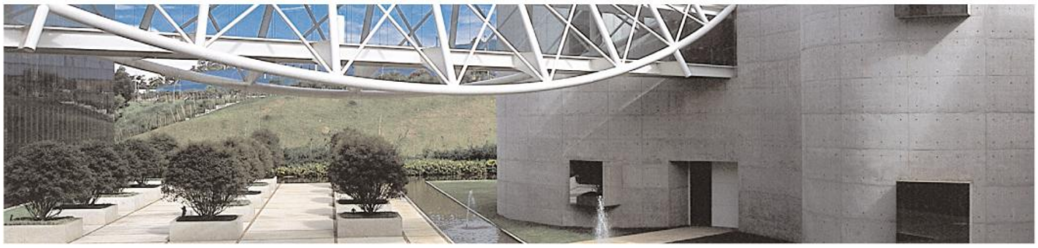
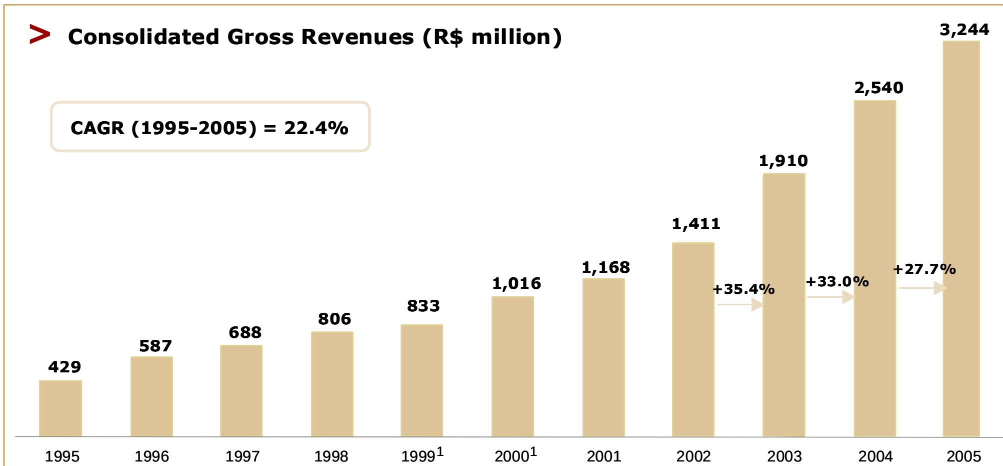


4Q05 AND FY05 EARNINGS RELEASE

São Paulo, February 21, 2006 – Natura Cosméticos S.A. (São Paulo Stock Exchange: NATU3) announces today its results for the fourth quarter 2005 (4Q05) and full year 2005 (FY05). The financial and operating information below, except where otherwise indicated, is presented on a **consolidated basis**, according to the Brazilian Corporate Law.

> 2005 HIGHLIGHTS

- Gross revenues amounting to R$3,243.6 million (growth of 27.7% over 2004)
- Ebitda of R$564.4 million (growth of 30.8% over 2004)
- Net income totaled R$396.9 million (growth of 32.2% over 2004)
- Investments in the conclusion of the new vertical warehouse and of the third automatic separation line (picking)
- Inauguration of Natura's flagship store in Paris - France
- Start-up of Mexico operations
- 519 thousand consultants in Brazil and in international operations (Argentina, Chile and Peru) at the end of 2005.



(1) Natura Empreendimentos figures.

> 2005 FINANCIAL SUMMARY - CONSOLIDATED

> Financial Summary – Consolidated (R$ million)

	4Q05	4Q04	% change	2005	2004	% change
Units sold – items for resale (in million) - Brazil[1]	67.8	53.4	27.0%	216.0	173.4	24.5%
Gross Revenues	1,029.7	801.3	28.5%	3,243.6	2,539.7	27.7%
Net Revenues	725.9	563.8	28.8%	2,282.2	1,769.7	29.0%
Gross Profit	494.0	384.6	28.4%	1,551.0	1,194.4	29.9%
Gross margin (%)	*68.1%*	*68,2%*	-	*68.0%*	*67.5%*	-
Ebitda[2]	194.9	142.7	36.5%	564.4	431.7	30.8%
Ebitda margin (%)	*26.8%*	*25.3%*	-	*24.7%*	*24.4%*	-
Net Income	138.5	99.4	39.2%	396.9	300.3	32.2%
Net margin (%)	*19.1%*	*17.6%*	-	*17.4%*	*17.0%*	-
EPS (R$)	1.63	1.17	39.0%	4.67	3.54	31.8%
Dividends + Interest on Capital[3] per share (R$)	-	-	-	3.70	2.50	48.0%
Total consultants [4] in Brazil (in thousands)	482.8	406.7	18.7%	482.8	406.7	18.7%
Total consultants [4] in Latin America[5] (in thousands)	36.2	26.3	37.7%	36.2	26.3	37.7%

