natura
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> 3Q07 EARNINGS RESULTS

São Paulo, Brazil, October 24, 2007 – Natura Cosméticos S.A. (São Paulo Stock Exchange – Bovespa: NATU3) announces today its results for the third quarter of 2007 (3Q07). The financial and operating information included in this report, except where otherwise indicated, is presented on a **consolidated basis**, according to Brazilian Corporate Law.

> FINANCIAL SUMMARY

> **Consolidated Financial Summary** (R$ million)

	3Q07	3Q06	Change %	9M07	9M06	Change %
Units sold – items for resale (in millions)[1]	72.3	64.1	12.8%	199.7	177.1	12.8%
Gross Revenues	1,052.0	985.4	6.8%	2,989.0	2,688.9	11.2%
Net Revenues	752.9	696.0	8.2%	2,134.9	1,904.2	12.1%
Gross Profit	506.6	492.1	2.9%	1,448.0	1,317.5	9.9%
Gross Margin (%)	*67.3%*	*70.7%*	-	*67.8%*	*69.2%*	-
EBITDA[2]	179.1	183.3	-2.3%	502.6	476.9	5.4%
EBITDA Margin (%)	*23.8%*	*26.3%*	-	*23.5%*	*25.0%*	-
Net Income	117.0	133.1	-12.1%	326.7	344.0	-5.0%
Net Margin (%)	*15.5%*	*19.1%*	-	*15.3%*	*18.1%*	-
Total consultants[3] (in thousands)	699.3	596.9	17.2%	699.3	596.9	17.2%

(1) Total consolidated number of cosmetics, fragrances and toiletries products resold by our consultants. Therefore, units sold exclude free samples, gifts, resale supporting materials and *Crer para Ver* products, among others.
(2) EBITDA = operating income before financial effects + non-operating income + depreciation and amortization.
(3) Position at the end of the 13th sales cycle for Brazilian consultants and 12th sales cycle for international operations consultants.

> MESSAGE FROM THE CEO

After a four-year virtuous cycle, characterized by the expressive increase in our Brazilian market share, entrance in the main markets of Latin America, investments in structure and advances in research and development, we are currently undergoing a moment of consolidation and reorganization of the main processes of our business and the beginning of a new growth cycle. Our recent results reflect the transition we are going through.

The strategy, focused on a program to re-start and speed up growth, comes from the organizational structure review in the pursuit of greater simplicity and focus, organizing the company in three business units with higher autonomy: Brazil, Latin America and New Markets.

Brazil

In our main market and cash generator for the financing of the international expansion, will be the main measures of the program to resume growth:

- Greater integration of the areas of innovation, marketing and sales, which now refer themselves directly to the CEO;
- Continuity of increasing investments in innovation of products, rationalizing the number of items in the pursuit of more breakthroughs;
- Increase and redefinition of investments in the marketing mix, in the relationship with our consultants and the permanent building of our brand;
- Advance in the quality of services for our consultants and final consumers, with evolutions in our commercial model, where the implementation of the CNO ("super reps") model, *Casas Natura* and the decentralization of the distribution, shortening the delivery cycle, stand out.

The expectation of a strong growth in the CFT market in Brazil, aligned to the preference for our brand, the special features presented by our products and the quality of the relationship we have with our sales channel, support our trust in the success of this new expansion cycle over forthcoming years. This program, which has already started in the second half of this year and will have full impact in 2009, since it is comprised of short-term and medium-term maturation initiatives.

Latin America

Our operations in other Latin American countries have grown at annual rates higher than 40% for several years. Operations in consolidation (Argentina, Chile and Peru) reached, in their consolidated results, a break-even in 2007. These results, which arise from the acceptance of our value proposal, the strength of our brand and the efficacy of our model of direct sales in these markets, ensure safety to our fast growth plan in the next years, whose execution will require greater management autonomy and larger investments in these businesses.

The CFT market in the six countries we operate (Argentina, Chile, Peru, Mexico, Colombia and Venezuela) is estimated[1] in US$17.6 billion in five years. Our plans comprise the market share growth of 1% in 2007 to an amount between 4% and 5% in 2012.

(1) Euromonitor International

New Markets

We continue to believe in the expansion potential in new markets outside Latin America, a task that will be planned and executed by an autonomous managing structure, whose efforts will be mainly focused on the startup of our operations in the United States, as well as on the definition and consolidation of the business model in France.

We are enthusiastic and confident that this is the path we should and will follow. We have a good strategy, an excellent team and strong purposes. Natura’s main competitive differential is, and will continue to be, the operation consistent with its beliefs and the commitment to sustainable development.

