446	46,138	11,730	8,335	106	1,261,967
Interest in shareholders' equity	1,074,129	20,372	133	68,150	297	32,443	46,133	11,729	8,335	106	1,261,827
Subsidiaries' net income (loss) for the year	12,723	(753)	(1,287)	(1,251)	-	3,024	(4,073)	(4,906)	(2,966)	-	511
Carrying amount of investments											
Balance as of December 31, 2011	1,060,333	20,383	1,485	72,825	306	28,809	47,596	13,434	8,444	106	1,253,721
Equity in investees	12,723	(753)	(1,286)	(1,251)	-	3,024	(4,072)	(4,905)	(2,966)	-	514
Exchange rate change and other adjustments on the translation of investments in foreign subsidiaries	-	742	(65)	(3,424)	(9)	(51)	2,609	247	(892)	-	(843)
Company's contribution to the stock options plan of subsidiaries' executives and other reserves	1,073	-	-	-	-	661	-	-	-	-	1,734
Profit distribution	-	-	-	-	-	-	-	2,953	3,749	36	6,738
Capital increases	1,074,129	20,372	134	68,150	297	32,443	46,133	11,729	8,335	142	1,261,864

(*) Consolidated information of the following companies:
Natura Cosméticos de México S.A.: Natura Cosméticos y Servicios de México, S.A. de C.V., Natura Cosméticos de México, S.A. de C.V. and Natura Distribuidora de México, S.A. de C.V.
Natura (Brasil) International B.V. - The Netherlands: Natura (Brasil) International B.V. (The Netherlands), Natura Brasil Inc. (USA - Delaware), Natura International Inc. (USA - New York), Natura International Inc. (USA - Nevada), Natura Worldwide Trading Company (Costa Rica), Natura Europa SAS (France) and Natura Brasil SAS (France).
Natura Inovação e Tecnologia de Produtos Ltda.: Ybios S.A. and Natura Innovation et Technologie Produits S.A.S. - France

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13. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT	Weighted average annual depreciation rate - %	Company 03/2012 Adjusted cost	Accumulated depreciation	Residual amount	Company 12/2011 Adjusted cost	Accumulated depreciation	Residual amount
Vehicles	21	38,749	(19,862)	18,887	39,010	(16,991)	22,019
Leasehold improvements (a)	15	36,930	(13,237)	23,693	35,419	(11,844)	23,575
Machinery and equipment	4	116,130	(9,657)	106,473	114,844	(7,421)	107,423
Buildings	-	56,694	-	56,694	56,694	-	56,694
Furniture and fixtures	7	11,940	(3,206)	8,734	11,633	(3,006)	8,627
IT equipment	18	44,987	(9,856)	35,131	50,867	(7,024)	43,843
Projects in progress	-	80,007	-	80,007	67,843	-	67,843
Advances to suppliers	-	428	-	428	2,191	-	2,191
		385,865	(55,818)	330,047	378,501	(46,286)	332,215

INTANGIBLE ASSETS	Weighted average annual amortization rate - %	Company 03/2012 Adjusted cost	Accumulated amortization	Residual amount	Company 12/2011 Adjusted cost	Accumulated amortization	Residual amount
Software and other	17	94,566	(21,886)	72,680	88,848	(17,356)	71,492
Carbon credits (c)	-	7,890	-	7,890	7,437	-	7,437
		102,456	(21,886)	80,570	96,285	(17,356)	78,929

PROPERTY, PLANT AND EQUIPMENT	Weighted average annual depreciation rate - %	Consolidated 03/2012 Adjusted cost	Accumulated depreciation	Residual amount	Consolidated 12/2011 Adjusted cost	Accumulated amortization	Residual amount
Machinery and equipment	6	416,856	(152,190)	264,666	410,901	(145,342)	265,559
Buildings	4	207,836	(61,917)	145,919	207,836	(60,400)	147,436
Installations	9	133,354	(75,567)	57,787	132,919	(73,512)	59,407
Land	-	27,214	-	27,214	27,214	-	27,214
Molds	30	118,352	(91,468)	26,884	116,068	(87,966)	28,102
Vehicles	21	59,869	(26,053)	33,816	59,490	(22,430)	37,060
IT equipment	19	80,785	(27,408)	53,377	76,305	(23,933)	52,372
Furniture and fixtures	11	34,094	(12,492)	21,602	32,976	(11,937)	21,039
Leasehold improvements (a)	15	52,228	(20,559)	31,669	50,599	(18,581)	32,018
Projects in progress	-	87,228	-	87,228	80,563	-	80,563
Advances to suppliers	-	45,396	-	45,396	47,724	-	47,724
Other	3	4,193	(2,226)	1,967	4,196	(2,256)	1,940
		1,267,405	(469,880)	797,525	1,246,79 1	(446,357)	800,434

INTANGIBLE ASSETS	Weighted average annual amortization rate - %	Consolidated 03/2012 Adjusted cost	Accumulated amortization	Residual amount	Consolidated 12/2011 Adjusted cost	Accumulated amortization	Residual amount
Software	18	192,703	(41,758)	150,945	182,890	(32,676)	150,214
Carbon credits (c)	-	7,890	-	7,890	7,437	-	7,437
Business lease - Natura Europa SAS – France (b)	-	5,065	-	5,065	5,074	-	5,074
Trademarks and patents	10	1,649	(1,649)	-	1,652	(1,623)	29
		207,307	(43,407)	163,900	197,053	(34,299)	162,754

(a) The amortization rates take into consideration the lease terms of leased properties, which range from three to five years.

(b) The business lease generated on the purchase of a commercial location where Natura Europa SAS - France operates is supported by an appraisal report issued by independent appraisers, attributable to the fact that it is an intangible, marketable asset, the value of which does not decrease over time. The change in the balance between March 31, 2012 and December 31, 2011 is basically due to the effects of the exchange fluctuation for the period.

(c) Carbon Neutral Program (note 2.11.3) disclosed in note 2 to the annual consolidated financial statements of the Company for the year ended December 31, 2011, disclosed on February 15, 2012.

Additional information on property, plant and equipment:

a) Assets pledged as collateral

As of March 31, 2012, the Group has property, plant and equipment items pledged as collateral of bank financing and loan transactions, as well as items attached to the defense of lawsuits, as shown below:

	Company	Consolidated
Vehicles	100	100
IT equipment	491	1.077
Machinery and equipment	3	3
Total	594	1,180

b) Leases

In 2011 the Company entered into finance lease transactions to purchase property, plant and equipment totaling R$56,694, recognized in line item “Buildings” and “sale leaseback” transactions totaling R$24,537, recognized in line item “Machinery and equipment”. As of March 31, 2012, the balance of lease payables, classified in line item “Borrowings and financing” (note 14) totals R$77,839 (R$79,673 as of December 31, 2011).

c) Balance of capitalized interest

	Consolidated	
	03/2012	12/2011
Buildings	1,473	1,479

Changes in property, plant and equipment

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Balances at beginning of quarter/year	332,215	92,175	800,434	560,467
Additions (less transfers from projects in progress - when terminated):				
Machinery and equipment	1,287	28,373	5,823	45,037
Projects in progress/advances to suppliers	3,574	114,902	7,911	165,726
Vehicles	989	15,069	2,298	21,031
Molds	-	-	2,259	15,344
Facilities	-	-	564	6,112
IT equipment	451	40,611	824	11,377
Furniture and fixtures	405	4,176	1,095	5,679
Other	1,412	4,777	1,503	5,524
	8,118	207,908	22,277	275,830
Leases	-	56,694	-	56,694
Depreciation	(9,774)	(20,814)	(24,459)	(84,108)
Transfers and disposals, net	(512)	(3,748)	(727)	(8,449)
Balances at end of quarter/year	330,047	332,215	797,525	800,434

Changes in intangible assets

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Balances at beginning of quarter/year	78,929	18,586	162,754	120,073
Additions:				
Software (includes implementation costs)	6,319	64,993	10,339	66,402
Carbon credits	452	4,135	452	4,135
	6,771	69,128	10,791	70,537
Transfers and disposals, net	(920)	(2,034)	(614)	(2,043)
Amortization	(4,210)	(6,751)	(9,031)	(25,813)
Balances at end of quarter/year	80,570	78,929	163,900	162,754

14. BORROWINGS AND FINANCING

	Company		Consolidated		
	03/2012	12/2011	03/2012	12/2011	Reference
Local currency					
BNDES - EXIM	-	-	64,316	67,607	A
FINEP (Financing Agency for Studies and Projects)	-	-	24,036	27,106	B
Debentures	362,598	353,256	362,598	353,256	C
BNDES	20,214	21,708	135,922	141,689	D
Working capital	-	48,613	-	48,613	E
BNDES FINAME	-	-	7,027	7,336	F
Banco do Brasil - FAT Fomentar (Workers' Assistance Fund)	-	-	2,370	2,697	G
Finance leases	56,223	56,729	56,223	56,729	H
FINEP - grant	-	-	839	289	I
Total local currency	439,035	480,306	653,331	705,322	
Foreign currency					
BNDES	4,188	4,486	9,975	10,713	J
Resolution 4131/62	403,846	411,237	403,846	411,237	K
International operation - Peru	-	-	35,305	36,483	L
Machinery financing	21,616	22,944	21,616	22,944	M
Total foreign currency	429,650	438,667	470,742	481,377	
Grand total	868,685	918,973	1,124,073	1,186,699	
Current	27,451	66,424	136,781	168,962	
Noncurrent	841,234	852,549	987,292	1,017,737	

Reference	Currency	Maturity	Charges	Collaterals
A	Real	March 2014	Interest of 2.5% p.y. + TJLP	Guarantee of Natura Cosméticos S.A.
B	Real	March 2013 and may 2019	TJLP (b) for the installment maturing in 2013 and interest of 5% for the installment maturing in May 2019	Guarantee of Natura Cosméticos S.A. and bank guarantee
C	Real	May 2013	Interest of 108% of CDI com vencimento em maio de 2013	None
D	Real	January 2018	TJLP + Interest of 0,7% to 2,8% p.y. for the installment maturing in March 2016 and 2,3% for the installment maturing in 2018.	Bank guarantee
E	Real	January 2012	105.5% of CDI p.y.. + IOF (b)	Guarantee of Natura Cosméticos S.A.
F	Real	September 2016	Interest of 4.5% p.y. + TJLP	Chattel mortgage, guarantee of Natura Cosméticos S.A. and promissory notes
G	Real	February 2014	Interest of 4.4% p.y. + TJLP	Chattel mortgage, guarantee of Natura Cosméticos S.A. and promissory notes
H	Real	Through August 2026	Interest of 108.0% of DI - CETIP (c)	Leases are collateralized by the underlying assets
I	Real	December 2012	N/A	None
J	Dollar	January 2018	Exchange fluctuation + 1.8% p.y. + Resolutionº 635 (a)	Guarantee of Natura Cosméticos S.A. and bank guarantee
K	Dollar	October 2013	Exchange fluctuation + interest of 1.87% to 3.89% p.y. (a)	Guarantee of subsidiary Indústria e Comércio de Cosméticos Ltda.
L	Novo sol	December 2012	Interest of 5.2% p.y.	Bank guarantee
M	Dollar	December 2016	Exchange fluctuation + interest of 3.87% p.y. (a)	Alienação fiduciária dos bens objeto dos contratos

(a) Loans and financing for which swap contracts (CDI) were entered into.
(b) IOF - Tax on Financial Transactions.
(c) DI - CETIP - daily index calculated based on the average DI, disclosed by Cetip S.A. (Brazilian clearinghouse and over-the-counter market).
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Maturities of noncurrent liabilities are as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
2013	761,106	771,468	810,815	840,496
2014	10,947	11,067	48,063	48,132
2015	8,252	8,364	38,352	38,413
2016 and thereafter	60,929	61,650	90,062	90,696
	841,234	852,549	987,292	1,017,737

A description of the outstanding bank loan agreements is as follows:

a) Description of bank loans

1. BNDES - EXIM Pré-Embarque and BNDES - EXIM Pré-Embarque Especial Programs

   The subsidiary Indústria e Comércio de Cosméticos Natura Ltda. benefits from BNDES financing programs for the pre-shipment stage of goods and services exports. As a rule, the requirements for participation in said programs are: (i) to have credit approved by the financial institution that will enter into the financing agreement; and (ii) to manufacture products using at least 60% of locally sourced materials.