(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) Consider the dividends and interest on capital per share (net of income tax retained at source) relative to the results for the 2005 financial year, subject to referral to the Annual General Meeting to be held on March 29, 2006.
(4) Position at the end of the period of the 17th sales cycle.
(5) Argentina, Chile and Peru.

> COSMETICS, FRAGRANCE AND TOILETRIES (CF&T) SECTOR IN BRAZIL – NATURA'S TARGET MARKET FIGURES (10 months 2005 x 10 months 2004)

In 2005, Cosmetics, Fragrances and Toiletries sector in Brazil posted another strong performance. According to data from the sector associations Sipatesp/Abhipec[1], for the ten-month period, the sector had a 16.5% nominal term growth. Real term growth was of 9.5%, deflated by 6.4% of IPCA.

(1) Sipatesp/Abhipec – Brazilian Cosmetics, Fragrance and Toiletries Association.

The table below shows the target market[2] breakdown between two segments: cosmetics and fragrances and personal hygiene, in addition to Natura's share in these two segments.

(2) Target Market: skin care, sunscreen, make-up, perfums, fragrances, hair care, shaving products and deodorants – does not include diapers, nail polishes, sanitary pads, hair dyes and oral hygiene.

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

	Target Market (R$ million)			Natura's Market Share (%)		
	10mos05	10mos04	% growth	10mos05	10mos04	% points change
Cosmetics & Fragrances	3,437	2,909	18.2%	33.3%	30.6%	2.7
Personal Hygiene	4,534	3,932	15.3%	11.0%	9.7%	1.3
Total	**7,972**	**6,841**	**16.5%**	**20.6%**	**18.6%**	**2.0**

Source: Sipatesp/Abhipec

Natura's market share of this target market grew by 2.0 percentage points, from 18.6% in the first ten months of 2004 to 20.6% in the same period of 2005.

> CONSOLIDATED GROSS REVENUES

Natura's 4Q05 gross revenues were R$ 1,029.7 million, up 28.5% over the same period of 2004 (R$ 801.3 million). Investments accomplished in 2005 coupled with storage management improvement, allowed for a better quality in the services provided to our consultants, therefore reduction in timescale for delivery of orders.

FY05 gross revenues amounted to R$3,243.6 million, 27.7% increase Y-o-Y. Of this total, 97.1% were from the domestic market and 2.9% from the foreign operations, compared to

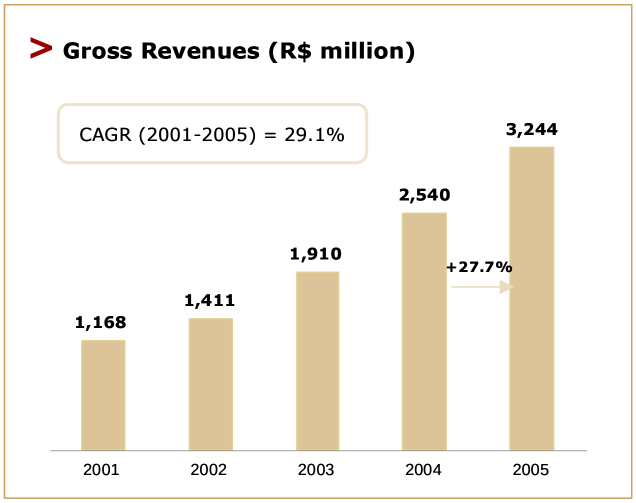
2.6% in 2004. This increase relatively to the total revenues is a result of a good performance in 2005.

