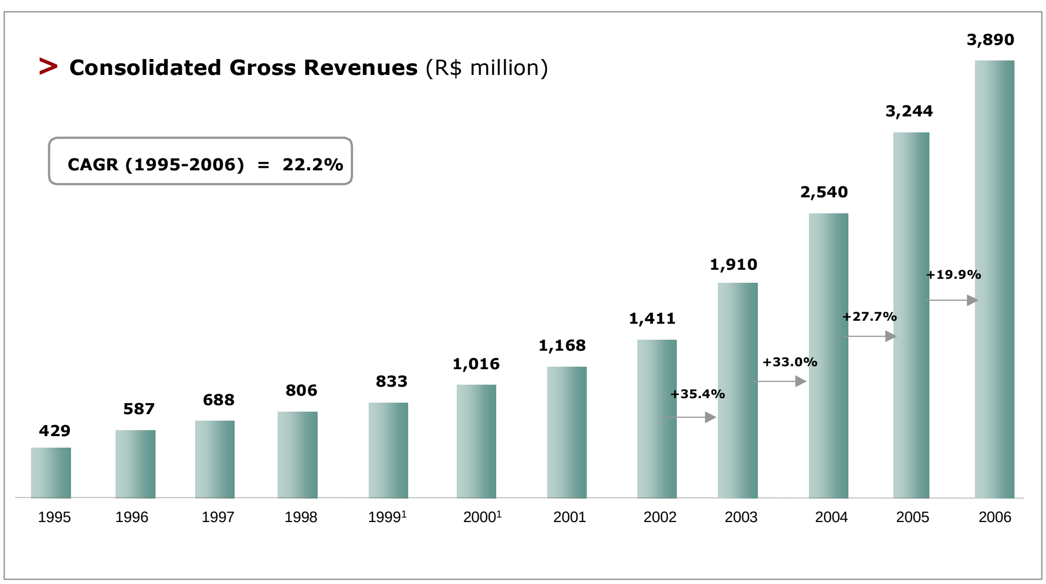
natura
bem estar bem

São Paulo, Brazil, February 28, 2007 – Natura Cosméticos S.A. (São Paulo Stock Exchange – Bovespa: NATU3) announces today its results for the fourth quarter (4Q06) and for the year 2006. The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis**, according to the Brazilian Corporate Law.

> 2006 HIGHLIGHTS

- Gross Revenue of R$3,890.0 million (+19.9% compared to 2005)
- R$654.5 million EBITDA (+16.0% compared to 2005)
- Net Income of R$460.8 million (+16.1% compared to 2005)
- Opening of the first *"Casa Natura"* (Natura House) in Brazil – Campinas – São Paulo
- Expansion of the distribution center – Mathias Barbosa/MG
- Initiation of the tests phase of the direct sales model and opening of the researches lab in Paris, France
- 18.6% growth in the consolidated number of Consultants, reaching 617.3 thousand.
- Natura Shares (NATU3)
    - *Splitting* 1:5 in March 2006
    - Entry in the IbrX50 and Ibovespa indexes, of the São Paulo Stock Exchange
    - 51.2% appreciation in 2006 (vs 32.9% of Ibovespa)



(1) Data from Natura Empreendimentos

> FINANCIAL SUMMARY

> Consolidated Financial Summary (R$ million)

	4Q06	4Q05	Change %	2006	2005	Change %
Units sold – items for resale (in millions) – Brazil[1]	71.8	67.8	5.9%	241.0	216.0	11.6%
Gross Revenues	1,201.0	1,029.7	16.6%	3,890.0	3,243.6	19.9%
Net Revenues	852.8	726.0	17.5%	2,757.0	2,282.2	20.8%
Gross Profit	548.2	494.1	11.0%	1,865.7	1,551.0	20.3%
Gross Margin (%)	*64.3%*	*68.1%*	-	*67.7%*	*68.0%*	-
Ebitda[2]	177.5	194.9	-8.9%	654.5	564.5	16.0%
Ebitda Margin (%)	*20.8%*	*26.8%*	-	*23.7%*	*24.7%*	-
Net Income	116.8	138.5	-15.7%	460.8	396.9	16.1%
Net Margin (%)	*13.7%*	*19.1%*	-	*16.7%*	*17.4%*	-
EPS (R$)	-	-	-	1.08	0.93	15.4%
Dividends + Interest on Capital[3] per share (R$)	-	-	-	0.83	0.74	12.2%
Total consultants[4] in Brazil (in thousands)	561.1	482.8	16.2%	561.1	482.8	16.2%
Total consultants[4] in Latin America[5] (in thousands)	56.2	37.6	49.7%	56.2	37.6	49.7%