> COSMETICS, FRAGRANCES AND TOILETRIES (CF&T) SECTOR IN BRAZIL

The Brazilian Association of Toiletries, Fragrance and Cosmetics Industry (Sipatesp/Abhipec) has informed that the core market[1] for cosmetics, fragrances and toiletries (CF&T) products showed a nominal growth of 15.8% in May and June 2007 when compared to the same period of the previous year, illustrating the continuity strength of our industry.

In 1H07, nominal growth was 14.2% when compared to the same period of the previous year. In real terms, discounted by the IPCA (Amplified Consumer Price Index) of the period, growth was 10.1%.

The table below shows the breakdown of the core market into two segments: i) cosmetics and fragrances and ii) toiletries, as well as Natura’s market share in these segments. The Company’s market share in this period, in the core market, decreased slightly from 22.8% in 1H06 to 22.5% in 1H07.

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

	Core Market (R$ million)			Natura's Market Share (%)		
	1H07	1H06	growth %	1H07	1H06	Change pp
Cosmetics and Fragrances	2,474.7	2,131.6	16.1%	38.0%	38.5%	-0.5
Personal Hygiene	3,257.9	2,888.7	12.8%	10.7%	11.2%	-0.5
Total	**5,732.6**	**5,020.3**	**14.2%**	**22.5%**	**22.8%**	**-0.3**

Source: Sipatesp / Abhipec

According to data by the Brazilian Association of Direct Sales Companies (ABEVD), the total business volumes of direct sales companies in Brazil increased 11.5% in the first 9M07 when compared to the same period of the previous year. Excluding Natura, which showed a 9.6% growth, the business volume of direct sales companies increased 12.5% in 9M07.

It is worth mentioning that the ABEVD informs the business volume of direct sales companies in Brazil, including cosmetic and non-cosmetic products.

(1) Core market – Cosmetics and Fragrances (Skincare, Makeup, Fragrances and Sun Protection) and Toiletries (Soap, Hair Care, Deodorant and Shaving Products).

> CONSOLIDATED GROSS REVENUES

Consolidated gross revenues in 3Q07 reached R$1,052.0 million, a 6.8% growth over 3Q06 (R$985.4 million). Gross revenues increased 5.5% and 41.3% in the domestic market and foreign market, respectively. Foreign market revenue contributions to total revenues increased from 3.5% in 3Q06 to 4.6% in 3Q07.

In the first 9M07, consolidated gross revenues reached R$2,989.0 million, 11.2% higher than the gross revenues posted in 9M06 (R$2,688.9 million). The total consolidated number of consultants reached 699.3 thousand by the end of September 2007, showing a significant growth of 17.2% when compared to the same period of the previous year.

> COSTS AND EXPENSES

Cost of Goods Sold (COGS) increased from 29.3% of 3Q06 net revenues to 32.7% in 3Q07. This increase is mainly explained by: (i) the increase of the promotion impact on the gross margin, and (ii) higher losses for discontinuance of inventories. An efficient management of raw material prices and the dilution of overhead expenses, which were maintained stable, offset part of these impacts.

It is worth mentioning that in 3Q06, COGS was the lowest of the previous two years, as a percentage of net revenues, due to the exceptionally low impacts of promotions.

In the first 9M07, COGS showed an increase of 1.4pp, from 30.8% in 9M06 to 32.2% in 9M07, in relation to net revenues, basically due to the factors noted above.

The table below shows the cost breakdown of the main components:

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

Item	3Q07	3Q06	9M07	9M06
RM/PM[1]	25.6	22.1	25.0	23.7
Labor	2.9	2.8	2.9	2.9
Depreciation	1.3	1.1	1.3	1.2
Other	2.9	3.2	3.0	3.0
Total	**32.7**	**29.3**	**32.2**	**30.8**

(1) Raw material and packaging material

Sales expenses increased 0.9pp, from 32.7% in 3Q06 to 33.6% in 3Q07, in relation to net revenues.

In the Brazilian operation only, these expenses remained almost stable (31.2% in 3Q06 and 31.3% in 3Q07). Consolidated growth was mainly due to increases in sales expenses related to the expansion of international operations, with the opening of new sectors and higher expenditures related to brand strengthening, according to our planning for the current year.

Year-to-date, sales expenses also increased, from 32.0% of net revenues in 9M06 to 33.6% in 9M07. In addition to the factors mentioned above, there was a slight impact caused by the decentralization process of distribution centers.

Administrative expenses decreased 1.4pp, from 13.4% in relation to net revenues in 3Q06 to 12.0% in 3Q07. The increase of corporate and IT expenses in Brazil were more than offset by overhead freezing and by the recognition of gain (revenue) resulting from the tax process, whose favorable decision to Natura was pronounced in August 2007.