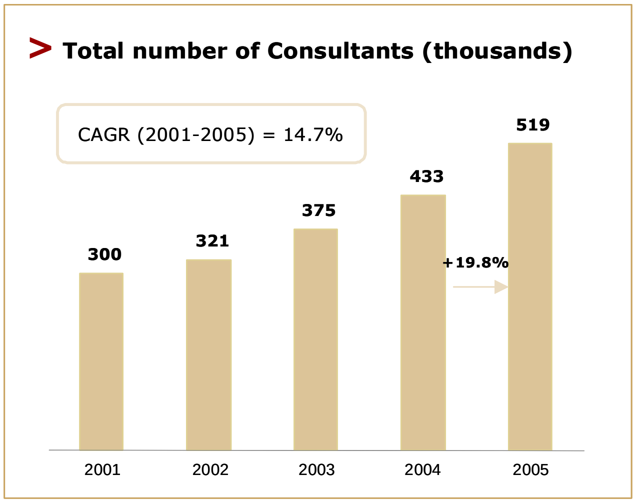
As previously highlighted, Cosmetics, Fragrances and Toiletries sector in Brazil grew by 16.5%, in the ten-month period of 2005 over the same period of 2004. Natura's higher growth compared to the sector was due to sales channel expansion, up 18.7% in Brazil, combined with the continuous process of innovation.

In 2005, 156 new products were launched. The total innovation index, which measures the proportion of revenues from products launched in the last 24 months, was 69.8% in 2005, reassuring process vitality.

The company maintains its strategy of concentrating some of its efforts relating to innovation to the development of products that use Brazilian biodiversity as a platform for technological development. The highlight in 2005 was the launch of Chronos Spilol, an anti-aging cream whose main active ingredient is derived from a native plant known as "Jambu".

Another important event during 2005 was the "vegetablization" of the whole soap line range, which is made with the oil extracted from the palm fruit.





* Consultants at Argentina, Brasil, Chile and Peru.

> Consolidated Net Revenues Seasonality

	1Q	2Q	3Q	4Q
2002	17%	24%	24%	35%
2003	18%	24%	25%	33%
2004	19%	24%	25%	32%
2005	19%	24%	25%	32%

> COST OF SALES

The **cost of sales** posted a slight increase in relation to net revenues, from 31.8% in 4Q04 to 31.9% in 4Q05.

Even considering the average appreciation of the Real and the gains in scale that occurred between 4Q04 and 4Q05, cost of sales remained at practically at the same level relative to net revenue, due basically to greater promotional efforts in 4Q05.

The table below shows the breakdown of cost of sales detailed by its main items:

> Composition of Cost of Sales (% of net revenues)

Item	4Q05	4Q04	2005	2004
RM/PM*	26.7	26.0	25.8	25.9
Labor	2.1	2.2	2.5	2.4
Depreciation	0.9	1.0	1.0	1.2
Others	2.2	2.6	2.8	2.9
Total	**31.9**	**31.8**	**32.0**	**32.5**

* Raw material and packaging material

Cost of sales related to net revenues, reduced from 32.5% to 32.0% Y-o-Y. This reduction was primarily to (i) real appreciation and (ii) gains in scale obtained during the year.

Selling expenses changed from 29.2% in 4Q04 to 30.4% in 4Q05, in relation to net revenues. Main contributors to this increase are the international expansion process and marketing expenses.

For the year, selling expenses increased by 0.8 percentage points, from 30.3% to 31.1% Y-o-Y, relatively to net revenues. The rise in these expenses was solely explained by (i) increase in the international expansion process efforts and (ii) the improvement in the receipts profile of the consultants, which resulted in a reduction in the company's interest revenue.

Marketing expenses, defined as total amounted spent on advertisement, communication, qualification, consultants acknowledgement, coupled with testing and products launching events, remained stable as percentage of net revenues Y-o-Y.

Administrative expenses over net revenues changed from 13.6% in 4Q04 to 12.2% in 4Q05. This reduction was primarily due to gains in scale and greater incidence of non-recurring entries in 4Q04.

In the twelve months, these expenses posted a slight reduction from 12.3% of net revenues in 2004 to 12.1 in 2005. Even considering the growth in expenses related to the processes of international expansion and innovation - which would have increased administrative expenses over net revenue by 1.22 percentage points - the reduction was possible due to gains in scale and a smaller incidence of non-recurrent entries recorded in 2005 (in 2004, for example, we accounted R$9.3 million in expenses relating to the process of going public – IPO).