(1) Total consolidated number of Cosmetics, Fragrances and Toiletries products resold by consultants. Therefore, units sold exclude samples, gifts, resale support material, *Crer para Ver* products, among others.
(2) EBITDA = income from operations before financial effects + non-operating income + depreciation and amortization.
(3) Including the dividends and interest on own capital per share (net of withholding income tax) regarding the results of the fiscal year 2006, "ad referendum" of the Annual General Meeting to be held on April 02, 2007.
(4) Position at the end of the period of the 17th sales cycle.
(5) Argentina, Chile, Peru and Mexico.

> COSMETICS, FRAGRANCE AND TOILETRIES (CF&T) SECTOR IN BRAZIL - NATURA'S TARGET MARKET FIGURES

According to data from Sipatesp/Abhipec[1], in 2006, the Cosmetics, Fragrances and Personal Hygiene Industry posted a 13.4% growth, compared to 2005. Discounted by the Amplified Consumer Price Index (IPCA) of 3.1% in the period, in real terms, the industry posted a 10.0% growth. During the last bimester of 2006, the target market annual growth was 11.8%, compared to the same period of previous year.

The table below shows the breakdown of the target market [2] in two segments: Cosmetics and Fragrances, and Toiletries, and Natura's market share in these segments.

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

	Target Market (R$ million)			Natura's Market Share (%)		
	2006	2005	growth%	2006	2005	points percentage
Cosmetics and Fragrances	5,203	4,455	16.8%	36.2%	34.3%	1.8
Personal Hygiene	6,240	5,638	10.7%	11.7%	11.3%	0.4
Total	**11,443**	**10,093**	**13.4%**	**22.8%**	**21.4%**	**1.4**

Source: Sipatesp/Abhipec

(1) Sipatesp/Abhipec – Brazilian Association of the Cosmetic, Toiletry & Fragrance Industry
(2) Target Market – Cosmetics and Fragrances (Skincare, Make up, Fragrances and Sun Protection) and Toiletries (Soaps, Hair care, Deodorants and Shaving products)

Natura increased its market share in the target market by 1.4pp, from 21.4% in 2005 to 22.8% in 2006.

> CONSOLIDATED GROSS REVENUES

Gross revenue in the fiscal year 2006 was R$3,890.0 million, with a 19.9% evolution compared to 2005. We added 1.4pp to our market share in the target market in Brazil, which increased from 21.4% in 2005 to 22.8% in 2006. The foreign market sales interest in the total revenue increased from 2.8% in 2005 to 3.4% in 2006.

In 4Q06, the consolidated gross revenue totaled R$1,201.0 million, a 16.6% growth compared to 4Q05. In Brazil, the gross revenue increased 15.6% in the same period, a rate below our expectations, due to a lower market strategy efficiency at the end of the year, that, despite having several innovative elements, did not reached the planned results. We have developed some actions focused on leveraging the sales of our products that may serve as gifts, what has indeed occurred, despite of a cannibalization of our other items, affecting our gross margin. The causes have already been identified and will be eliminated for the 2007 strategy.

Taking into consideration our relevant market share and the natural increase of competition in the Brazilian market, we will increase the efficiency of our Marketing actions, searching for a better balance between short and long term actions. In the international market, the gross revenue posted a 51.8% growth in North-American dollars in 2006 compared to 2005, and a 52.0% growth in 4Q06, compared to 4Q05.

In 2006, 225 new products were launched, among which two news products deserve special attention – *Natura Humor* perfume and *Natura Diversa* make up line. The innovation index, indicating the percentage of the annual revenue arising from the products launched during the last 24 months, decreased from 69.8% in 2005 to 58.4% in 2006. This decrease basically arises from a lower effectivity of some products launches during 2005.

> COST & EXPENSES

Cost of Goods Sold - In the fiscal year 2006, the Cost of Goods Sold as a percentage of net revenues remained stable, from 32.0% in 2005 to 32.3% in 2006.

In 4Q06, the Cost of Goods Sold was 35.7%, compared to 31.9% in 4Q05. This 3.8pp increase was mainly due to two factors: (i) increased growth of sets and lower growth of the baseline products sales and (ii) increase of the overhead and production indirect costs due to the adequation of the structure, focused on the continuity of the expansion process of the Company.