Year-to-date administrative expenses showed a decrease of 0.6pp, from 13.6% in 9M06 to 13.0% in 9M07, as a percentage of net revenue. This reduction was mainly due to the same factors mentioned above.

> EBITDA AND NET INCOME

EBITDA reached R$179.1 million in 3Q07, a 2.3% drop in relation to 3Q06 (R$183.3 million). The EBITDA margin decreased 250 base points when compared to the same period of the previous year, decreasing from 26.3% in 3Q06 to 23.8% in 3Q07. Year-to-date EBITDA reached R$502.6 million, a 5.4% growth when compared to 9M06. The EBITDA margin in 9M07 was 23.5% versus 25.0% in 9M06.

> **EBITDA** (R$ million)

	3Q07	3Q06	Change %	9M07	9M06	Change %
Net Revenues	752.9	696.0	8.2%	2,134.9	1,904.2	12.1%
(-) Cost of Sales and Expenses	593.5	527.4	12.6%	1,686.6	1,468.9	14.8%
EBIT	**159.4**	**168.6**	**-5.5%**	**448.3**	**435.3**	**3.0%**
(+) Nonoperating income	0.5	0.6	n/a	0.6	1.0	n/a
(+) Depreciation/amortization	19.2	14.1	36.4%	53.8	40.6	32.5%
EBITDA	**179.1**	**183.3**	**-2.3%**	**502.6**	**476.9**	**5.4%**

It is worth highlighting that the margin of the Brazilian operation is substantially higher than the consolidated one, which reduction occurs due to the lower margin in international operations and to the effects of exchange variation on translation of foreign investments.

After the results of this third quarter were ascertained, we readjusted our estimate of the EBITDA margin for the current year from 23.7% to 22.7%.

Net income reached R$117.0 million in 3Q07 against R$133.1 million in 3Q06. The difference between the growth rates of net income and EBITDA occurred due to: (i) a decrease in net financial result (R$2.5 million of net revenues in 3Q06 and R$3.5 million of net expenses in 3Q07); (ii) a 36.4% increase in the depreciation of 3Q07 against 3Q06 as a result of the investments in property, plant and equipment between the two quarters; and (iii) a higher income tax effective rate in 3Q07 when compared to the same period of the previous year, mainly due to the greater share of the loss from international operations.

Year-to-date net income reached R$326.7 million, 5.0% below the net income posted in 9M06 (R$344.0 million).

> PRO-FORMA RESULTS BY AREA OF OPERATIONS

Since 2Q07, we have presented pro-forma results of each area (Brazil, operations under consolidation and operations under implementation), in Reais. The profit margin earned in Brazil's exports to international operations was deducted from the COGS of respective operations, showing the real impact of these subsidiaries[1] on Natura's consolidated results.

Thus, the Brazil Statement of Income only shows the results of sales in the domestic market.

> EBITDA pro-forma by Areas of Operation (R$ million)

	3Q07	3Q06	9M07	9M06
Brazil	194.1	192.2	542.4	503.2
Argentina, Chile and Peru	-1.8	-0.5	-1.5	-1.8
Mexico, Venezuela, Colombia[2] and France	-9.8	-8.8	-28.9	-22.9
Effects of exchange variation on translation of foreign investments	-3.4	0.4	-9.5	-1.6
Total	**179.1**	**183.3**	**502.6**	**476.9**

(1) This adjustment is complete, since Natura Cosméticos S.A holds 100% of the capital of these subsidiaries.
(2) The Colombian operation began since 1H07.

>> Brazil – Pro-Forma Statement of Income

> Financial Highlights – Brazil (R$ million)

	3Q07	3Q06	Change %	9M07	9M06	Change %
Total Consultants[1]	622.5	546.7	13.9%	622.5	546.7	13.9%
Units sold – items for resale (in millions)	67.7	60.9	11.2%	188.5	169.2	11.4%
Gross Revenues	1,004.4	951.5	5.6%	2,859.5	2,601.0	9.9%
Net Revenues	715.6	669.8	6.8%	2,033.4	1,836.1	10.7%
Cost of Sales	232.1	194.5	19.3%	651.0	560.8	16.1%
Gross Profit	483.5	475.3	1.7%	1,382.4	1,275.3	8.4%
Gross Margin	*67.6%*	*71.0%*	-	*68.0%*	*69.5%*	-
Selling Expenses	224.0	208.9	7.2%	638.4	562.1	13.6%
Administrative Expenses	81.8	86.0	-4.9%	253.9	239.0	6.2%
Other Income (Expenses), net	0.0	2.5	-	7.8	0.0	-
Financial Income, net	-3.5	2.6	-	-9.1	10.0	-
Income from Operations	171.9	180.9	-4.9%	481.4	473.4	1.7%
Net Income	133.7	144.1	-7.2%	372.5	375.0	-0.7%
EBITDA	194.1	192.2	1.0%	542.4	503.2	7.8%
EBITDA Margin	*27.1%*	*28.7%*	-	*26.7%*	*27.4%*	-

(1) Position at the end of the 13th sales cycle.