If these non-recurring entries had been excluded, both in 2004 and 2005, administrative expenses would have risen 0.5 percentage points over net revenues instead of a reduction of 0.2 percentage points.

> EBITDA AND NET INCOME

4Q05 **EBITDA** amounted to R$194.9 million, up 36.5% compared to 4Q04 (R$142.7 million). EBITDA margin changed from 25.3% in 4Q04 to 26.8% in 4Q05.

In 2005, **EBITDA** totalized R$564.4 million, 30.8% growth over 2004 (R$431.7 million). EBITDA margin showed a slight increase from 24.4% to 24.7% Y-o-Y.

> EBITDA (R$ million)

	4Q05	4Q04	% change	2005	2004	% change
Net Revenues	725.9	563.8	28.8%	2,282.2	1,769.7	29.0%
(-) Cost and Expenses	-544.9	-429.6	26.8%	-1,760.6	-1,371.5	28.4%
Ebit	**181.0**	**134.2**	**34.9%**	**521.6**	**398.2**	**31.0%**
(-) Non-operating results	1.1	-0.0	n/a	-1.2	-0.9	43.0%
(+) Depreciation/amortization	12.7	8.5	49.5%	44.0	34.3	28.2%
Ebitda	**194.9**	**142.7**	**36.5%**	**564.4**	**431.7**	**30.8%**

In 2005, Ebitda, whose growth was very close to growth in sales, should be analyzed, taking into consideration that during this year there was an increase in expenses relating to innovation and the international expansion program, both of which investments are considered strategic for the company.

The following table shows the quarterly seasonality of the consolidated Ebitda for the last four years.

> Consolidated EBITDA Seasonality

	1Q	2Q	3Q	4Q
2002	17%	24%	24%	35%
2003	18%	24%	25%	33%
2004	19%	24%	24%	33%
2005	17%	23%	26%	35%

4Q05 **net income** totaled R$138.5 million, 39.2% growth over 4Q04 (R$99.4 million).

Net profit grew more than was indicated by EBITDA due to an increase in net financial revenues, because of the increase in average net cash in 4Q05, when compared to 4Q04. This increase in net financial revenue more than compensated the increase in the average rate of IR/CSLL (Income tax/social contribution).

Increase of the net average rate of IR/CSLL (income tax/social contribution) resulted primarily from the lower proportion of goodwill amortization on the income tax and social contribution calculation base and an increase in losses, generated in the international operations as a result of the opening of new subsidiaries.

In 2005, net income amounted to R$396.9 million (R$300.3 million in 2004). Earnings per share, excluding treasury shares, was of R$4.67 in 2005 (R$3.54 in 2004), 31.8% growth.

> INVESTMENTS

Investments in 2005 totaled R$111.6 million, main highlights were: (i) conclusion of new vertical warehouse, (ii) acquisition of third automatic separation line – picking and (iii) increase in manufacturing capacity and production process automation.

For 2006 estimated investments will total R$180 million. The main investments scheduled for 2006 are: (i) increase in manufacturing capacity, (ii) flexibilization and expansion of our logistics capacity (investments in lines 1 and 2 for separation of orders), (iii) construction of a new R&D center and (iv) new IT projects.

The table below shows real capacity for FY05 against expected capacity for FY06, in manufacturing and separation of orders.

> Capacity (million of units)

	manufacture	separation
2005	290	320
2006E	370[1]	345

(1) The amount for 2006 includes the estimated outsourcing of shampoo production capacity during the year.

> INTERNATIONAL OPERATIONS

>> Argentina, Chile and Peru

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

	4Q05	4Q04	% change	2005	2004	% change
Units sold - items for resale (in million)	2.2	1.4	54.9%	7.0	4.7	49.6%
Net Revenues	8.9	5.8	53.1%	27.8	18.5	50.2%
Income (loss) from operations	-1.1	-1.0	-	-3.6	-3.1	-
Operating margin	*-12.9%*	*-17.5%*	-	*-12.9%*	*-16.7%*	-

Note: Figures shown on the table above do not include Mexico and Venezuela operations. Structuring expenses regarding new operations in other Latin America countries were excluded (US$1.1 million in 2005 and US$0.2 million in 2004).