The chart below shows the breakdown of cost's main components:

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

Item	4Q06	4Q05	2006	2005
RM/PM[1]	29.2	26.8	25.4	25.9
Labor	2.5	2.1	2.8	2.5
Depreciation	0.9	0.9	1.1	1.0
Others	3.1	2.1	3.0	2.6
Total	**35.7**	**31.9**	**32.3**	**32.0**

(1) Raw material and package material

In 2006, sales expenses showed a slight 0.4pp increase, from 31.7% in 2005 to 32.1% in 2006, as a percentage of net revenue. This growth was due to a planned increase of investments in international expansion and in the brand construction in these markets, partially offset by the higher efficiency in logistic processes (call center and freight expenses).

The sales expenses posted a 1.0pp growth in the quarter, from 31.3% of net revenue in 4Q05 to 32.3% in 4Q06. This increment is associated to higher investments focused on the strengthening of Natura brand in the international operations mentioned above, concentrated in this period.

Administrative expenses rose from 12.7% in 2005 to 13.4% in 2006 in relation to net revenue. This increase is attributed to (i) strategic decisions, especially regarding the projects and the restructuring of the IT area; and (ii) adequation of the administrative structure, aiming the continuity of the expansion process of the Company in Brazil and abroad. These increases were partially offset by the reduction of the provisions for tax risks and others in 2006.

In 4Q06, the administrative expenses represented 12.7% of net revenue, compared to 11.4% in 4Q05. The reasons for the increase were the same of the year, however, the impact in the quarter was higher, due to the combination of lower sales growth with (i) expenses with administrative structure that achieved its peak in 4Q06 and (ii) a higher circumstantial concentration of expenses from projects also in this quarter.

> EBITDA AND NET INCOME

In 2006, **EBITDA** totaled R$654.5 million, with a 16.0% growth compared to 2005 (R$564.5 million). The EBITDA margin posted a reduction, from 24.7% in 2005 to 23.7% in 2006. This reduction is a direct result of (i) strategic decisions, such as higher investments in the brand strengthening, internationalization and IT; and (ii) re-adequacy of the administrative structure, due to the strong Company growth during the last years.

In 4Q06, **EBITDA** was R$177.5 million, an 8.9% reduction compared to 4Q5 (R$194.9 million). The EBITDA margin decreased from 26.8% in 4Q05 to 20.8% in 4Q06, mainly due to the (i) sales growth below expectations in 4Q06, (ii) gross margin reduction and (iii) intensification of administrative and sales expenses, as previously mentioned.

In 2006, **net income** reached R$460.8 million (R$396.9 million in 2005). The net income per share, excluding treasury shares, was R$1.08 in 2006 (R$0.93 in 2005[1]), posting a 15.4% increase, in line with EBITDA.

In 4Q06, **net income** recorded a 15.7% reduction, from R$138.5 million in 4Q05 to R$116.8 million. This reduction, more accentuated if compared to the EBITDA one, was due to the lower net financial revenue in the period (R$0.1 million in 4Q06 against R$8.1 million in 4Q5). An increase in the Income Tax (IR)/Social Contribution on Net Income (CSLL) average rate could also be observed, compared to 4Q05, due to the higher loss interest of international operations, arising from the opening of new subsidiaries.

(1) For better comparison purposes, the value of net income per share in 2005 was divided by 5 to reflect the splitting of shares occurred in March 2006.

> CAPEX (FIXED ASSETS)

2006 capital expenditures (CAPEX) totaled R$193.6 million, mainly allocated to: (i) expansion of logistics and production capacity, (ii) land acquisition for the construction of the new research and development center in Campinas and (iii) IT.

For 2007, the investments programmed amount to R$190 million to be allocated to: (i) expansion of logistics and production capacity, (ii) civil works regarding the new research and development center, and (iii) IT.