2. Financing agreements with the BNDES

   The Company and its subsidiaries Indústria e Comércio de Cosméticos Natura Ltda. and Natura Inovação e Tecnologia de Produtos Ltda. have credit facility agreements with the BNDES to facilitate direct investments in the Company and its subsidiaries in order to improve certain product lines, train research and development employees, optimize operation product separation lines in the Cajamar, SP industrial facilities, build new distribution centers, and restructure the administration of the Itapecerica da Serra, SP unit and purchase the equipment necessary for these purposes.

3. Financing agreement with the FINEP

   The subsidiary Natura Inovação e Tecnologia de Produtos Ltda. has innovation programs aimed at the development and acquisition of new technologies by means of partnerships with universities and research centers in Brazil and abroad. These innovation programs have the support of FINEP’s research and technological development incentive programs, which facilitates and/or co-finances equipment, scientific grants and research material for the participating universities.
   These funds were used to partially fund the investments made in the drafting of the “Technology Platforms for New Cosmetics and Nutritional Supplements” and the “Research and Innovation for the Development of New Cosmetics” projects.

4. Machinery and Equipment Financing – FINAME

   The Company benefits from a credit facility with the BNDES, related to FINAME onlendings, intended to finance the purchase of new machinery and equipment manufactured in Brazil. Said onlending is carried out by granting credit to subsidiary Indústria e Comércio de Cosméticos Natura Ltda., granting rights to receivables to the financial institution accredited as a financing agent, usually Banco Votorantim S.A., Banco Itaú Unibanco S.A., Banco do Brasil S.A., HSBC Bank Brasil S.A. or Banco Santander Brasil S.A., which enters into such said financing with Indústria e Comércio de Cosméticos Natura Ltda.

   These agreements are collateralized by assigning the fiduciary ownership of the assets described in the related agreements. The subsidiary Indústria e Comércio de Cosméticos Natura Ltda. is the trustee and the Company is the guarantor of these assets. In addition, the Group is required to meet the Provisions Applicable to BNDES Agreements and the General Regulatory Terms and Conditions of FINAME-related Transactions.

5. Resolution 4131/62

   Bank Credit Note - Onlending of funds raised abroad under Resolution 4131/62, through financial institutions.

6. Debentures

   First issuance of simple debentures, nonconvertible into shares, totaling R$350,000, in single series, without guarantee and without financial covenants, with face value of R$1,000, in conformity with CVM Instruction 476/09, issued on May 26, 2010 and subscribed and paid in May 28, with the payment of semiannual interest in May and November, and principal maturing on May 26, 2013.

b) Finance lease obligations

Financial obligations are broken down as follows:

	Consolidated	
	03/2012	12/2011
Gross finance lease obligations - minimum lease payments:		
Less than one year	12,231	12,633
More than one year and less than five years	52,650	54,102
More than five years	76,779	78,800
	141,660	145,535
Future financing charges on finance leases	(63,831)	(65,862)
Financial lease obligations - accounting balance	77,839	79,673
Accounting balance of property, plant and equipment: leasing and ‘sale leaseback’	79,768	80,378

c) Restrictive covenants

As of March 31, 2012 and December 31, 2011, most financing and loan agreements entered into by the Group subsidiaries do not contain restrictive covenants establishing obligations regarding the maintenance of financial ratios by the Company or its subsidiaries.

The agreement entered into with BNDES in July 2011 contains restrictive covenants requiring maintenance of the following financial ratios:

- EBITDA margin equal or higher than 15%; and
- Net debt/EBITDA equal or lower than 2.5 (two wholes and five tenths).

As at March 31, 2012, the Company was fully compliant with such restrictive covenants.

15. TRADE AND OTHER PAYABLES

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Domestic trade payables	94,802	133,762	411,230	435,328
Foreign trade payables (*)	8,649	15,043	11,356	18,765
Freight payable	43,763	34,512	43,820	34,887
	147,214	183,317	466,406	488,980

(*) Refer mostly to US dollar-denominated amounts.

16. TAXES PAYABLE

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Taxes on revenue (PIS/COFINS) (injunction) (a)	1,866	1,823	122,333	115,214
Ordinary ICMS	41,738	59,894	85,019	81,687
Regular and reverse charge ICMS (b)	100,943	89,301	100,943	89,301
IRPJ and CSLL	96,207	127,458	111,378	150,639
IRPJ and CSLL (injunction) (c)	63,305	56,941	63,305	56,941
IRPJ and CSLL (injunction - PAT)	2,710	2,656	6,158	6,029
Withholding income tax (IRRF)	6,060	7,621	9,883	11,974
IPI - exempt and zero-taxed products (d)	-	-	43,130	42,432
UFIR adjustment to federal taxes (e)	6,494	6,361	6,656	6,519
Action for annulment of INSS debt (f)	3,120	3,073	3,120	3,073
Withholding PIS/COFINS/CSLL	4,122	2,490	4,699	3,324
PIS/COFINS	-	-	-	1,110
Taxes - foreign subsidiaries	-	-	19,350	17,888
Service tax (ISS)	581	364	1,325	1,214
	327,146	357,982	577,299	587,345
Escrow deposits ((b) and (g)) (note 10)	(107,982)	(97,955)	(151,274)	(140,545)
Current	219.164	260.027	426.025	446.800
Noncurrent	107.982	97.955	151.274	140.545

(a) The Company and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda. are challenging in court the inclusion of ICMS in the tax basis of Integration Program Tax on Revenue (PIS) and Social Security Funding Tax on Revenue (COFINS). In June 2007, the Company and its subsidiary were authorized by the court to pay PIS and COFINS without the inclusion of ICMS in their tax basis, starting April 2007. The balances recognized as of March 31, 2012 refer to the unpaid amounts of PIS and COFINS, from April 2007 to March 2012 adjusted using the SELIC (Central Bank’s policy rate), the collection of which is on hold. Part of the balance, in the adjusted amount of R$3,122, is deposited in escrow.

(b) As of March 31, 2012, R$13,377, R$56,983, R$27,716, R$292 and R$2,575 of the total amount recognized refer to the ICMS - ST of State of Paraná, Federal District, State of Mato Grosso do Sul, State of Mato Grosso and State of Rio de Janeiro, respectively (R$12,669, R$52,305, R$23,274, R$273 and R$780 State of Paraná, Federal District, State of Mato Grosso do Sul, State of Mato Grosso and State of Rio de Janeiro, respectively as of December 31, 2011), which is being challenged in court, as also mentioned in note 17 ‘Contingent tax liabilities - possible risk’, (a). The Company has made monthly escrow deposits for the unpaid amounts.

On November 26, 2011, the Company entered into an arrangement, to be enforced after the end of the current reporting period, with the State of Paraná to set the Value Added Margin (MVA) applicable to the calculation of ICMS-ST due on transactions conducted by consultants.

Accordingly, Natura Cosméticos recognized the MVA application (up to the cap determined by the technical study) for taxable events prior to November 2011 and dropped part of the lawsuits on this matter, resulting in (i) the transfer of R$114,345 to the State of Paraná as ICMS-ST and (ii) the withdrawal of the deposited R$16,930 excess because of the retrospective extension of the tax benefit.

The MVA applicable to taxable events prior to November 2011 is still being discussed in courts and is currently at court expert review stage.

(c) On February 4, 2009, the Company was granted an injunction, subsequently confirmed by court decision, that suspended the collection of income tax and social contribution on any amounts received as arrears interest, paid on late payment of contractual obligations receivables to the Natura Beauty Consultants. The appeal filed by the Federal Government is awaiting judgment.

(d) Refers to Federal VAT (IPI) on zero-taxed, untaxed or exempt raw materials and packaging materials. Subsidiary Indústria e Comércio de Cosméticos Natura Ltda. filed a writ of mandamus and obtained an injunction granting the right to the credit. On September 25, 2006, the injunction was revoked by a decision that considered the request invalid. The Company filed an appeal for reconsideration of merits and reinstatement of the injunction. To suspend the payment of tax, in October 2006, the Company made an escrow deposit in the amount offset under the injunction, whose adjusted balance totals R$43,130 as of March 31, 2012 (R$42,432 as of December 31, 2011). In the fourth quarter of 2009, in order to utilize the benefits granted under Provisional Act 470/09, which creates a program for the payment and payment in installments of tax debts, the subsidiary filed a motion partially withdrawing the claims made in the injunction filed that maintains only the claim of tax credits on tax-exempt products, thus dropping the lawsuits claiming IPI credits of zero-taxed and untaxed products (see details in topic 'Tax installment plans created under Provisional Act 470/09). On this date, after having met the requirements to join the tax installment plan introduced by Provisional Act 470/09, the subsidiary awaits the tax authorities' approval to write off the suspended collection amounts and the corresponding escrow deposits. Subsequently, in December de 2011, the subsidiary filed a motion to also drop the lawsuit claiming tax credits on tax-exempt products, which are deposited in escrow. Thus, the subsidiary awaits the transfer to the State of the escrow deposits after a final and unappealable decision is issued.

(e) Refers to the inflation adjustment of 1991 federal taxes on income (IRPJ/CSLL/ILL) based on the UFIR (fiscal reference unit), discussed in a writ of mandamus. The amount involved is deposited in escrow. On February 26, 2010, the Company filed a motion dropping this lawsuit to be able to utilize the benefits granted under Law 11941/09, which creates a program for the payment and payment in installments of tax debts and awaits the issue of a final and unappealable decision.

(f) Refers to the social security contribution required by tax assessments issued by the National Institute of Social Security as a result of an inspection, which claims that 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 being challenged 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, as recently instructed under Case Law Decision 08 of the Federal Supreme Court (STF). On March 1, 2010, the Company filed a motion dropping part of the claims made and partially waiving its right to utilize the benefits granted under Law 11941/09 regarding the social security contributions due by the companies that provided services to the Company (joint liability) during the period from November 1994 to December 1998.

Tax installment program established by Law 11941/09

On May 27, 2009, Federal Government enacted Law 11941, as a result of the conversion of Provisional Act 449/08, which, among other changes to tax law, established the possibility of a tax debt installment plan managed by the Federal Revenue Service, the National Social Security Institute and the National Treasury Attorney General (PGFN), including the remaining balance of consolidated debts in the REFIS (Law 9964/00), Special Installment Plan (PAES) (Law 10684/03) and the Exceptional Installment Plan (PAEX) (Provisional Act 303/06), in addition to the regular payments in installments provided for by article 38 of Law 8212/91 and article 10 of Law 10522/02.

The entities that opted for paying or dividing into installments the debts under this Law, in the applicable cases, may settle the amounts corresponding to default and automatic fines and late-payment interest, including those related to legally enforceable debts to the Government, using tax loss carryforwards, and will benefit from reduced fines, interest and legal charges whose reduction percentage depends on the installment plan chosen.

Pursuant to the established rules, for compliance with the first stage of installment payments, the Company and its subsidiaries, after having filed motions at Court formalizing the withdrawal of lawsuits whose taxes would be paid in installments, applied for installment payments, choosing installment plans and indicating the generic nature of tax debts, paying the respective initial installments, pursuant to the provisions of Federal Revenue Service (SRF) and National Treasury Attorney General (PGFN) Joint Administrative Rule.