4Q05 gross revenues from **Argentina, Chile and Peru** operations grew, in dollars, by 53.7%. Considering the growth in local currency weighted by the share in dollars of each operation, the growth reached 51.1% in 4Q05.

In 2005, gross revenues from these operations grew, in dollars, by 50.3%. Considering the growth in local currency weighted by the share in dollars of each operation, the growth reached 45.4%.

The number of consultants in these operations grew by 37.7%. Productivity measured by revenues per average active consultant, grew by 3.0% in local currency, an important result given that, when there is a considerable growth in the distribution base, the hiring of new sales consultants reduces the channel’s average productivity.

Operating loss in dollar grew by 16.1%, climbing from US$3.1 million in 2004 to US$3.6 million in 2005. Despite an increase in losses, in absolute terms, operating margin improved under the compared periods. It is worth noting that this increase in sales did not help to reduce the overall loss, as the company continued to invest heavily in the development of new sales sectors. It is expected that the combination of these operations reach breakeven at the end of 2007.

>> Other Operations

France

In April 2005, Natura inaugurated its store in Paris and results are in accordance with the company's expectations, which represents good acceptance towards the brand in France.

In 2006 we hope to expand our portfolio of products and start tests on a direct sales distribution model that will be adapted to the conditions in that market.

Mexico

Mexican operation started up in August 2005 and results, in this early beginning of activities, are in accordance with the company's expectations.

Venezuela and Colombia

Next steps for Natura's international expansion process in Latin America include the beginning of activities in Venezuela in May 2006 and in Colombia in earlier 2007.

>> International expansion process

In 2005, international expansion process generated investments of R$37.8 million (2004: R$12.2 million). This amount was slight lower than the estimated of R$41.0 million. These amounts refer to the consolidated loss from already existing operations (Argentina, Chile and Peru), added to losses from new operations (Mexico and France) and the impact of the change in exchange rate when translating the balance sheets of subsidiary companies.

In 2006 investments in the international expansion process will be shown after deduction of the profit on exports from Brazil to our international operations. If we were to consider this profit the investment in 2005 reduces from R$37.8 million to R$31.8 million and in 2006, using the same basis, the company estimate is R$35.0 million.

> CASH FLOW

2005 gross cash generation[1] stood at R$483.5 million, up 25.4% over the same period last year. Of this total, R$36.3 million were allocated to working capital, long-term assets and liabilities and R$111.6 million to CAPEX. Use of working capital was concentrated basically on financing accounts receivable and stocks, as a direct result of the increase in sales in the period. 2005 free cash flow[2] was of R$335.6 million.

Note 1: (Net income) + (Adjustments to reconcile net income to net cash provided by operating activities).
Note 2: (Net cash provided by operating activities) – (net cash used in investments activities).

> DIVIDENDS AND INTEREST ON CAPITAL

On February 21, 2006, the Board of Directors approved the proposal to be subject at the Annual General Meeting to be held on March 29, 2006, regarding the payment of dividends and interest on capital, referring to 2005 earnings results, amounting to R$285.2 million and R$34.2 million (R$29.1 million net of income tax retained at source), respectively.

Of the total amount, the company already paid, on August 16, 2005, dividends and interest on capital referring to 1H05 earnings result, totaling R$90.4 million and R$13.4 million (R$11.4 million net of income tax retained at source), respectively. The remaining balance, which will be paid on April 4, 2006, to be ratified by Annual General Meeting, is of: (i) dividends amounting to R$194.8 million and (ii) gross interest on capital of R$20.8 million (R$17.7 million net of income tax retained at source).

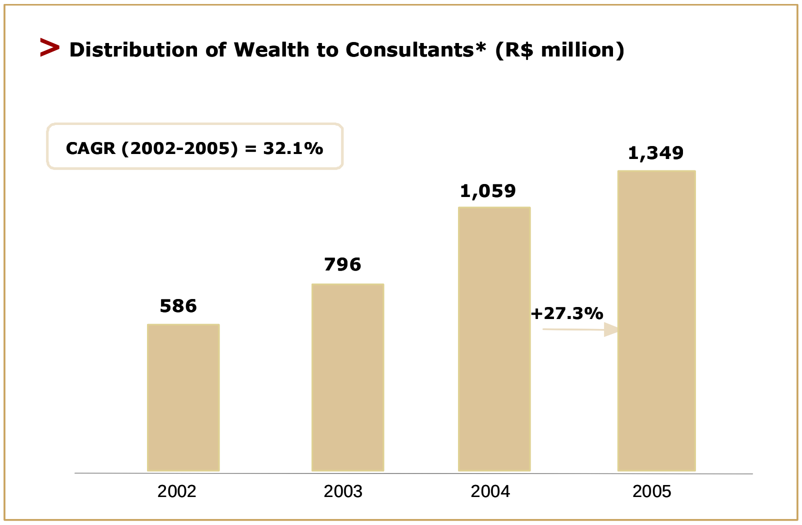
These 2005 dividends and interest on capital will result in a net yield of R$3.70 per share (2004: R$2.50 per share), which represents 95.2% of free cash generation[1] (106.5% in 2004) and 80.5% of the net income for 2005 (72.1% in 2004).