> RESULTS BY AREA OF OPERATION

>> Brazil

> **Financial Highlights - Brazil** (R$ million)

	4Q06	4Q05	Change%	2006	2005	Change%
Total de Consultants[1]	561.1	482.8	16.2%	561.1	482.8	16.2%
Units sold – items for resale (in millions)	71.8	67.8	5.9%	241.0	216.0	11.6%
Gross Revenues[2]	1,158.5	1,002.1	15.6%	3,759.5	3,154.0	19.2%
Net Revenues[2]	819.9	704.3	16.4%	2,656.0	2,212.8	20.0%
Ebitda[2]	194.4	205.8	-5.5%	697.6	597.2	16.8%
Ebitda Margin	*23.7%*	*29.2%*		*26.3%*	*27.0%*	

(1) Number of consultants by the end of cycle 17 of sales
(2) Pro-forma Revenues and EBITDA Brazil, excluding the transactions with foreign subsidiaries (gross revenue and cost).

In Brazil, the number of consultants reached 561.1 thousand at the end of 2006, with a 16.2% growth compared to the previous year, showing the high attraction capacity of the Natura brand. The average productivity by active consultant was R$12.5 thousand, a 1.9% growth compared to the previous year (2005: R$12.3 thousand).

>> Operations under consolidation - Argentina, Chile and Peru

> Financial Highlights – Argentina, Peru and Chile (US$ million)

	4Q06	4Q05	Change%	2006	2005	Change%
Total de Consultants[1]	51.2	36.2	41.7%	51.2	36.2	41.7%
Units sold – items for resale (in millions)	4.0	2.2	83.3%	11.6	7.0	65.0%
Gross Revenues	17.6	11.6	52.0%	54.9	36.2	51.8%
Net Revenues	13.5	8.9	51.6%	42.0	27.8	51.1%
Ebitda	-3.4	-1.5	135.9%	-6.8	-4.5	51.1%
Ebitda Margin	*-25.4%*	*-16.3%*		*-16.3%*	*-16.3%*	

(1) Number of consultants by the end of cycle 17 of sales

Gross revenue kept on showing a strong rhythm of growth for the operations under consolidation, with a 51.8% growth in dollars in 2006 compared to 2005 (53.1% in national currency). The EBITDA margin remained in the same level, representing a 16.3% loss on net revenue. The maintenance of the margin is explained by the higher expenditures for the strengthening of Natura brand in these operations, mainly in 4Q06.

In 4Q06, compared to 4Q05, the gross revenue growth was practically the same of the complete year, 52% both in dollars and local currency. The total number of consultants increased 41.7% and the growth of active consultants was even better, reaching 43.7%. The productivity in dollars increased 5.8% compared to 4Q05.

The operating loss represented by EBITDA grew 135.9% in 4Q06 compared to 4Q05. The loss intensification in this quarter is due to higher expenditures for the strengthening of Natura brand in these operations.

>> Operations under implementation – Mexico, Venezuela and France

> Financial Highlights – Mexico, Venezuela and France (US$ million)

	4Q06	4Q05	2006	2005
Total de Consultants[1]	5.0	1.4	5.0	1.4
Units sold – items for resale (in millions)	0.23	0.05	0.58	0.06
Gross Revenues	2.0	0.7	5.1	1.2
Net Revenues	1.7	0.6	4.4	1.1
Ebitda	-5.4	-3.3	-16.7	-10.0

(1) Number of consultants by the end of cycle 17 of sales

The operation in Mexico keeps on expanding and has been showing results that meet the expectations. The operation in Venezuela was started in January 2007 and the operation in Colombia will probably be started at the end of the first half of 2007.

In Paris, France, the highlights were the inception of the pilot tests of the direct sales channel and the opening of the advanced center of technology.

>> International expansion process

In 2006, investments in the international expansion process, represented by the international operations negative results deducted from the ascertained income from the Brazilian exports to international operations, totaled R$39.6 million. This amount was R$4.6 million higher than the projection disclosed at the beginning of 2006, of R$35 million. This increase is totally explained by the decision of increasing the investments in the brand in the Latin-American markets, focused on 4Q06.

For 2007, we estimate a total investment of R$48 million in this process. Such increment is due to the increase of investments in the Mexican operation and to the start of the operations in Venezuela and Colombia.

> CASH FLOW

2006 internal cash generation[1] reached R$515.4 million, up 16.9% over 2005. Out of this total, R$73.1 million were used for operating working capital[3] and R$46.7 million for the other current and non-current assets and liabilities[4].