The tax debts recorded for payment in installments by the Company and its subsidiaries, pursuant to Law 11941/09, are as follows:

	Company					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Action for annulment of INSS debt (a)	3,073	-	-	-	47	3,120
IRPJ/CSLL/ILL debts (b)	6,361	-	-	-	133	6,494
	9,434	-	-	-	180	9,614

	Consolidated					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Action for annulment of INSS debt (a)	3,073	-	-	-	47	3,120
IRPJ/CSLL/ILL debts (b)	6,519	-	-	-	137	6,656
	9,592	-	-	-	184	9,776

(a) See item (g) on this note for details.
(b) See item (e) on this note for details.

Due to the lack of tax loss carryforwards, the Company will not offset them against the remaining balance of the interest on installments.

The next steps of the Company's and its subsidiaries' tax installment plans, which are being discussed in courts, depend on a decision about the consolidation of the related debts, which is expected in order to settle such debts by transferring existing escrow deposits to the Federal Government.

Tax installment plans created under Provisional Act 470/09

On October 13, 2009, Provisional Act 470 was enacted introducing the tax debt payment and installment plans arising from the undue use of an industry tax incentive, introduced by Article 1 of Law Decree 491, of March 5, 1969, and the undue use of IPI credits, regulated by the Attorney General of the National Treasury (PGFN) and Federal Revenue Service (RFB).

On November 3, 2009, the PGFN and the Federal Revenue Service published in the Federal Official Gazette (DOU) Joint Administrative Rule 9, which establishes the debt payment and installment plan addressed in Article 3 of Provisional Act 470/09. The debts arising from the undue utilization of industry tax incentives introduced by Article 1 of Decree Law 491/69, and those arising from the undue utilization of IPI credits challenged by the PGFN and Federal Revenue Service may be exceptionally paid at sight or in installments to each agency by November 30, 2009.

As mentioned in item (d) above, subsidiary Indústria e Comércio de Cosméticos Natura Ltda. filed a motion partially withdrawing from the injunction filed related to IPI credits claimed on products purchased at zero tax rate or tax exempt.

As of March 31, 2012, the Company awaits a decision of the 3rd Region Federal Court, based on the PGFN's and Federal Revenue Service's position, to complete the stage related to the consolidation of tax debts and write off the balances of suspended liabilities against escrow deposits made until this date at the inflation adjusted amounts. As there are escrow deposits made in the past and in light of the option made by the subsidiary to pay tax debts at sight, no gain was recognized in profit or loss from the reversal of late payment fine and interest.

17. PROVISION FOR TAX, CIVIL AND LABOR CONTINGENCIES

The Company and its subsidiaries are parties to tax, labor and civil lawsuits and administrative tax proceedings. Management believes, based on the opinion and estimates of its legal counsel, that the provision for tax, civil, and labor contingencies are sufficient to cover potential losses. This provision is broken down as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Tax	28,256	27,612	34,577	33,850
Civil	11,868	12,234	15,654	16,986
Labor	10,028	9,754	15,195	14,121
	50,152	49,600	65,426	64,957

Tax contingencies

The provision for tax contingencies is broken down as follows:

	Company					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Late payment fines on federal taxes paid in arrears (a)	794	-	-	-	11	805
CSLL deductibility (Law 9316/96) (b)	7,885	-	-	-	75	7,960
IRPJ and CSLL tax assessment - attorney fees (c)	4,968	-	-	-	22	4,990
Tax assessment - 1990 IRPJ (d)	3,514	-	-	-	40	3,554
Attorney and other fees (f)	10,451	880	(471)	-	87	10,947
Total provision for tax contingencies	27,612	880	(471)	-	235	28,256
Escrow deposits (note 10)	(9,952)	-	-	-	(17)	(9,969)

	Consolidated					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Late payment fines on federal taxes paid in arrears (a)	865	-	-	-	11	876
CSLL deductibility (Law 9316/96) (b)	7,885	-	-	-	75	7,960
IRPJ and CSLL tax assessment - attorney fees (c)	4,968	-	-	-	22	4,990
Tax assessment - 1990 IRPJ (d)	3,514	-	-	-	40	3,554
Semiannual PIS - Decree Laws 2445/88 and 2449/88 (e)	2,320	-	-	-	31	2,351
Attorney and other fees (f)	14,298	880	(471)	-	139	14,846
Total provision for tax contingencies	33,850	880	(471)	-	318	34,577
Escrow deposits (note 10)	(11,515)	-	-	-	(39)	(11,554)

(a) Referem-se à incidência de multa moratória no recolhimento em atraso de tributos federais.

(b) Refers to CSLL that was addressed by an injunction that questions the constitutionality of Law 9316/96, which prohibited the deduction of CSLL from its own tax basis and the IRPJ basis. A portion of this provision, in the adjusted amount of R$5,985 (R$5,905 as of December 31, 2011), is deposited in escrow. The lawsuit is stayed waiting a decision of the STF on the subject and will be decided under established case law.

(c) Refers to attorney fees for the defense in the tax assessment notices issued against the Company in December 2006 and December 2007 by the Federal Revenue Service, claiming the payment of income tax and social contribution on the deductibility of the yield of debentures issued by the Company for fiscal years 2001 and 2002, respectively. The legal counsel's opinion is that the likelihood of unfavorable outcome in these tax assessment notices is remote.

A final and unappealable administrative decision on the tax assessment notice issued against the Company in August 2003 challenging the deductibility, in fiscal year 1999, was issued on January 2010 that maintains part of the income tax assessed and the whole of the social contribution. After this decision, on April 7, 2010, the Company filed a lawsuit to cancel the remaining installment of IRPJ and CSLL. The legal counsel considers that the likelihood of an unfavorable outcome is remote.

(d) Refers to a tax assessment notice issued by the Federal Revenue Service claiming the payment of income tax on the earnings obtained on exports entitled to tax benefits carried out in fiscal year 1989, at the rate of 18% (Law 7988, of December 29, 1989) and not 3%, as set out in article 1 of Decree Law 2413/88, used by the Company at the time to pay its taxes. The Company has filed a lawsuit to cancel the tax assessment. The lawsuit is stayed waiting a STF decision on the subject.

(e) Refers to the offset of PIS paid as per Decree Laws 2445/88 and 2449/88, 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.

(f) The balance refers to lawyer fees to defend the Company's and its subsidiaries' interests in tax lawsuits. The amount of (i) R$4,409, accrued in 2009, refers to lawyers' fees to prepare the defense against an IRPJ and CSLL infringement notification against the Company, issued on June 30, 2009, which challenges the tax deductibility of goodwill amortization carried out resulting from the merger of Natura Participações S.A. It is the opinion of the Company's legal counsel that, as structured, the transaction and its tax effects can be upheld in a court of law and thus the risk of loss is classified as remote; (ii) R$700 refers to the lawyers' fees to present the defense in the tax assessment by the SeFaz - RS which has identified supposed differences on the ICMS-ST with respect to interstate shipments made to Company's sites located in the Rio Grande do Sul (RS). According to the Company's legal counsel opinion, the risk of an unfavorable outcome is remote.

Civil contingencies

	Company					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Several civil lawsuits (a)	6,787	1,842	(371)	(1,412)	40	6,886
Lawyer fees - environmental civil lawsuit (b)	1,535	-	-	-	22	1,557
Civil lawsuits and lawyer fees - Nova Flora Participações Ltda.	3,912	-	(681)	-	194	3,425
Total provision for civil contingencies	12,234	1,842	(1,052)	(1,412)	256	11,868
Escrow deposits (note 10)	(1,886)	-	-	-	(5)	(1,891)

	Consolidado					
	12/2011	Additions	Reversals	Payments	Inflation adjustment	03/2012
Several civil lawsuits (a)	7,723	1,901	(383)	(1,466)	53	7,828
Lawyer fees - environmental civil lawsuit (b)	1,535	-	-	-	22	1,557
Lawyer fees - IBAMA lawsuit (c)	3,816	195	(1,209)	-	42	2,844
Civil lawsuits and lawyer fees - Nova Flora Participações Ltda.	3,912	-	(681)	-	194	3,425
Total provision for civil contingencies	16,986	2,096	(2,273)	(1,466)	311	15,654
Escrow deposits (note 10)	(1,992)	-	-	-	(6)	(1,998)

(a) As of March 31, 2012, the Company and its subsidiaries are parties to 2,491 civil lawsuits and administrative proceedings (2,491 as of December 31, 2011), of which 2,490 were filed with civil courts, special civil courts and the consumer protection agency (PROCON) by Natura Beauty Consultants, consumers, suppliers and former employees, most of which claiming compensation for damages.

(b) The provision includes R$1,210 with respect to legal 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 ("murumuru"). Our legal counsel's opinion is that the risk of losses is remote.

(c) Refers to attorney fees for the defense in the tax assessment notice issued by Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, or IBAMA (Brazilian environmental agency) against the Company in 2010 for alleged irregular access to biodiversity. Through March 2012, the Company had been imposed 70 fines by IBAMA, totaling R$21,955, and filed administrative defenses for all of them. No decision on the merits has been rendered yet; therefore, such fines cannot be considered as a liability. The Company's management and its legal counsel consider the risk of loss in these fines for the alleged non-sharing of benefits and the fines for the alleged irregular access to biodiversity as remote due to full compliance with all the principles established in the Convention on Biological Diversity ("CBD"), an international treaty signed during Rio-92 and of the illegality and unconstitutionality of the current legal framework, which incorporates the CBD in the Brazilian legal system. Except for inputs from Federal Government land - which refuses to negotiate - the Company shares benefits in 100% of the accesses in the use of biodiversity; it is the first to share benefits with traditional communities and detains approximately 68% of the requests with the Regulatory Body for authorization to have access to biodiversity.

Labor contingencies

As of March 31, 2012, the Company and its subsidiaries are parties to 744 labor lawsuits filed by former employees and third parties (827 as of December 31, 2011), claiming the payment of severance amounts, salary premiums, overtime and other amounts due, as a result of joint liability. The provision is periodically reviewed based on the progress of lawsuits and history of losses on labor claims to reflect the best current estimate.