Note 1: (Net cash provided by operating activities) – (net cash used in investing activities).

> SOCIAL CORPORATE RESPONSIBILITY

The year's social highlight was the mobilization of consultants (male and female) towards Young and Adult Education (EJA), a Ministry of Education program supported by Natura. As a result, 65,000 individuals above the age of 15 were sent back to primary school nationwide. Consultants were also encouraged to persuade their clients to purchase product refills, thus reusing the original packaging. As a result, refill volume increased from 15.3% of total products, in 2004, to 17.4%, reducing the average environmental impact of packaging in Brazil. Another important event was the official installation of the Cajamar Agenda 21 Permanent Forum following joint efforts by company representatives, the local community and the municipal government.

The graph below shows total distribution of wealth to Consultants, which reached R$1.3 billion in 2005.



(*) Consultants at Argentina, Brazil, Chile and Peru.

As holders of the ISO 14001 Certificate, we are permanently concerned with and constantly channel resources into improving environmental conditions in our production procedures. In 2005 we exceeded several environmental targets. Water consumption per product unit sold fell by 5.6% over 2004; the average water re-use index increased from 39.5% to 55%; and energy consumption per unit sold dropped 8.5%. The share of incinerated to total waste fell from 5.4% to 2.8%; the ratio of waste sent to a landfill dropped from 21.2% to 16.1%; and the recycled percentage climbed from 73.4% to 81.8%. Total waste generated per unit sold grew by 8.2%, due to increased use of the Cajamar site and, especially, the increase in scrap volume.

As a consequence of our constant pursuit of excellence, we were also granted the NBR ISO 9001 Certificate in 2005. Yet another major achievement was Natura's official recognition as a "renowned trademark" by INPI (National Institute of Industrial Property). Such trademarks are of unquestioned marketplace authority and prestige and have achieved household-name status thanks to their tradition, proven quality and the trust they inspire. As a result, our trademark is protected throughout every area of economic activity, not only in the cosmetics sector.

Natura was also considered to be the country's 4th most valuable brand name and first among non-financial entities by the Instituto InterBrand and the magazine IstoÉ Dinheiro.

> CONFERENCE CALL & WEBCAST

Portuguese:	**Thursday, February 23, 2006** **08:00AM – US EST** In Brazil: 11-4613-0501 International: 1-412-858-4600
English:	**Thursday, February 23, 2006** **10:00AM – US EST** In Brazil: 11-4613-0501 International: 1-412-858-4600

Live webcast will be available at: www.natura.net/investor

ANNEX 1 – STATEMENT OF INCOME (CONSOLIDATED)