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

	2006	2005	Change%
Net income	**460.8**	**396.9**	**16.1%**
(+) Depreciation and amortization	54.6	44.0	24.0%
Internal cash generation[1]	**515.4**	**440.9**	**16.9%**
Operating working capital[3]	-73.1	-3.7	
Other assets and liabilities[4]	-46.7	1.5	
Operating cash generation	**395.5**	**438.7**	**-9.8%**
Capex	-193.6	-111.6	
Free cash flow[2]	**202.0**	**327.1**	**-38.3%**

Out of the R$73.1 million increase in operating working capital, approximately R$38 million refer to temporary events, especially the inventories balance increase due to a sales increase below Company's expectations in 4Q06. Eliminating the excess resulting from temporary events, the investment in operating working capital would represent R$35 million in 2006, in line with the Company's growth.

The increase in other assets and liabilities in 2006 was basically caused by a judicial deposit made by the Company in the amount of R$28 million, regarding a proceeding that questions the right to IPI tax credit in the acquisition of inputs with zero tax rate.

As a final result, the free cash flow generation[2] in 2006 was R$202.0 million, posting a 38.3% reduction compared to 2005 (2005: R$327.1 million).

Note 1: (Net income in the period)+ (depreciations and amortizations).
Note 2: (Internal generation of cash) +/- (variations in working capital and long term assets and liabilities) – (acquisitions of property, plant and equipment).
Note 3: Assets – Accounts receivable, inventories and short-term recoverable taxes. Liabilities – suppliers, salaries, profit sharing and social charges, tax liabilities, provisions and freights payable.
Note 4: Assets – Advance to employees and suppliers, short-term deferred income tax and social contribution, other credits and long-term assets. Liabilities – short and long-term other accounts payable and reserves for taxes, civil and labor contingencies.

> DIVIDENDS AND INTEREST ON OWN CAPITAL

On February 28, 2007, the Board of Directors approved a proposal to be submitted to the Annual General Meeting to be held on April 02, 2007, for the payment of dividends and interest on own capital regarding the results earned in the fiscal year 2006, in the amounts of R$325.9 million and R$33.6 million (R$28.5 million net of withholding income tax), respectively.

Out of the aforementioned amount, on August 10, 2006, dividends and interest on own capital regarding the results earned during the first half of 2006, in the amount of R$112.1 million and R$33.6 million (R$28.5 million net of withholding income tax), respectively, were paid. The remaining balance to be paid on April 04, 2007, after approval by the Annual General Meeting, will represent R$213.8 million dividends.

These dividends and interest on own capital summed up, regarding the results of the fiscal year 2006, will represent a net remuneration of R$0.83 per share (R$0.74 per share in 2005, already considered the splitting effect), corresponding to 175% of the free cash generation[1] (96% in 2005) and 77% on net income in 2006 (79% in 2005).

Note 1: (internal cash generation) +/- (variations in working capital and long term assets and liabilities) – (acquisitions of property, plant and equipment).

> ESTRATEGY AND CHALLENGES

The significant financial, social and environmental results that we have been obtaining during the last years, as well as the acceptance of our value proposal, in Brazil and abroad, make us believe that there are quite favorable conditions for Natura's continued growth. At the same time, we need to make progress regarding the consolidation of the investments and projects that have supported our strong growth during the last years. Thus, we are going to implement a consolidation and growth strategy, based on the following guidelines.

Taking into consideration the positive results obtained in Argentina, Chile and Peru, resulting from a good acceptance of our brand and from the direct sales channel, we will keep on growing and will be more focused on searching for the break-even point in these operations, showing that we have a profitable and feasible business model. We will keep on investing in the Mexican operation, since the strategy has been showing to be adequate, with growth levels above projections. We will also consolidate the presence of Natura in the region, through the establishment of operations in Venezuela and Colombia still in 2007.

At the same time, we will keep on searching for new markets and, as already announced, we have already started the planning for the establishment of operations in the USA and Russia, in 2008. In this sense, the experience of Natura in France will keep on being a great source of learning.

We will keep on growing in the Brazilian market, maintaining the innovative spirit that characterizes our Company. Due to the increasingly competitiveness of this market and to our relevance in it, we will need to be even more efficient and creative in our marketing actions, with a greater balance between the short and long term movements. During the last years, we have invested in the extension of our administrative structure to manage our operations in a most efficient and independent manner – the one in Brazil, which will keep on financing all the initiatives during the next years, and the international ones, which represent the seeds of our future growth. From 2007 on, we will maintain this structure fixed, starting to incorporate scale gains, also exploring productivity gains already existing in the main operating processes.