	Company				
	12/2011	Additions	Reversals	Inflation adjustment	03/2012
Total provision for labor contingencies	9,754	16	-	258	10,028
Escrow deposits (note 10)	(2,653)	-	-	(12)	(2,665)

	Consolidated				
	12/2011	Additions	Reversals	Inflation adjustment	03/2012
Total provision for labor contingencies	14,121	531	(209)	752	15,195
Escrow deposits (note 10)	(4,167)	-	-	(293)	(4,460)

Contingent liabilities - possible risk

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 their legal counsel. These lawsuits are as follows:

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Tax:				
Declaratory Action - ICMS - ST (a)	83,660	80,304	83,660	80,304
Offset of 1/3 of COFINS - Law 9718/98 (b)	5,412	5,357	5,412	5,357
Action for annulment of INSS debt (c)	4,967	4,910	4,967	4,910
IPI assessment notice (d)	5,514	5,451	5,514	5,451
Administrative proceeding - ICMS - ST assessment, DF (e)	8,899	8,815	8,899	8,815
Administrative proceeding - ICMS - ST assessment, PA (e)	3,940	3,423	3,940	3,423
Administrative proceeding - tax debt - ICMS - ST, RS (f)	9,066	9,066	9,066	9,066
Tax assessment notice – Rio Grande do Sul State Department of Finance (g)	30,410	30,184	30,410	30,184
Tax assessment notice - São Paulo State Department of Finance - ICMS audit (h)	-	-	9,837	9,837
Tax assessment - transfer pricing on loan agreements with foreign related company (i)	1,874	1,856	1,874	1,856
Other	41,429	36,837	58,718	43,828
	195,171	186,203	222,297	203,031
Civil	3,680	2,953	3,851	3,076
Labor	42,397	42,792	70,730	73,856
	241,248	231,948	296,878	279,963

(a) As of March 31, 2012, the balance recorded is broken down as follows:

1. ICMS – ST, PR - R$50,285 (R$49,962 as of December 31, 2011) - lawsuit filed by the Company challenging the changes in ICMS - ST tax basis introduced by Paraná Decree 7018/06. The amount discussed in the lawsuit, related to the period from January 2007 to December 2011, is fully deposited in escrow, as mentioned in notes 10 and 16 (b), and its collection is suspended.
2. ICMS - ST, Federal District - R$17,843 (R$15,401 as of December 31, 2011) - declaratory action filed by the Company to challenge its liability for the payment of ICMS - ST due to the lack of a statute on and statutory criteria for the determination of the tax base of this tax or, subsequently, the need to enter into an Agreement to set out the ICMS - ST tax basis. The amount under litigation, related to the period from February 2009 to March 2012, is fully deposited in escrow, as referred to in notes 10 and 16 (b), and its collection is suspended.
3. ICMS - ST, MS - R$10,079 (R$9,734 as of December 31, 2011) - declaratory action filed by the Company to challenge its liability for the payment of ICMS - ST to the State of Mato Grosso do Sul due to the lack of a statute on and statutory criteria for the determination of the tax base of this tax or, subsequently, the need to enter into an Agreement to set out the ICMS - ST tax basis. The amount under litigation, related to the period from February 2010 to March 2012, is fully deposited in escrow, as referred to in notes 10 and 16 (b), and its collection is suspended.
4. ICMS - ST, MT - R$3,481 (R$3,410 as of December 31, 2011) - declaratory action filed by the Company to challenge its liability for the payment of ICMS - ST to the State of Mato Grosso do Sul due to the lack of a statute on and statutory criteria for the determination of the tax base of this tax or, subsequently, the need to enter into an Agreement to set out the ICMS - ST tax basis. The amount under litigation, related to the period from October 2009 to July 2011, is fully deposited in escrow, as referred to in notes 10 and 16 (b), and its collection is suspended.

5. ICMS - ST, SC - R$1,972 (R$1,797 as of December 31, 2011) - declaratory action filed by the Company to challenge its liability for the payment of ICMS - ST to the State of Santa Catarina due to the lack of a statute on and statutory criteria for the determination of the tax base of this tax or, subsequently, the need to enter into an Agreement to set out the ICMS - ST tax basis. The amount under litigation, related to the period from July 2011 to August 2011 and February 2012 and March 2012, is fully deposited in escrow, as referred to in notes 10 and 16 (b), and its collection is suspended.

(b) Law 9718/98 increased the COFINS 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 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 being challenged 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 1994 to October 1999.

(d) Refers to a tax collection lawsuit intended to collect IPI due to alleged nonpayment and incorrect classification of the goods sold. The Company has filed a defense with courts and awaits a final ruling on the matter.

(e) Tax assessment notice collecting ICMS - ST, issued by the Federal District and State of Pará, as a result of an alleged underpayment of the Company’s own ICMS and ICMS - ST. The Company has filed its defense at the administrative level and is awaiting the final judgment.

(f) Tax assessment notice issued by the Rio Grande do Sul State Department of Finance against the Company due to its condition of tax substitute, in order to charge allegedly due ICMS, due to the lack of a criterion to determine the correct tax basis, related to subsequent transactions conducted by independent resellers domiciled in the State of Rio Grande, do Sul. The Company filed an annulment action to cancel this collection and awaits a final court decision on the matter.

(g) Tax assessment issued by the Rio Grande do Sul State Department of Finance claiming a tax credit related to ICMS for an alleged incorrect use of the tax basis reduction granted to intrastate transactions and reduction of the intrastate tax rate to calculate the tax rate differences. We have filed administrative defense, which awaits a final decision.

(h) Tax assessment notice issued by São Paulo State Department of Finance for alleged credits claimed on the purchase of property, plant and equipment items which were transferred to other units on purchase date, and goods purchased that allegedly are not directly related to production and sales activities. The Company filed an administrative defense, whereby it claims the possibility of claiming such tax credits, the expiration of tax debt, and illegality of charging interest equivalent to one-tenth percent per day, and awaits a final decision thereon.

(i) 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 is still being judged. In June 2008, the Company filed a discretionary appeal against the unfavorable decision with the Board of Tax Appeals, which is awaiting judgment.

Contingent assets

The Company and its subsidiaries material contingent assets 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 Article 3, Paragraph 1, of Law 9718/98. The amounts involved in the lawsuits, updated to March 31, 2012, are R$22,169 (R$21,935 as of December 31, 2011). In the first quarter of 2011, the 3rd Region Federal Court published a court decision, on a Motion for Clarification of Judgment filed by the companies, favorable to the Company and that allows the offset of the tax credits (i) against any federal taxes payable by Natura Cosméticos and (ii) limited to PIS and COFINS debts of Indústria e Comércio de Cosméticos Natura Ltda. As a result, the Company has recognized PIS and COFINS credits in the amount of R$16,852 in line item 'Recoverable taxes' related to undue payments made in the five years prior to the date the lawsuits were filed, as a balancing item to line item 'Other operating income (expenses)' for the period.
The Company and its subsidiary Indústria e Comércio de Cosméticos Natura Ltda. have filed special and extraordinary appeals with the Superior Court of Justice and the Federal Supreme Court claiming the recognition of their right to offset unduly paid taxes during the ten-year period prior to date both lawsuits were filed and, with respect to Indústria e Comércio de Cosméticos Natura Ltda., the right to offset such credits against any federal taxes managed by the subsidiary. The Company has filed a request for the recognition and awaits the approval of the related credits to be able to offset them against federal taxes.

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 the refund of ICMS and ISS included in the PIS and COFINS tax basis and paid in the period from April 1999 to March 2007. The amounts of the refund requests as of March 31, 2012 are R$135,305 (R$135,305 as of December 31, 2011). The legal counsel believes that the likelihood of a favorable outcome is probable.

18. OTHER PROVISIONS

	Company		Consolidated	
	03/2012	12/2011	03/2012	12/2011
Retirees' healthcare plan	19,860	19,332	28,953	28,132
Carbon credit	18,058	16,486	18,058	16,486
Other provisions	-	-	193	191
	37,918	35,818	47,204	44,809

The Group has a postemployment healthcare plan for a group of former employees and their spouses that is governed by specific rules. As of March 31, 2011, the plan had 1,073 (Company) and 2,144 (Consolidated) participants.

As of March 31, 2012, the Group had a provision for the actuarial liability arising from this plan, totaling R$19,860 (Company) and R$28,953 (Consolidated) (R$19,332, Company and R$28,132, Consolidated as of December 31, 2011).

During the year, the impact of this plan on profit or loss is related to the service cost totaling R$181 and interest expenses totaling R$347.

The carried liability was calculated by an independent actuary taking into consideration the following main assumptions:

	Annual percentage (in nominal terms) 2011
Financial discount rate	10.5
Increase in medical expenses (reduced by 0.5% p.a.)	10.5 to 5.5
Long-term inflation rate	4.5
General mortality table	RP2000

19. SHAREHOLDERS' EQUITY

a) Issued capital

As of December 31, 2011, the Company's capital was R$427.073.

In the first quarter of 2012 there was no change in capital, which is made up of 431,239,264 subscribed and paid-up common registered shares. The Company is authorized to increase its capital, irrespective of an amendment to the articles of incorporation, up to the limit of 441,310,125 (for hundred and forty-one million, three hundred and ten thousand, one hundred and twenty-five) common shares with no par value by resolution by the Board of Directors, which will lay down the issuance conditions, including price and deadline for payment.

b) Dividend and interest on capital 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 of previously recognized reserves for contingencies.
- Decrease in the amounts intended for the recognition of the legal reserve and reserve for contingencies.

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

Company's Management did not propose dividends and interest on capital during the quarter ended March 31, 2012.

On April 18, 2012 dividends were paid in the amount of R$467,324 (R$1.09117684 per share) and interest on capital in the amount of R$23,627, before taxes (R$0.05516776 per share, before taxes), in accordance with the distribution of net income for the year ended December 31, 2011, approved by the Board of Directors on February 15, 2012 and confirmed by the Annual Shareholders' Meeting held on April 13, 2012. Such amount plus the dividends in the amount of R$295,302 and interest on capital in the amount of R$37,506 which were paid in August 2011 totals a distribution of approximately 99% of the net income for the year ended December 31, 2011.

Dividends were calculated as follows:

	2011
Net income for the year	830.901
Tax incentive reserve - investment grant	(3.677)
Calculation basis for minimum dividends	827.224
Mandatory minimum dividends	30%
Annual minimum dividend	248.167
Proposed dividends	762.626
Interest on capital	61.133
IRRF on interest on capital	(9.170)
Total dividends and interest on capital, net of IRRF	814.589
Amount exceeding mandatory minimum dividend	566.356
Dividends per share - R$	1,7760
Interest on capital per share, net - R$	0,1208
Total dividends and interest on capital per share, net - R$	1,8968

Due to the approval by the Board of Directors on February 15, 2012 and confirmed by the Annual Shareholders Meeting on April 13, 2012, dividends and interest on capital were accrued as a liability as of March 31, 2012.

c) Treasury shares

The Company repurchased during the period of 2011 3,066,300 common shares, at the average price of R$34.06, in order to meet the exercise of options granted to the Company's and its direct and indirect subsidiaries' management and employees. In addition to the repurchase of shares in the period, a total of R$895, at an average unit cost of R$32.92, was used in the exercise of options.

As of March 31, 2012, line item 'Treasury shares' is broken down as follows:

	03/2012		
	Number of shares	R$'000	Average price per share - R$
Balance at beginning of year	3,021,757	102,849	34.04
Used	(478,897)	(15,803)	33.00
Balance at end of quarter	2,542,860	87,046	34.23

d) Share premium

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

e) Legal reserve

Since the balance of legal reserve plus capital reserves, addressed by article 182, paragraph 1, of Law 6404/76, exceeded 30% of the capital, the Company decided, in accordance with article 193 of the same Law, not to recognize a legal reserve on net income earned in fiscal years 2006, 2007, 2008, 2009, 2010 and 2011.

f) Reserve for retained earnings

As of December 31, 2011, the reserve for retained earnings was recognized pursuant to article 196 of Law 6404/76 for use in future investments, and amounts to R$3,530 (R$23,421 recognized as of December 31, 2010). The retention for 2011, prepared by management and approved by the Board of Directors on February 15, 2012 and confirmed by the Annual Shareholders Meeting on April 13, 2012.

g) Other comprehensive income

The Company records in this line item the effects of exchange differences arising on translating investments in foreign subsidiaries. The accumulated effect will be reversed to income as a gain or loss only in case of sale or write-off of the investment.

20. SEGMENT INFORMATION

Segment reporting is consistent with management reports provided by the main operating decision-maker to assess the performance of each segment and the allocation of funds. Although the main decision-maker analyzes the information on revenue at its different levels, according to the reports used by management to make decisions, the Company's business is mainly segmented based on the sales of cosmetics by geography, which are as follows: Brazil, Latin America ("LATAM") and other countries. In addition, LATAM is divided into two groups for analysis: (a) Argentina, Chile and Peru ("Consolidating Operations"); and (b) Mexico and Colombia ("Operations in Implementation"). The segments' business features are similar and each segment offers similar products through the same consumer access method.

Net revenue by geography is as follows in 2012:

- Brazil: 89.5%
- Consolidating Operations: 6.7%
- Operations under Implementation: 3.5%
- Other: 0.3%

The accounting practices for each segment are the same as those described in note 2 to the annual consolidated financial statements of the Company for the year ended December 31, 2011, disclosed on February 15, 2012, description of Natura's business and significant accounting policies. The performance of the Company's segments was assessed based on the net operating income, net income and noncurrent assets. This measurement basis excludes the effects of interest, income tax and social contribution, depreciation and amortization.