(in R$ million)	4Q05	% NR	4Q04	% NR	% change	2005	% NR	2004	%NR	% change
Gross sales to domestic market	1,000.6	97.2%	783.3	97.8%	27.7%	3,149.7	97.1%	2,472.0	97.3%	27.4%
Gross sales to foreign market	28.6	2.8%	17.7	2.2%	62.0%	92.6	2.9%	66.8	2.6%	38.7%
Other sales	0.4	0.0%	0.3	0.0%		1.3	0.0%	0.8	0.0%	61.8%
GROSS OPERATING REVENUES	**1,029.7**	**100.0%**	**801.3**	**100.0%**	**28.5%**	**3,243.6**	**100.0%**	**2,539.7**	**100.0%**	**27.7%**
Taxes on sales, returns and rebates	(303.7)	-29.5%	(237.5)	-29.6%	27.9%	(961.4)	-29.6%	(770.0)	-30.3%	24.9%
								-		
NET OPERATING REVENUES	**725.9**	**100.0%**	**563.8**	**100.0%**	**28.8%**	**2,282.2**	**100.0%**	**1,769.7**	**100.0%**	**29.0%**
Cost of sales	(231.9)	-31.9%	(179.2)	-31.8%	29.5%	(731.1)	-32.0%	(575.3)	-32.5%	27.1%
GROSS PROFIT	**494.0**	**48.0%**	**384.6**	**68.2%**	**28.4%**	**1,551.0**	**68.0%**	**1,194.4**	**67.5%**	**29.9%**
OPERATING (EXPENSES) INCOME										
Selling	(220.7)	-30.4%	(164.4)	-29.2%	34.2%	(709.2)	-31.1%	(535.9)	-30.3%	32.3%
General and administrative	(88.2)	-12.2%	(76.7)	-13.6%	15.0%	(276.1)	-12.1%	(216.9)	-12.3%	27.3%
Management & employee profit sharing	(0.8)	-0.1%	(3.7)	-0.7%	-77.8%	(28.6)	-1.3%	(31.6)	-1.8%	-9.6%
Management compensation	(5.5)	-0.8%	(5.6)	-1.0%	-3.0%	(12.3)	-0.5%	(11.8)	-0.7%	4.2%
Other operating expenses, net	2.2	0.3%	-	0.0%		(3.2)	-0.1%		0.0%	
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	**181.0**	**24.9%**	**134.2**	**23.8%**	**34.9%**	**521.6**	**22.9%**	**398.2**	**22.5%**	**31.0%**
Financial expenses	(7.1)	-1.0%	(8.6)	-1.5%	-18.2%	(43.5)	-1.9%	(38.2)	-2.2%	13.8%
Financial income	15.2	2.1%	4.4	0.8%	245.9%	54.7	2.4%	35.4	2.0%	54.6%
INCOME FROM OPERATIONS	**189.1**	**26.0%**	**129.9**	**23.0%**	**45.6%**	**532.9**	**23.3%**	**395.4**	**22.3%**	**34.8%**
Nonoperating income, net	1.1	0.2%	0.0	0.0%		(1.2)	-0.1%	(0.9)	0.0%	43.1%
INCOME BEFORE DEBENTURES PARTICIPATION	**190.2**	26.2%	**129.9**	23.0%	**46.4%**	**531.6**	**23.3%**	**394.5**	22.3%	**34.7%**
Debentures participation	-	0.0%	-	0.0%		-	0.0%	(7.2)	-0.4%	
INCOME BEFORE TAXES ON INCOME	**190.2**	**26.2%**	**129.9**	**23.0%**	**46.4%**	**531.6**	**23.3%**	**387.3**	**21.9%**	**37.2%**
Income and social contribution taxes	(51.8)	-7.1%	(30.5)	-5.4%	69.8%	(134.7)	-5.9%	(87.1)	-3.4%	54.7%
NET INCOME BEFORE MINORITY INTEREST	**138.5**	**19.1%**	**99.4**	**17.6%**	**39.2%**	**396.9**	**17.4%**	**300.3**	**17.0%**	**32.2%**
Minority interest	0.0	0.0%	0.0	0.0%	-53.5%	(0.0)	0.0%	0.0	0.0%	
NET INCOME	**138.5**	**19.1%**	**99.4**	**17.6%**	**39.2%**	**396.9**	**17.4%**	**300.3**	**17.0%**	**32.2%**
Depreciation	**12.7**	**1.8%**	**8.5**	**1.5%**	**49.5%**	**44.0**	**1.9%**	**34.3**	**1.9%**	**28.2%**
EBITDA	**194.9**	26.8%	**142.7**	25.3%	**36.6%**	**564.4**	**24.7%**	**431.7**	**24.4%**	**30.8%**

ANNEX 2 – BALANCE SHEET (12/31/2005 AND 12/31/2004)

(in R$ million)