> CORPORATE RESPONSIBILITY

Employees – We keep on advancing in 2006 with a view to get closer and talk to our publics. We have approved and published the Letter of Relationship Principles and installed an Ombudsman's Office, both addressed to employees and third parties operating in our facilities in 2006, but which will be extended, during 2007, to the other publics in Brazil and to international operations.

Consultants – Our consultants take to the consumer our products and concepts and also act as social transformation agents, with the initiatives of *Movimento Natura (*"Natura Movement"), the recruitment of students for the program *Educação de Jovens e Adultos (EJA) (*Adults and Youth Education*)*, which, in 2006, reached 78,936 enrollments and the efforts for the reduction of the environmental impact, through the sale of refills that increased from 17.4% on invoiced items in 2005 to 19.8% in 2006. Moreover, our consultants voluntarily sell products specially created to collect resources destined to *Programa Crer para Ver* ("Believing is Seeing" Program), which supports public education projects. In 2006, *Crer para Ver* collected R$5,382.4 thousand, a 76.9% growth compared to 2005.

Consumers – In 2006, we completely eliminated the realization of tests with animals from our practices, without renouncing to the exigent safety criteria for the utilization of our products, i.e., from 2007 on, Natura will no longer make tests with animals in its production chain and will no longer buy raw materials or inputs tested in animals.

Suppliers and Supplying Communities – During the last quarter of the year, we have executed a historic and inedited agreement for the sharing of benefits arising from the access to diffuse traditional knowledge associated to the genetic patrimony with *Ver-As-Ervas* Association, which represents the herb workers of the *Ver-O-Peso* popular market, in Belém (PA). Besides the benefits sharing, Natura has established a cultural and technical agreement, in the amount of R$560 thousand, to meet the association requirements, such as professional qualification to learn new techniques of herbs manipulation, preventing wastage and adding value to the activities.

Environment - Biodiversity – In 2006, Natura reached 22 certified biodiversity assets, or 63% from a total of 35 native or exotic species used. The assets in phase 3 of certification in 2006 were lemon grass, camomile, "buriti", coffee, "cumaru" and "priprioca".

Emission of Gases of the Greenhouse Effect – With the Consolidation of the Annual Inventory of Emission of Gases of the Greenhouse Effect in 2006, which considers from the supply chain up to the use and final disposal of the product, we will be able to construct a scenery of reduction alternatives starting from 2007 and meet our challenge of making our activities "carbon free" up to 2008. Products impact – Since 2003, Natura analyzes the environmental impacts of its packages through the evaluation of their life cycle. The average environmental impact of the products by declared weight showed a 7% reduction compared to 2005, from 89.3 mPt/kg to 83.2 mPt/kg.

Energy – The Energy Consumption showed a 10.5% growth compared to 2005, explained by both production and isolated items growth. However, the relative consumption of energy by unity sold showed a 9.9% reduction, meaning the efforts for the optimization of the use of energy.

Water – The absolute consumption of water increased from 136,677m³ to 141,883m³ in 2006, 2.4% above the stipulated goal, partially due to the internal production volume 3.2% higher when compared to the goal and partially due to the variations in the products mix. Moreover, in that year, a more efficient system of water purification was installed for the plant, although much more complex, reason why there was initially a higher consumption of water, due to the stabilization and learning curve. On the other hand, the consumption of water by unit sold posted a 7.0% decrease.

Residues – The total weight of residues generated by Natura increased 14.3% in 2006, reaching 6,831 tons. Out of this total, 84% were recycled, increasing by 3p.p. the percentage of residues addressed for recycling.

In 2006, our ISO 9001 and 14001 certifications were maintained.

> CONFERENCE CALL & WEBCAST

CONFERENCE CALL IN PORTUGUESE:
Friday, March 2, 2007
9:00 a.m. US EST / 10:00 a.m. Brasília

CONFERENCE CALL IN ENGLISH:
Friday, March 2, 2007
11:00 a.m. US EST – 12:00 p.m. Brasília

Participants in Brazil: +55 11 4688-6301
Participants in the USA: Toll Free +1 800 860-2442
Participants in other countries: +1 412 858-4600
Password for the participants: Natura

Live webcast will be available on Natura's IR website at www.natura.net/investidor

> INVESTOR RELATIONS TEAM

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> Annex 1 - Statement of Income for the year (Consolidated)