The financial information related to the segments as of March 31, 2012 and December 31, 2011 is summarized in the tables below. The amounts provided to the Executive Committee related to net income and total assets are consistent with the balances recorded in the interim financial information and with the accounting policies applied.

Income and expenses accounts

	03/2012				
	Net revenue	Net income (loss)	Depreciation and amortization	Financial expenses, net	Income tax
Brazil	1.140.978	166.692	(31.519)	(16.406)	(71.768)
Argentina, Chile and Peru	86.091	(3.291)	(1.299)	303	(143)
Mexico and Colombia	44.732	(8.979)	(567)	887	(34)
Other (*)	4.035	(2.933)	(105)	-	-
Consolidated	1.275.836	151.489	(33.490)	(15.216)	(71.945)

	03/2011				
	Net revenue	Net income (loss)	Depreciation and amortization	Financial expenses, net	Income tax
Brazil	1.052.611	181.470	(23.091)	(9.835)	(77.357)
Argentina, Chile and Peru	60.143	(10.390)	(977)	(94)	(1.202)
Mexico and Colombia	29.739	(16.730)	(561)	(267)	(21)
Other (*)	3.353	(3.833)	(136)	-	-
Consolidated	1.145.846	150.517	(24.765)	(10.196)	(78.580)

Balance sheet accounts

	03/2012			12/2011		
	Noncurrent assets	Total assets	Current liabilities	Noncurrent assets	Total assets	Current liabilities
Brazil	1.555.504	3.554.947	1.580.129	1.535.676	3.482.649	1.142.356
Argentina, Chile and Peru	24.720	187.283	61.201	25.282	187.016	90.915
Mexico and Colombia	12.857	102.169	43.995	11.857	96.070	34.730
Other (*)	16.509	27.346	7.119	16.938	27.277	6.718
Consolidated	1.609.590	3.871.745	1.692.444	1.589.753	3.793.012	1.274.719

(*) Includes operations in France and Corporate LATAM

The Company has only on class of products that is sold to Natura Beauty Consultants which is classified as "Cosmetics". As such, disclosure of information by products and services is not applicable.

The Company has a diversified customer portfolio, with no concentration of revenue.
The revenue from foreign related parties reported to the Executive Committee was measured in accordance with that presented in the income statement.

21. RECEITA LÍQUIDA

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Gross revenue:				
Domestic market	1,539,183	1,438,230	1,539,183	1,438,251
Foreign market	-	-	172,489	117,402
Other sales	-	-	400	388
	1,539,183	1,438,230	1,712,072	1,556,041
Returns and cancellations	(4,954)	(2,115)	(6,030)	(2,115)
Taxes on sales	(228,222)	(208,851)	(430,206)	(408,080)
Net revenue	1,306,007	1,227,264	1,275,836	1,145,846

22. OPERATING EXPENSES AND COST OF SALES

a) Breakdown of operating expenses and cost of sales by function:

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Cost of sales	508,632	514,836	365,331	343,222
Marketing and selling expenses	360,669	331,061	488,270	422,914
General and administrative expenses	205,540	177,122	177,544	150,993
Compensation of key management personnel (note 27.2)	3,978	3,222	3,978	3,222
Total	1,078,819	1,026,241	1,035,123	920,351

b) Breakdown of operating expenses and cost of sales by nature:

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Variable costs and indirect costs of resale materials and products	508,632	514,836	289,651	274,715
Marketing and selling expenses	252,151	200,552	263,922	214,278
Freight expenses	60,150	56,908	64,966	62,413
Services expenses	22,613	13,502	30,769	34,368
Employee benefits (note 23)	86,186	60,877	159,547	142,120
Depreciation and amortization charges	13,984	5,150	33,490	24,765
Compensation of key management personnel (note 27.2.)	3,978	3,222	3,978	3,222
Others expenses	23,626	861	188,800	164,470
Provision of administrative services (note 27.1)	54,756	112,265	-	-
Provision of research and development services (note 27.1.)	52,743	58,068	-	-
Total	1,078,819	1,026,241	1,035,123	920,351

23. EMPLOYEE BENEFITS

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Payroll and bonuses	65,183	45,697	119,846	107,636
Management compensation	790	588	1,231	1,035
Pension plan (note 23.2.)	1,684	875	3,419	1,834
Executives’ compensation	18,529	13,717	35,051	31,615
	86,186	60,877	159,547	142,120

23.1. Share-based payments

Once a year the Board of Directors meets in order to choose the directors and managers who will receive the options and the total number to be distributed.

Under the format prevailing until 2008, the programs had a four-year vesting period, after which 50% of the options could be exercised at the end of the third year and 50% at the end of the fourth year, and a maximum term of two years for the exercise of options after the end of the fourth year of the vesting period.

In 2009, the plan was revised to establish the end of the fourth year as the vesting date of all the options granted, with the possibility of reducing the vesting period to three years through the cancelation of 50% of the options granted and setting the four years as the maximum term for the exercise of the options.

The changes in the number of outstanding stock options and their related weighted-average prices are as follows:

	03/2012		12/2011	
	Average exercise price per share - R$	Options (thousands)	Average exercise price per share - R$	Options (thousands)
Balance at beginning of quarter/year	32.84	7,363	28.10	6,839
Granted	-	-	42.39	1,492
Cancelled	37.27	(119)	29.35	(563)
Exercised	30.89	(477)	25.33	(405)
Balance at end of quarter/year	33.43	6,767	32.84	7,363

Out of the 6,765,000 outstanding options as of March 31, 2012 (7,363,000 outstanding options as of December 31, 2011), 753,000 outstanding options are vested (1,214,000 outstanding options as of December 31, 2011). The options exercised in 2012 did not result on the issuance of shares (405,000 shares in for the year ended December 31, 2011) and in the use of 479,000 of the shares held in treasury instead (45,000 shares held in treasury as of December 31, 2011).

The expense related to the fair value of the options granted during the quarter ended March 31, 2012, according to the elapsed vesting period, was R$1,684 and R$3,419, Company and on a consolidated basis, respectively (R$875 and R$1,874 Company and on a consolidated basis, respectively, as of March 31, 2011).

The stock options outstanding at the end of the year have the following vesting dates and exercise prices:

As of March 31, 2012

Grant date	Exercise price - R$	Existing options	Remaining contractual life (years)	Vested options
April 24, 2007	30.70	359,681	1.08	359,681
April 22, 2008	23.84	787,141	2.09	393,571
April 22, 2009	26.00	2,249,793	5.13	-
March 19, 2010	38.15	1,899,914	6.05	-
March 21, 2011	44.52	1,470,940	7.06	-
		6,767,469		753,252

As of December 31, 2011

Grant date	Exercise price - R$	Existing options	Remaining contractual life (years)	Vested options
March 29, 2006	31.97	319,317	0.21	319,317
April 24, 2007	30.24	470,274	1.33	470,274
April 22, 2008	23.48	848,250	2.34	424,125
April 22, 2009	25.61	2,249,793	5.39	-
March 19, 2010	37.58	2,004,244	6.31	-
March 21, 2011	43.85	1,470,940	7.31	-
		7,362,818		1,213,716

As of March 31, 2012, market price per share was R$39.70 (R$36.26 as of December 31, 2011).

The options were measured at their fair values on grant date, pursuant to IFRS 2 - Shared Based Payments. The weighted average fair value of the options as of March 31, 2012 was R$33.44

23.2. Pension plan

The Company and its subsidiaries sponsor two employees' benefit plans: a pension plan, through a private pension fund managed by Brasilprev Seguros e Previdência S.A., and an extension of healthcare plans to retired employees.

The defined contribution pension plan was created on August 1, 2004 and all employees hired from that date are eligible to it. Under 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 monthly compensation.

As of March 31, 2012, the Group did not have actuarial liabilities arising from the former employees' pension plan.

The contributions made by the Company and its subsidiaries totaled R$709 (Company) and R$1,231 (Consolidated) in the quarter ended March 31, 2012 (R$588, Company and R$1,035, Consolidated in the quarter ended March 31, 2011) and were recorded as expenses in the period.

24. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Financial income:				
Interest on short-term investments	4,970	8,705	10,980	19,304
Inflation adjustment and foreign exchange gains (a)	10,032	4,595	11,395	5,318
Gains on swap and forward transactions	7,839	273	7,819	452
Other financial income	4,150	3,117	4,979	6,346
	26,991	16,690	35,173	31,420
Financial expenses:				
Interest on financing	(15,798)	(12,131)	(20,537)	(16,771)
Inflation adjustment and foreign exchange losses (a)	-	(17)	(464)	(1,372)
Losses on swap and forward transactions	(24,474)	(5,864)	(24,623)	(8,354)
Gains (losses) on the mark-to-market of swap and forward derivatives	4,885	(132)	4,864	(532)
Other financial expenses	(5,860)	(8,666)	(9,628)	(14,587)
	(41,247)	(26,810)	(50,388)	(41,616)
Financial expenses, net	(14,256)	(10,120)	(15,215)	(10,196)

The objective of the breakdowns below is to explain more clearly the foreign exchange hedging transactions contracted by the Company and the related balancing items in the income statement shown in the previous table:

	Consolidated	
	03/2012	03/2011
(a)		
Inflation adjustment and foreign exchange gains	11,395	5,318
Inflation adjustment and foreign exchange losses	(464)	(1,372)
	10,931	3,946
(a) Breakdown:		
Exchange rate changes on borrowings and financing	9,861	5,200
Adjustment for inflation on financing	(2)	(19)
Exchange rate changes on imports	344	119
Exchange rate changes on accounts payable in foreign subsidiaries	1,190	(362)
Exchange rate changes on export receivables	(462)	(992)
	10,931	3,946

25. OTHER OPERATING INCOME (EXPENSES), NET

	Company		Consolidated	
	03/2012	03/2011	03/2012	03/2011
Gain (loss) on sale of property, plant and equipment	439	409	391	596
PIS and COFINS credits (*)	-	11,887	-	16,852
Other operating income (expenses)	550	(1,119)	(2,455)	(3,650)
Other operating income (expenses), net	989	11,177	(2,064)	13,798

(*) The stated amount includes the recognized PIS and COFINS tax credits arising from a favorable outcome in a lawsuit claiming the unconstitutionality and illegality of the PIS and COFINS taxable basis broadening established by Law 9718/98. For further details see note 17 (a), on contingent assets.

26. EARNINGS PER SHARE

26.1. Basic

Basic earnings per share are calculated by dividing the net income attributable to the owners of the Company by the weighted average of common shares issued during the year, less common shares bought back by the Company and held as treasury shares.

	03/2012	03/2011
Net income attributable to owners of the Company	151,489	150,517
Weighted average of common shares issued - thousands	431,239,264	430,916,942
Weighted average of treasury shares	(2,891,440)	(655)
Weighted average of outstanding common shares	428,347,824	430,916,287
Basic earnings per share - R$	0.3537	0.3493

26.2. Diluted

Diluted earnings per share is calculated by adjusting the weighted average outstanding common shares supposing that all potential common shares that would cause dilution are converted. The Company has only one category of common shares that would potentially cause dilution: the stock options.