ASSETS	12/31/05	12/31/04
CURRENT ASSETS		
Cash and banks	56.2	29.6
Cash investments	330.2	202.0
Trade accounts receivable	316.3	250.1
Inventories	152.3	122.0
Recoverable taxes	24.0	18.2
Advances to employees	5.3	6.9
Related parties	-	-
Deferred income & social contribution taxes	25.8	21.6
Other receivables	14.8	6.1
Total current assets	**924.9**	**656.4**
LONG-TERM ASSETS		
Receivables from shareholders	0.1	0.2
Tax incentives	9.6	3.8
Deferred income & social contribution taxes	29.3	21.3
Escrow deposits	29.5	24.3
Other receivables	0.5	2.9
Cash investments	4.0	-
Total long-term assets	**73.0**	**52.5**
PERMANENT ASSETS		
Investments	5.8	8.7
Property, plant and equipment	365.3	298.8
Total permanent assets	**371.0**	**307.5**
TOTAL ASSETS	**1,368.9**	**1,016.4**

LIABILITIES	12/31/05	12/31/04
CURRENT LIABILITIES		
Loans and financing	68.3	62.4
Domestic suppliers	148.0	89.3
Foreign suppliers	4.1	4.2
Payroll and related charges	73.1	67.6
Tax payable	89.1	62.4
Dividends	195.1	113.6
Interest on capital	17.7	13.6
Freights payable	13.8	10.0
Other provisions	9.0	4.8
Other payables	13.6	12.8
Reserve for losses on swap contracts	2.7	6.1
Total current liabilities	**634.5**	**446.9**
LONG-TERM LIABILITIES		
Loans and financing	119.2	72.0
Reserve for contingences	90.6	59.6
Other payables	3.2	1.9
Total long-term liabilities	**213.0**	**133.4**
MINORITY INTEREST	0.0	0.0
SHAREHOLDER'S EQUITY		
Capital	230.8	230.8
Capital reserves	120.7	113.1
Profit reserves	170.7	93.3
Treasury shares	(0.8)	(1.1)
Total shareholders' equity	**521.4**	**436.1**
TOTAL LIABILITIES	**1,368.9**	**1,016.4**

ANNEX 3 – STATEMENT OF CASH FLOW (CONSOLIDATED)

(in R$ million)	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**396.9**	**300.3**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	44.0	34.3
Monetary and exchange variations, net	3.9	8.8
Reserve for losses on swap and forward transactions	12.1	4.2
Reserve for contingencies	21.6	31.6
Reserve for obsolete inventories	1.9	7.0
Other reserves	11.8	1.4
Deferred income and social contribution taxes	(12.2)	(9.6)
Proceeds from sale and disposal of permanent assets	2.2	1.8
Debentures participation, net of taxes	-	5.7
Minority interest	0.0	(0.0)
	482.4	**385.6**
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	(66.2)	(68.5)
Inventories	(32.3)	(49.7)
Other receivables	(0.2)	0.5
Long-term assets:		
Escrow deposits	(2.7)	(9.1)
Other receivables	(1.6)	0.1
Subtotal	**(103.0)**	**(126.6)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	51.2	31.5
Payroll and related charges	7.1	24.0
Taxes payable	14.1	(20.7)
Other payables	(5.9)	(6.2)
Long-term liabilities:		
Other payables	1.3	(1.4)
Subtotal	**67.8**	**27.2**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**447.2**	**286.2**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(111.6)	(76.9)
Investments	-	(6.2)
NET CASH USED IN INVESTING ACTIVITIES	**(111.6)**	**(83.1)**
FINANCING ACTIVITIES		
Decrease - short-term loans	(75.1)	(47.9)
Increase - long-term loans	120.4	38.8
Payment of dividends	(203.8)	(130.0)
Payment of interest on capital	(30.1)	(11.4)
Others	0.7	-
Sale of treasury share	4.9	0.6
Payment of receivables from shareholders	2.3	-
NET CASH USED IN FINANCING ACTIVITIES	**(180.7)**	**(149.9)**
Merger of Natura Empreendimentos S.A. & Natura Participações S.A., net assets	-	42.3
NET INCREASE IN CASH AND BANKS	**154.8**	**95.5**
Cash and banks at the beginning of year	231.6	136.1
Cash and banks at the end of year	386.4	231.6
CHANGE IN CASH AND BANKS	**154.8**	**95.5**
SUPPLEMENTARY CASH FLOW DISCLOSURE:		
Income and social contribution taxes paid	111.6	84.4
Interest on paid on loans and financing	6.6	12.1
Swap and forward contracts paid	15.5	9.2

> INVESTOR RELATIONS

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