(in R$ million)	4Q06	%NR	4Q05	%NR	% change	2006	%NR	2005	%NR	% change
Gross sales to domestic market	1,157.0	96.3	1,000.7	97.2	15.6	3,755.0	96.5	3,149.7	97.1	19.2
Gross sales to foreign market	43.7	3.6	28.6	2.8	52.7	133.6	3.4	92.6	2.9	44.3
Other sales	0.4	0.0	0.4	0.0	-8.3	1.4	0.0	1.3	0.0	3.5
GROSS OPERATING REVENUES	**1,201.1**	**100.0**	**1,029.7**	**100.0**	**16.6**	**3,890.0**	**100.0**	**3,243.6**	**100.0**	**19.9**
Taxes on sales, returns and rebates	(348.3)	29.0	(303.8)	29.5	14.7	(1,133.0)	29.1	(961.4)	29.6	17.8
NET OPERATING REVENUES	**852.8**	**100.0**	**725.9**	**100.0**	**17.5**	**2,757.0**	**100.0**	**2,282.2**	**100.0**	**20.8**
Cost of sales	(304.6)	35.7	(231.9)	31.9	31.3	(891.3)	32.3	(731.1)	32.0	21.9
GROSS PROFIT	**548.2**	**64.3**	**494.0**	**68.1**	**11.0**	**1,865.7**	**67.7**	**1,551.0**	**68.0**	**20.3**
OPERATING (EXPENSES) INCOME										
Selling	(275.5)	32.3	(227.2)	31.3	21.3	(885.7)	32.1	(722.5)	31.7	22.6
General and administrative	(105.7)	12.4	(78.7)	10.8	34.4	(330.8)	12.0	(260.5)	11.4	27.0
Employee profit sharing	(2.4)	0.3	(3.8)	0.5	-38.4	(37.4)	1.4	(28.6)	1.3	30.7
Management compensation	(2.4)	0.3	(2.5)	0.3	-3.4	(12.4)	0.4	(12.3)	0.5	0.8
Other operating expenses, net	1.4	0.2	(0.9)	0.1	-257.8	(0.4)	0.0	(5.5)	0.2	-93.0
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	**163.6**	**19.2**	**181.0**	**24.9**	**-9.6**	**599.0**	**21.7**	**521.6**	**22.9**	**14.8**
Financial income	7.3	0.9	15.2	2.1	-51.7	43.4	1.6	54.7	2.4	-20.7
Financial expenses	(7.2)	0.8	(7.1)	1.0	1.9	(33.5)	1.2	(43.5)	1.9	-23.0
INCOME FROM OPERATIONS	**163.7**	**19.2**	**189.1**	**26.0**	**-13.4**	**608.9**	**22.1**	**532.8**	**23.3**	**14.3**
Nonoperating income (expenses), net	(0.1)	0.0	1.1	0.2	-109.3	0.9	0.0	(1.2)	0.1	-173.2
INCOME BEFORE TAXES ON INCOME	**163.6**	**19.2**	**190.2**	**26.2**	**-14.0**	**609.8**	**22.1**	**531.6**	**23.3**	**14.7**
Income and social contribution taxes	(46.8)	5.5	(51.8)	7.1	-9.5	(149.0)	5.4	(134.7)	5.9	10.6
NET INCOME BEFORE MINORITY INTEREST	**116.8**	**13.7**	**138.4**	**19.1**	**-15.6**	**460.8**	**16.7**	**396.9**	**17.4**	**16.1**
Minority interest	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0
NET INCOME	**116.8**	**13.7**	**138.4**	**19.1**	**-15.6**	**460.8**	**16.7**	**396.9**	**17.4**	**16.1**
Depreciation	**14.0**	**1.6**	**12.7**	**1.8**	**10.2**	**54.6**	**2.0**	**44.0**	**1.9**	**24.0**
EBITDA	**177.5**	**20.8**	**194.8**	**26.8**	**-8.9**	**654.5**	**23.7**	**564.4**	**24.7**	**16.0**

Annex 2 – Balance Sheet (12/31/06 and 12/31/2005)