	03/2012	03/2011
Net income attributable to owners of the Company	151,489	150,517
Weighted average of outstanding common shares	428,347,824	430,916,287
Adjustment for stock options	1,091,357	1,718,877
Weighted average number of common shares for diluted earnings per share calculation purposes	429,439,181	432,635,164
Diluted earnings per share - R$	0.3528	0.3479

27. RELATED-PARTY TRANSACTIONS

27.1. Intergroup balances and transactions

Receivables from and payables to related parties are as follows:

	Company	
	03/2012	12/2011
Current assets:		
Natura Inovação e Tecnologia de Produtos Ltda. (a)	8,612	12,531
Natura Logística e Serviços Ltda. (b)	21,102	20,809
Indústria e Comércio de Cosméticos Natura Ltda. (c)	1,876	4,568
	31,590	37,908
Current liabilities:		
Trade payables:		
Indústria e Comércio de Cosméticos Natura Ltda. (c)	177,310	163,146
Natura Logística e Serviços Ltda. (d)	111,284	114,737
Natura Inovação e Tecnologia de Produtos Ltda. (e)	19,265	15,141
	307,859	293,024
Dividends and interest on capital payable	491,168	217

Related-party transactions are as follows:

	Company			
	Product sales		Product purchases	
	03/2012	03/2011	03/2012	03/2011
Indústria e Comércio de Cosméticos Natura Ltda.	695,583	717,775	-	-
Natura Cosméticos S.A. - Brasil	-	-	650,444	680,575
Natura Cosméticos S.A. - Peru	-	-	8,642	8,005
Natura Cosméticos S.A. - Argentina	-	-	7,913	9,065
Natura Cosméticos S.A. - Chile	-	-	11,178	8,329
Natura Cosméticos S.A. - Mexico	-	-	11,836	6,537
Natura Cosméticos Ltda. - Colombia	-	-	4,095	3,483
Natura Europa SAS - France	-	-	1,451	1,764
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	13	2
Natura Logística e Serviços Ltda.	-	-	11	15
	695,583	717,775	695,583	717,775

	Service provided		Services received	
	03/2012	03/2011	03/2012	03/2011
Administrative structure: (f)				
Natura Logística e Serviços Ltda.	54,756	112,265	-	-
Natura Cosméticos S.A. - Brasil	-	-	43,148	83,937
Indústria e Comércio de Cosméticos Natura Ltda.	-	-	7,373	17,562
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	4,235	10,766
	54,756	112,265	54,756	112,265
Product and technology research and development: (g)				
Natura Inovação e Tecnologia de Produtos Ltda.	52,743	58,068	-	-
Natura Cosméticos S.A. - Brazil	-	-	52,743	58,068
	52,743	58,068	52,743	58,068
In vitro research and testing: (h)				
Natura Innovation et Technologie de Produits SAS - France	603	666	-	-
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	603	666
	603	666	603	666
Lease of properties and shared charges: (i)				
Indústria e Comércio de Cosméticos Natura Ltda.	1,873	1,739	-	-
Natura Logística e Serviços Ltda.	-	-	1,085	1,008
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	436	405
Natura Cosméticos S.A. - Brasil	-	-	352	326
	1,873	1,739	1,873	1,739
Total of sales or purchases and services	805,558	890,513	805,558	890,513

(a) Advances granted for provision of product and technology development and market research services.

(b) Advances granted for provision of logistics and general administrative services.

(c) Payables for the purchase of products.

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

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

(f) Logistics and general administrative services.

(g) Product and technology development and market research services.

(h) Provision of in vitro research and testing services.

(i) Lease of part of the industrial complex located in Cajamar, SP and buildings located in the municipality of Itapecerica da Serra, SP.

The main intercompany balances as of March 31, 2012 and December 31, 2011, as well as the intercompany transactions that affected the years then ended, refer to transactions between the Company and its subsidiaries.

Because of the Company's and subsidiaries' operational model, as well as the channel chosen to distribute products, direct sales via Natura Beauty Consultants, a substantial portion of sales is made by the subsidiary Indústria e Comércio de Cosméticos Natura Ltda. to the parent company Natura Cosméticos S.A. in Brazil and to its foreign subsidiaries.

Sales to unrelated parties amounted to R$1,847 for the quarter ended March 31, 2012 (R$846 for the quarter ended March 31, 2011).

There is no allowance for doubtful accounts recognized for intercompany receivables on March 31, 2012 and December 31, 2011 since there are no past-due receivables with risk of default.

According to note 14, the Group companies usually grant each other pledges and collaterals to guarantee bank loans and financing.

27.2. Management compensation

The total compensation of the Company's and its subsidiaries' Management is as follows:

	03/2012			03/2011		
	Compensation			Compensation		
	Fixed	Variablel (*)	Total	Fixed	Variable (*)	Total
Board of Directors	938	391	1,329	698	289	987
Officers (statutory)	1,607	1,042	2,649	1,330	905	2,235
Total	2,545	1,433	3,978	2,028	1,194	3,222
Executives (not statutory)	6,849	3,637	10,486	7,635	5,547	13,182

(*) Refers to profit sharing recorded in the year. The amounts include any additions and/or reversals to the provision recorded in the previous year in view of the final assessment of the targets established for directors, officers and executives.

27.3. Share-based payments

Breakdown of Company officers and executives' compensation:

	03/2012		03/2011	
	Stock option grant		Stock option grant	
	Stock option balance (number) (a)	Average exercise price R$ (b)	Stock option balance (number) (a)	Average exercise price R$ (b)
Officers	1,607,390	33.43	1,692,247	31.62
Executives	2,886,030	33.43	3,581,255	31.62

(a) Refers to the balance of unexercised vested and unvested options at the end of the reporting period.

(b) Refers to the weighted-average exercise price of the option at the time of the stock option plans, adjusted for inflation based on the Extended Consumer Price Index (IPCA) through the end of the reporting period.

28. COMMITMENTS

28.1. Inputs supply contracts

The subsidiary Indústria e Comércio de Cosméticos Natura Ltda. entered into a contract for the supply of electric power to its manufacturing activities, in effect through 2015, which provides for the purchase of a minimum monthly volume of 3.6 Megawatts, equivalent to R$363. As of March 31, 2012, the subsidiary was compliant to the contract's commitment.

The amounts are carried based on electric power consumption estimates in accordance with the contract period, whose prices are based on volumes, also estimated, resulting from the subsidiary's continuous operations.

Total minimum supply payments, measured at nominal value, according to the contract, are:

	03/2012	12/2011
Less than a year	2,988	3,983
More than one year and less than five years	9,842	9,842
	12,830	13,825

28.2. Operating lease transactions

The Company and its subsidiaries have commitments arising from operating leases of properties where some of its foreign subsidiaries, the head office in Brazil and "Casas Natura" in Brazil and abroad are located.

Contracts have lease terms of one to ten years and no purchase option clause when terminated; however, renewal is permitted under the market conditions where they are entered into, for an average of two years.

As of March 31, 2012, the commitment made for future payments of these operating leases had the following maturities:

	Company	Consolidated
2012	913	4,508
2013	1,119	4,940
2014 and thereafter	2,687	6,618
	4,719	16,066

29. INSURANCE

The Group has an insurance policy that considers principally risk concentration and materiality, and insurance is obtained at amounts considered by management to be sufficient, taking into consideration the nature of its activities and the opinion of its insurance advisors. As of March 31, 2012, insurance coverage is as follows:

Item	Type of coverage	Insured amount
Industrial complex/ inventories	Any damages to buildings, facilities, and machinery and equipment	916,659
Vehicles	Fire, theft and collision for 1,126 vehicles	52,552
Loss of profits	Loss of profits due to material damages to facilities, buildings and production machinery and equipment	1,615,685

30. SUBSEQUENT EVENTS

The Company issued unsecured promissory notes for R$400,000, sole series, with no financial covenants, at a par value of R$2,000 each, accorrding to Brazilian SEC Rule Nº 476/09, issued on April 13, 2012, subscribed and paid up on April 13, 2012, paying monthly interest, and the principal amount falling ude on October 10, 2012. These promissory notes will be remunerated at 103.75% of CDI.

31. APPROVAL OF THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR ISSUANCE

These individual and consolidated interim financial statements were approved for issuance by the Board of Directors at the meeting held on April 25, 2012.

São Paulo, April 25, 2012 – Natura Cosméticos S.A. (BM&FBOVESPA: NATU3) announces today its results for the first quarter of 2012. Except where stated otherwise, the financial and operating information in this release is presented on a **consolidated basis**, in accordance with International Financial Reporting Standards (IFRS).

INTRODUCTION

In this first quarter of 2012, Natura's consolidated net revenue was R$1,275.8 million, increasing 11.3% compared to the same period of 2011. EBITDA was R$272.1 million, increasing 3.0% compared to 1Q11, with EBITDA margin of 21.3%. Net income was R$151.5 million, with net margin of 11.9%.

In the Brazilian operations, net revenue in 1Q12 was R$1,140.2 million, growing by 8.3% on the year-ago period. EBITDA margin was 25.0%, compared to 27.3% in 1Q11. Excluding the non-recurring effects, EBITDA margin was 25.1% in 1Q12 and 25.9% in 1Q11.

In the international operations, net revenue in 1Q12 was R$135.6 million, representing growth of 39.2% in weighted local currency. EBITDA[1] in the quarter was a loss of R$12.7 million, compared to the EBITDA loss of R$23.5 million in 1Q11.

Highlights in the first quarter:

- ✓ In Brazil, during 1Q12 we gradually recovered the level of service quality and increased efficiency in the commercial and marketing areas, which had been compromised in the second half of 2011 by the simultaneous implementation of structural projects that led to instability in our operations. At this point, the operational imbalances that occurred in 2011 have been resolved.

- ✓ Also in Brazil, the net revenue growth of 8.3% was higher than the growth rates achieved in the second half of 2011, of 5.5% in 3Q11 and 4.4% in 4Q11.

- ✓ The total consultant base reached 1,435,000, expanding by 16.6% from the same period of 2011. In Brazil, we ended the quarter with 1,179,000 consultants, up 14.1%. In the international operations, we ended the period with 256,000 consultants, up 29.8%.

[1] Based on pro forma EBITDA.

- ✓ The innovation index stood at 67.0% in the quarter (62.6% in 1Q11), in line with the level in recent years. Investments in research and development in the quarter corresponded to 3.0% of net revenue (2.8% in 1Q11).

- ✓ The international operations made an important contribution and already account for 10.6% of consolidated net revenue (8.1% in 1Q11). The operations in consolidation (Argentina, Chile and Peru) recorded net revenue growth in weighted local currency of 35.8% in the first quarter of 2012. EBITDA was R$8.2 million, with EBITDA margin of 9.5% (R$1.3 million in 2011 with margin of 2.2%). In the operations in implementation (Mexico and Colombia), net revenue in weighted local currency grew by 46.2% in the quarter.

- ✓ Also in the international operations, we continued to consolidate the Super Consultant (CNO) model in Chile, Colombia and Peru, and of the Sustainable Relations Network in Mexico. We also continued to advance the implementation of local production in Argentina, Colombia and Mexico.

Cosmetics, Fragrance and Toiletries Industry

According to data from Sipatesp/Abihpec[2], our target market in Brazil grew by 8.2% in 2011. Natura's market share in the period was 23.5%, decreasing by 60 basis points from 2010. The following table presents the growth in the Cosmetics, Fragrance and Toiletries (CFT) industry and the variation in Natura's market share.

	Market Size R$ MM	Change %		Market Share Natura			Change pp	
	2011	11 x 10	10 x 09	2011	2010	2009	11 x 10	10 x 09
Cosmetics and Fragrances	10,444	7.6%	16.8%	34.0%	34.9%	33.7%	(0.9)	1.2
Toiletries	10,655	8.8%	9.7%	13.2%	13.3%	12.9%	(0.1)	0.5
Total	**21,098**	**8.2%**	**13.1%**	**23.5%**	**24.1%**	**22.9%**	**(0.6)**	**1.2**

Source: SIPATESP

[2] Sipatesp/Abihpec: São Paulo State Perfumery and Toiletry Association / Brazilian Cosmetic, Fragrance and Toiletry Industry Association.

According to recently released data for 2011 from Euromonitor, Natura maintained, for the seventh straight year, its leadership in Brazil's CFT industry. Meanwhile, in the other Latin American Operations we expanded our market share by 50 basis points to 2.2%.

	Market Size US$ MM	Change %		Market Share Natura			Change pp	
	2011	11 x 10	10 x 09	2011	2010	2009	11 x 10	10 x 09
Brazilian Operations	43,029	8.8%	14.0%	14.5%	14.8%	14.3%	(0.3)	0.6
Consolidation Operations	8,871	16.2%	14.2%	4.0%	3.4%	3.0%	0.6	0.4
Implementation Operations	13,821	6.8%	6.9%	1.0%	0.7%	0.4%	0.3	0.3
Total	**65,720**	**9.3%**	**12.4%**	**10.3%**	**10.3%**	**9.7%**	**(0.1)**	**0.6**

Source: Euromonitor

Obs.

i. Euromonitor believes the total market for cosmetics, perfumes and toiletries at retail prices

ii. Values in constant dollars, 2011

iii. Market value and market share for 2009 and 2010 were reviewed by the consulting

iv. Consolidation Operations: Argentina, Chile and Peru

v. Implementation Operations: Mexico and Colombia

Outlook

With its position consolidated as the third-largest Cosmetics, Fragrance and Toiletries market in the world, Brazil continues to present conditions that should enable the country's CFT industry to outpace growth in the global CFT industry. The investments we have already made in recent years and which we plan to intensify in 2012 represent a significant effort to prepare Natura for capturing the opportunities that will emerge in this decade in Brazil as well as in our International Operations.

With the operational difficulties that occurred in 2011 resolved, the investments made in the logistics, manufacturing and IT infrastructure have taken us to a new level that will enable us to ensure excellence in the service provided to consultants and final consumers and to further expand the competitive advantages of our brand.

These efforts will allow our 1.2 million consultants in Brazil to strengthen the relationships they enjoy with almost 100 million consumers. In this way, we plan to continue enhacing our strategy, which will now prioritize productivity in the sales channel, while increasing the frequency with which consumers make purchases and expanding the variety of products they acquire. Meanwhile, our consultants will also benefit from the continued enhancements being made to our sales model and marketing mix, with a better balance between the portion generated at the national and regional levels. These advances should generate gains gradually over the course of the year.

At the same time that we are promoting development on multiple fronts, we are also moving towards a new outlook for the business. We are particularly motivated by the future of direct sales. We have always believed in the entrepreneurial and transformational capacity of people working towards a common goal. In a world ever more connected digitally, in which the personalized treatment of each consumer gains greater relevance, direct sales have an excellent opportunity to continue expanding. We see a future in which the relationship between consultant and consumer will be supported by high technology and social networks, which is an area in which services can evolve dramatically while leveraging the creation of value for all involved.

Social and environmental performance

On April 13, we published the Natura Annual Report 2011 on the same day as our Annual and Extraordinary Shareholders Meeting. The product of a learning experience spanning over a decade, this year's report introduced a series of innovations:

- ✓ Print version for Opinion Makers: we adopted a journalistic style and a tabloid format that led to a reduction of around 55% in CO_2 emissions compared to the 2010 edition.

- ✓ For the first time, we published the Natura Institute Report as a supplement, with the report attributing greater transparency to the institute's activities aimed at improving the quality of education in Brazil.

- ✓ The complete version, which is available only in electronic format, is aligned with the initial initiatives of the International Integrated Reporting Council (IIRC), which is a pilot program in which Natura participates that seeks to establish, by 2013, a framework for the production of an Integrated Report.

Each year we undertake commitments and set targets for the evolution of our social and environmental performance. The following table shows the results for 1Q12 of selected indicators and the respective targets for the whole of 2012:

Indicator	2011 Results	2012 Commitment	2012 Results
Greenhouse gases*	-5.3% (25.4% cumulative)	Reduce GHG emissions 33% by 2013, based on the inventory we conducted in 2006.	N/A Not Avaliable
Water consumption	0.40 liter/unit produced (4.8% reduction)	Mantain 0.40 liter/unit produced in Brazil	0.40 liter/unit produced
Collections CPV	R$ 8.4 million	Raise R$ 10.3 million from produt sales under the Believing is Seeing (CPV) program in Brazil	R$ 2.8 million

* Indicator: calculated quarterly

1. consolidated results

(R$ million)	1Q12	1Q11	Change %
Total Consultants - end of period* (in thousands)	1,434.8	1,230.2	*16.6*
Units sold – items for resale (in million)	114.0	100.1	*13.9*
Gross Revenues	1,712.1	1,556.0	*10.0*
Net Revenues	1,275.8	1,145.8	*11.3*
Gross Profit	910.5	802.6	*13.4*
Sales Expenses	(488.3)	(422.9)	*15.5*
General and Administrative Expenses	(177.5)	(151.0)	17.6
Management compensation	(4.0)	(3.2)	23.5
Other Operating Income / (Expenses), net	(2.1)	13.8	*n/a*
Financial Income / (Expenses), net	(15.2)	(10.2)	*49.2*
Earnings Before Taxes	223.4	229.1	*-2.5*
Net Income (Losses)	151.5	150.5	*0.7*
EBITDA**	272.1	264.1	*3.0*
Gross Margin	*71.4%*	*70.0%*	*1.3pp*
Sales Expenses/Net Revenues	*38.3%*	*36.9%*	*1.4pp*
General and Admin. Expenses/Net Revenues	*13.9%*	*13.2%*	*0.7pp*
Net Margin	*11.9%*	*13.1%*	*(1.3pp)*
EBITDA Margin	*21.3%*	*23.0%*	*(1.7pp)*

(*) Positon at the end of the 4th sales cycle

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

Consolidated net revenue was R$1,275.8 million in 1Q12, increasing 11.3% compared to 1Q11. In Brazil, net revenue was R$1,140.2 million in 1Q12, increasing 8.3% on the year-ago period. In the international operations, net revenue in 1Q12 was R$135.6 million, for growth on the year-ago period of 45.2% in Brazilian real and 39.2% in weighted local currency.

Cost of goods sold (COGS) in 1Q12 corresponded to 28.6% of consolidated net revenue, decreasing 130 basis points from 1Q11, driven by benefits from the better management of costs and promotions in the period, as well as the favorable impacts from currency variation on the costs incurred in our International Operations.

The following table presents the main components of COGS:

	1Q12	1Q11
RM/PM*	79.3	82.9
Labor	11.5	10.7
Depreciation	2.9	2.7
Others	6.3	3.6
Total	**100.0**	**100.0**

(*) Raw material and packaging material

Selling expenses corresponded to 38.3% of net revenue in 1Q12, increasing 140 bps in relation to 1Q11, mainly driven by the higher marketing investments in the international operations. In Brazil, we continue to advance the strategy of optimizing our market investments and increasing efficiency in our logistics processes.

General and administrative expenses corresponded to 13.9% of net revenue in 1Q12 (13.2% in 1Q11). We maintained our investments in product and sales innovation and observed an increase in depreciation costs due to the new level of investment in our information technology, in line with our planning.

Other operating revenue and expenses was an expense of R$2.1 million in the quarter, compared to revenue of R$13.8 million in 1Q11, which reflects the non-recurring impact from the recognition of contingent PIS and Cofins tax assets.

Consolidated net income was R$151.5 million in 1Q12, which represents net margin of 11.9% and growth of 0.7% in relation to 1Q11.

Consolidated EBITDA in 1Q12 was R$272.1 million, growing by 3.0% from R$264.1 million in 1Q11. EBITDA margin decreased from 23.0% in 1Q11 to 21.3% in 1Q12. Excluding other operating expenses and revenue in both quarters, EBITDA margin was 21.8% in 1Q11 and 21.5% in 1Q12.

> EBITDA (R$ million)

(R$ million)	1Q12	1Q11	Change %
Net Revenues	1,275.8	1,145.8	*11.3*
(-) Cost of Sales and Expenses	1,037.2	906.6	*14.4*
EBIT	**238.6**	**239.3**	***-0.3***
(+) Depreciation/Amortization	33.5	24.8	*34.9*
EBITDA	**272.1**	**264.1**	***3.0***

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

(R$ million)	1Q12	1Q11	Change %
Brazil	284.8	287.6	*(1.0)*
Argentina, Chile and Peru	8.2	1.3	*529.5*
Mexico and Colombia	(4.0)	(6.7)	*(40.1)*
Others Investments	(16.8)	(18.0)	*(6.7)*
Total	**272.1**	**264.1**	***3.0***

2. cash flow (pro-forma)

(R$ million)	03M12	03M11	Var %
Net income	**151.5**	**150.5**	***0.7***
(+) Depreciation and amortization	33.5	24.8	*34.9*
Internal cash generation	**185.0**	**175.3**	***5.5***
Cashflow (Increase) / Decrease	(29.6)	(68.3)	*na*
(+) Non-cash	5.1	(16.2)	*(131.5)*
Operating cash generation	**160.5**	**90.8**	***76.7***
Capex	(33.1)	(22.9)	*44.7*
Free cash flow*	**127.4**	**68.0**	***87.4***

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

Internal cash flow in 1Q12 was R$185.0 million, increasing by 5.5% on the year-ago period. Of this sum, R$29.6 million was invested in working capital and R$33.1 million in fixed assets. As a result, free cash flow was R$127.4 million, increasing by 87.4% in relation to the year-ago period.

Inventories remain at high levels, which is also the case of recoverable taxes, reflecting the revision of credits from PIS and Cofins taxes on services, financial income and freight activities in 2011. Both of these should be converted into cash over the course of 2012.

3. pro-forma income statement

The profit margin obtained on exports from Brazil to the international operations was subtracted from the COGS of the respective operations in order to show the actual impact of these subsidiaries on the company's consolidated results. Accordingly, the pro-forma income statement for the Brazilian operations considers only sales made in the domestic market.

3.1 BRAZIL OPERATIONS (pro-forma income statement)

(R$ million)	1Q12	1Q11	Change %
Total Consultants - end of period* (in thousands)	1,178.6	1,032.7	*14.1*
Units sold – items for resale (in million)	100.6	90.1	*11.7*
Gross Operating Revenues	1,540.1	1,438.7	*7.0*
Net Operating Revenues	1,140.2	1,052.5	*8.3*
Gross Profit	820.1	747.3	*9.7*
Sales Expenses	(413.0)	(368.9)	*11.9*
General and Administrative Expenses	(148.6)	(125.4)	*18.5*
Management compensation	(4.0)	(3.2)	*23.5*
Other Operating Income / (Expenses), net	(1.3)	14.7	*n/a*
Financial Income / (Expenses), net	(16.4)	(9.8)	*66.8*
Earnings Before Taxes	236.9	254.6	*-7.0*
Net Income (Losses)	165.1	178.8	*-7.7*
EBITDA	284.8	287.6	*-1.0*
Gross Margin	*71.9%*	*71.0%*	*0.9pp*
Sales Expenses/Net Revenues	*36.2%*	*35.1%*	*1.2pp*
General and Admin. Expenses/Net Revenues	*13.0%*	*11.9%*	*1.1pp*
Net Margin	*14.5%*	*17.0%*	*(2.5pp)*
EBITDA Margin	*25.0%*	*27.3%*	*(2.3pp)*

(*) Number of consultants by the end of the 4th cycle of sales

- ✓ The sales channel continues to register solid growth, expanding by 14.1% to reach 1,179,000 consultants in Brazil.
- ✓ The productivity[3] of our consultants decreased 5.2% to R$1,851 in 1Q12, versus R$1,953 in 1Q11.

[3] Productivity measured at retail prices.