ASSETS	2006	2005
CURRENT ASSETS		
Cash and banks	65.3	56.2
Cash investments	209.9	330.2
Trade accounts receivable	374.2	316.3
Inventories	237.1	152.3
Recoverable taxes	38.7	24.0
Advances to employees and suppliers	12.7	5.3
Deferred income and social contribution taxes	32.2	25.8
Other receivables	20.5	14.8
Total current assets	**990.6**	**924.9**
NON CURRENT ASSETS		
Long-term Assets		
Receivables from shareholders	0.0	0.1
Recoverable taxes	21.0	9.6
Deferred income and social contribution taxes	35.8	29.3
Escrow deposits	0.3	0.0
Advances to suppliers	2.7	0.0
Other receivables	0.6	0.5
Cash investments	4.3	4.0
Permanent		
Investments	0.6	0.0
Property, plant and equipment	471.9	348.9
Intangible assets	25.0	22.1
Total non current assets	**562.2**	**414.5**
TOTAL ASSETS	**1,552.8**	**1,339.4**

LIABILITIES	2006	2005
CURRENT LIABILITIES		
Loans and financing	75.9	68.3
Domestic suppliers	208.8	148.0
Foreign suppliers	5.5	4.9
Salaries, profit sharing and related charges	88.7	72.3
Taxes payable	95.7	89.1
Dividends	213.8	195.1
Interest on capital	0.0	17.7
Accrued freight	18.9	13.8
Sundry accruals	3.7	9.0
Other payables	18.5	13.6
Allowance for losses on swap and forward transactions	2.2	2.7
Total current liabilities	**731.7**	**634.5**
NON CURRENT LIABILITIES		
Loans and financing	127.1	119.2
Reserves for tax, civil and labor contingencies	49.1	61.1
Other payables	4.3	3.2
Total non current liabilities	**180.5**	**183.5**
MINORITY INTEREST	**0.0**	**0.0**
SHAREHOLDERS' EQUITY		
Capital	233.9	230.8
Capital reserves	134.9	120.7
Profit reserves	272.0	170.7
Treasury shares	-0.2	-0.8
Total shareholders' equity	**640.6**	**521.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,552.8**	**1,339.4**

> Annex 3 – Statement of Cash Flow (Consolidated)

(in R$ million)	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	460.8	396.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortizations	54.6	44.0
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	14.6	6.3
Reserve for losses on swap and forward contracts	4.0	12.1
Reserves for tax, civil and labor contingencies, including monetary variation on those reserves	13.0	31.0
Allowance for inventory losses	1.6	1.9
Deferred income and social contribution taxes	(13.0)	(12.2)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	2.5	2.3
Minority interest	(0.0)	0.0
	538.1	**482.3**
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	(57.9)	(66.2)
Inventories	(86.4)	(32.3)
Other receivables	(2.3)	7.2
Non Current Assets (Long-term assets):		
Escrow deposits	(29.4)	(2.7)
Recoverable taxes	(8.0)	(5.7)
Other receivables	(2.6)	4.1
Subtotal	**(186.6)**	**(95.6)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	54.7	41.9
Salaries, profit sharing and related charges, net	15.5	9.1
Taxes payable, net	(4.3)	19.8
Other payables	6.2	9.6
Non current liabilities:		
Other payables	8.5	(4.4)
Subtotal	**80.7**	**76.0**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**432.1**	**462.7**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquistions of property, plant and equipment and intangible assets	(193.6)	(111.6)
NET CASH USED IN INVESTING ACTIVITIES	**(193.6)**	**(111.6)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in current loans	(116.0)	(75.1)
Fundings - non current loans	111.3	120.3
Payments of swap and forward transactions	(4.5)	(15.5)
Payment of dividends	(307.1)	(203.8)
Payment of interest on capital	(51.3)	(30.1)
Payment of capital	3.1	-
Tax incentives	3.9	0.7
Sale of treasury shares by exercise of stock options	8.5	4.9
Payment of receivables from shareholders	2.3	2.3
NET CASH USED IN FINANCING ACTIVITIES	**(349.8)**	**(196.3)**
NET (DECREASE) INCREASE IN CASH AND BANKS	**(111.3)**	**154.8**
Cash and banks at beginning of year	386.4	231.6
Cash and banks at end of year	275.2	386.4
CHANGE IN CASH AND BANKS	**(111.3)**	**154.8**
SUPPLEMENTARY CASH FLOW DISCLOSURE		
Income and social contribution taxes paid	143.3	111.6
Interest paid on loans and financing	9.9	6.6

This press release contains forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Natura's management. The words "anticipates", "wishes", "expects", "estimates", "intends", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Known risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, market acceptance of products, product transitions by the Company and its competitors, regulatory approval, currency fluctuations, production and supply difficulties, changes in product sales mix, and other risks. This press release also includes pro-forma information prepared by the Company for information and reference purposes only, which has not been audited. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.