3.2 OPERATIONS IN CONSOLIDATION (Argentina, Chile and Peru) pro-forma income statement

(R$ million)	1Q12	1Q11	Change %
Total Consultants - end of period (in thousand)	158.2	133.1	*18.9*
Unit sold – items for resale (in million)	7.6	6.6	*15.3*
Gross Revenues	114.5	78.8	*45.3*
Net Revenues	86.1	60.1	*43.1*
Gross Profit	57.5	36.4	*58.0*
Sales Expenses	(42.8)	(30.0)	*42.7*
General and Administrative Expenses	(6.9)	(5.2)	*33.8*
Others Income / (Expenses), net	(0.7)	(0.8)	*(7.5)*
Financial Income / (Expenses), net	0.3	(0.1)	*n/a*
Earnings Before Taxes	7.3	0.3	*n/a*
Net Income (Losses)	7.2	(1.9)	*n/a*
EBITDA	8.2	1.3	*529.5*
Gross Margin	*66.8%*	*60.5%*	*6.3pp*
Sales Expenses/Net Revenues	*49.8%*	*49.9%*	*(0.2pp)*
General and Admin. Expenses/Net Revenues	*8.0%*	*8.6%*	*(0.6pp)*
Net Margin	*8.3%*	*-3.1%*	*n/a*
EBITDA Margin	*9.5%*	*2.2%*	*7.3pp*

- ✓ In the operations in consolidation, net revenue in 1Q12 was R$86.1 million, representing growth of 35.8% in weighted local currency and 43.1% in Brazilian real compared to 1Q11.
- ✓ The number of consultants grew by 18.9% to reach 158,200 at the close of the first quarter of 2012.
- ✓ These operations posted positive EBITDA of R$8.2 million in 1Q12. The higher investments in marketing were offset by the dilution of expenses with our administrative and sales teams and by the higher efficiency of our logistics operations.

- ✓ The gross margin of these operations benefitted from various initiatives to improve the management of prices and costs, as well as from the more favorable exchange rate.

3.3 OPERATIONS IN IMPLEMENTATION (Mexico and Colombia) pro-forma income statement

(R$ million)	1Q12	1Q11	Change %
Total Consultants - end of period (in thousand)	95.1	65.0	*46.5*
Unit sold – items for resale (in million)	4.3	3.1	*36.8*
Gross Revenues	52.0	34.5	*50.7*
Net Revenues	44.7	29.7	*50.4*
Gross Profit	29.9	16.7	*78.8*
Sales Expenses	(29.0)	(20.3)	*43.1*
General and Administrative Expenses	(5.5)	(3.7)	*49.4*
Financial Income / (Expenses), net	0.9	(0.3)	*(432.6)*
Earnings Before Taxes	(3.7)	(7.6)	*(50.9)*
Net Income (Losses)	(3.8)	(8.1)	*(53.9)*
EBITDA	(4.0)	(6.7)	*(40.1)*
Gross Margin	*66.9%*	*56.3%*	*10.6pp*
Sales Expenses/Net Revenues	*64.8%*	*68.1%*	*(3.3pp)*
General and Admin. Expenses/Net Revenues	*12.2%*	*12.3%*	*(0.1pp)*
Net Margin	*n/a*	*n/a*	-
EBITDA Margin	*n/a*	*n/a*	-

- ✓ In the operations in implementation, net revenue in 1Q12 was R$44.7 million, for growth of 46.2% in weighted local currency and 50.4% in Brazilian real.
- ✓ The number of consultants expanded by 46.5% to reach 95,100 at the close of 1Q12.
- ✓ These operations continued to post an EBITDA loss in 1Q12, of R$4.0 million (although improving from the EBITDA loss of R$6.7 million in 1Q11), reflecting the ongoing investments being made.

- ✓ The gross margin of these operations also benefitted from the initiatives to improve the management of prices and costs, as well as from the more favorable exchange rate.

The **other international investments**, namely our operations in France and expenses with projects and corporate structures dedicated to the international operations, posted an EBITDA loss of R$16.8 million in 1Q12 (compared to R$18.0 million in 1Q11).

CONFERENCE CALL & WEBCAST

Portuguese: **Friday, April 27, 2012**
10:00 a.m. (Brazil Time)

English: **Friday, April 27, 2012**
12:00 p.m. (Brazil Time)

From Brazil: +55 11 4688-6341
From the U.S. (toll free): +1 800 700 0802
From other countries: +1 412 824-6977
Code: Natura

Live webcast: www.natura.net/investidor

INVESTOR RELATIONS

Tel: +55 (11) 4196-1421

Helmut Bossert, helmutbossert@natura.net

Fabio Cefaly, fabiocefaly@natura.net

Patrícia Anson, patriciaanson@natura.net

Tatiana Bravin, tatianabravin@natura.net

Taísa Hernandez, taisahernandez@natura.net

NATU3 NOVO MERCADO BM&FBOVESPA

MSCI Índice de Ações com Tag Along Diferenciado ITAG Índice de Ações com Governança Corporativa Diferenciada IGC Índice Carbono Eficiente ICO2 Índice de Sustentabilidade Empresarial ISE 2012 Índice Brasil 50 IBRX 50

> BALANCE SHEET AT MARCH 31, 2012
(in thousands of Brazilian real - R$)

ASSETS	Mar/12	Dec/11
CURRENT ASSETS		
Cash and cash equivalents	587.5	515.6
Trade accounts receivable	526.3	641.9
Inventories	767.9	688.7
Recoverable taxes	220.8	201.6
Derivatives	22.1	28.6
Other receivables	137.6	126.8
Total current assets	**2,262.2**	**2,203.3**
NONCURRENT ASSETS		
Long-term assets:		
Recoverable taxes	110.0	111.2
Deferred income tax and social contribution	202.6	189.6
Escrow deposits	307.1	295.8
Other noncurrent assets	28.5	29.9
Property, plant and equipment	797.5	800.4
Intangible assets	163.9	162.8
Total noncurrent assets	**1,609.6**	**1,589.8**
TOTAL ASSETS	**3,871.7**	**3,793.0**

LIABILITIES AND SHAREHOLDERS' EQUITY	Mar/12	Dec/11
CURRENT LIABILITIES		
Borrowings and financing	136.8	169.0
Trade and other payables	466.4	489.0
Payroll, profit sharing and related taxes	127.3	132.0
Taxes payable	426.0	446.8
Dividends and interest on capital payable	491.2	0.2
Other payables	44.8	37.7
Total current liabilities	**1,692.4**	**1,274.7**
NONCURRENT LIABILITIES		
Borrowings and financing	987.3	1,017.7
Taxes payable	151.3	140.5
Provision for tax, civil and labor risks	65.4	65.0
Others provisions	47.2	44.8
Total noncurrent liabilities	**1,251.2**	**1,268.0**
SHAREHOLDERS' EQUITY		
Capital	427.1	427.1
Capital reserves	157.9	160.3
Earnings reserves	448.6	292.5
Treasury shares	(87.0)	(102.8)
Proposed additional dividend	-	490.9
Other comprehensive losses	(18.5)	(17.6)
Total equity attributable to owners of the Company	**928.1**	**1,250.2**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,871.7**	**3,793.0**

> INCOME STATEMENT FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

R$ million	03M11	03M12
NET REVENUE	**1,275.8**	**1,145.8**
Cost of sales	(365.3)	(343.2)
GROSS PROFIT	**910.5**	**802.6**
OPERATING (EXPENSES) INCOME		
Selling expenses	(488.3)	(422.9)
Administrative and general expenses	(177.5)	(151.0)
Management compensation	(4.0)	(3.2)
Other operating (expenses) income, net	(2.1)	13.8
INCOME FROM OPERATIONS BEFORE FINANCIAL (EXPENSES) INCOMI	**238.6**	**239.3**
Financial income	35.2	31.4
Financial expenses	(50.4)	(41.6)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**223.4**	**229.1**
Income tax and social contribution	(71.9)	(78.6)
NET INCOME	**151.5**	**150.5**

> CASH FLOW STATEMENT FOR THE QUARTERS ENDED MARCH 31, 2012 AND 2011

R$ million	1T12	1T11
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**151.5**	**150.5**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33.5	24.8
Provision for losses on swap and forward transactions	6.6	8.4
Provision (reversal) for tax, civil and labor contingencies	1.9	(0.3)
Interest and inflation adjustment of escrow deposits	(5.2)	(6.5)
Income tax and social contribution	71.9	78.6
(Gain) loss on sale on property, plant and equipment and intangible assets	2.0	2.0
Interest and exchange rate changes on borrowings and financing and other liabilities	(0.2)	4.7
Exchange rate changes on other assets and other liabilities	(0.4)	-
Stock options plans expenses	3.4	1.8
Allowance for doubtful accounts	3.6	(0.9)
Allowance for inventory losses	(3.3)	1.7
Provision for healthcare plan and carbon credits	2.4	0.6
Recognition of untimely used tax credits	-	(16.9)
	267.8	**248.6**
(INCREASE) DECREASE IN ASSETS		
Trade receivables	111.9	133.0
Inventories	(75.8)	(111.3)
Recoverable taxes	(18.0)	(19.3)
Other receivables	(18.0)	(25.7)
Subtotal	**0.1**	**(23.3)**
INCREASE (DECREASE) IN LIABILITIES		
Domestic and foreign suppliers	(22.3)	13.6
Payroll, profit sharing and related taxes, net	(4.8)	(41.8)
Taxes payable	32.4	20.1
Other payables	7.1	(10.6)
Payments of provision for tax, civil and labor contingencies	(1.5)	(0.3)
Subtotal	**11.0**	**(19.0)**
CASH GENERATED BY OPERATING ACTIVITIES	**278.9**	**206.3**
OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Payments of income tax and social contribution	(114.4)	(94.2)
Payments of derivatives	(4.4)	(4.0)
Payment of interest on borrowings and financing	(0.7)	(5.4)
NET CASH GENERATED BY OPERATING ACTIVITIES	**159.4**	**102.7**

CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(33.1)	(22.9)
Proceeds from sale of property, plant and equipment and intangible assets	0.7	1.1
Withdrawal (payment) of escrow deposits	(6.0)	(10.4)
NET CASH USED IN INVESTING ACTIVITIES	**(38.4)**	**(32.2)**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings and financing - principal	(70.0)	(65.4)
Proceeds from borrowings and financing	6.9	301.6
Sale of treasury shares due to exercise of stock options	14.7	-
Capital increase through subscription of shares (153,230 common shares at average price of R$	-	3.8
NET CASH USED IN FINANCING ACTIVITIES	**(48.4)**	**240.0**
Gains (losses) arising on translating foreign currency cash and cash equivalents	(0.8)	(2.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**71.9**	**307.9**
Cash and cash equivalents at the beginning of the year/period	515.6	560.2
Cash and cash equivalents at the end of the year/period	587.5	868.1
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**71.9**	**307.9**
ADDITIONAL INFORMATION TO THE STATEMENTS OF CASH FLOWS		
Restricted cash	6.8	6.2
Bank overdrafts - unused	235.5	265.5

EBITDA is not a measure under BR GAAP and does not represent cash flow for the periods presented. EBITDA should not be considered an alternative to net income as an indicator of operating performance or an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and the definition of EBITDA used by Natura may not be comparable with that used by other companies. Although EBITDA does not provide under BR GAAP a measure of cash flow, Management has adopted its use to measure the Company's operating performance. Natura also believes that certain investors and financial analysts use EBITDA as an indicator of performance of its operations and/or its cash flow.

This report contains forward-looking statements. These forward-looking statements are not historical fact, but rather reflect the wishes and expectations of Natura's management. Words such as "anticipate", "wish", "expect", "foresee", "intend", "plan", "predict", "project", "desire" and similar terms identify statements that necessarily involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, the acceptance of products by the market, the transitions of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among other risks. This report also contains certain pro forma data, which are prepared by the Company exclusively for informational and reference purposes and as such are unaudited. This report is up-to-date as of its publication date and Natura is under no obligation to update it in light of new information and/or future events.