A decrease in the gross margin in Brazilian operations was noticed in 3Q07, partially offset by the decrease in administrative expenses. Thus, the EBITDA margin decreased from 28.7% in 3Q06 to 27.1% in 3Q07.

Year-to-date gross revenues amounted to R$2,859.5 million, showing a growth of 9.9% compared to 9M06 (R$2,601.0 million). The number of consultants reached 622.5 thousand by the end of September 2007, a 13.9% growth when compared to the same period of the previous year. Productivity per average active consultant was R$2.9 thousand in 3Q07, a 5.9% drop compared to the previous year (3Q06: R$3.1 thousand). Productivity per average active consultant in 9M07 was R$8.6 thousand versus R$8.9 thousand in 9M06 (-3.3%).

>> Operations under consolidation – Argentina, Chile and Peru – Pro-Forma Statement of Income

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

	3Q07	3Q06	Change %	9M07	9M06	Change %
Total Consultants[1]	65.2	45.9	41.9%	65.2	45.9	41.9%
Units sold – items for resale (in millions)	3.5	3.0	17.1%	9.4	7.5	24.9%
Gross Revenues	40.1	31.1	28.9%	111.2	81.3	36.8%
Net Revenues	30.7	23.7	29.5%	85.6	62.2	37.6%
Cost of Sales[2]	11.9	9.1	30.8%	30.5	24.0	27.1%
Gross Profit	18.8	14.6	28.8%	55.1	38.2	44.2%
Gross Margin	*61.2%*	*61.6%*	-	*64.4%*	*61.4%*	-
Selling Expenses	17.1	12.4	37.9%	46.3	31.4	47.5%
Administrative Expenses	4.2	3.4	23.5%	11.8	10.0	18.0%
Other Income (Expenses), net	0.4	0.3	33.3%	0.8	0.6	33.3%
Financial Income, net	0.0	0.0	-	-0.1	-0.3	-66.7%
Net Operating Loss	-2.1	-0.9	133.3%	-2.3	-2.9	-20.7%
Net Loss	-2.7	-1.7	58.8%	-5.2	-5.1	2.0%
EBITDA	-1.8	-0.5	-	-1.5	-1.8	-
EBITDA Margin	*-5.9%*	*-2.1%*	-	*-1.8%*	*-2.9%*	-

(1) Position at the end of the 12th sales cycle.
(2) Profit margin derived from Brazilian exports to international operations was deducted from the COGS of the respective operations.

In operations under consolidation, a strong gross revenue growth was once again noticed in the quarter (44.8% in local weighted currency and 28.9% in Brazilian reais). The largest growth in sales expenses was due to the opening of new sales sectors and greater investment in brand construction.

The number of consultants in operations under consolidation reached 65.2 thousand by the end of September 2007, posting a 41.9% growth when compared to the same period of the previous year.

>> Operations under implementation – Mexico, Venezuela, Colombia[2] and France – Pro-forma results

> Financial Highlights – Mexico, Venezuela, Colombia[2] and France (R$ million)

	3Q07	3Q06	9M07	9M06
Total Consultants[1]	11.6	4.2	11.6	4.2
Units sold – items for resale (in millions)	1.1	0.2	1.8	0.4
Gross Revenues	7.6	2.8	18.3	6.8
Net Revenues	6.6	2.5	15.9	5.8
Net Loss	-10.7	-9.5	-31.1	-24.4
EBITDA	-9.8	-8.8	-28.9	-22.9

(1) Position at the end of the 12th sales cycle.
(2) The Colombian operation began in 2007.

The operations under implementation posted gross revenues of R$7.6 million in 3Q07 versus R$2.8 million in 3Q06. Year-to-date gross revenues grew 170.8%, an increase from R$6.8 million in 9M06 to R$18.3 million in 9M07. This year, this group's main highlight was the start up of operations in Venezuela (February) and Colombia (June).

The number of consultants in operations under implementation reached 11.6 thousand by the end of September 2007, a 174.2% growth when compared to the same period of last year.

> CASH FLOW

Internal cash flow generation[1] decreased 1.1% year-to-date (R$380.5 thousand in 9M07 versus R$384.6 million in 9M06). Out of this total, R$82.4 million was invested in operating working capital[3], R$20.7 million in other assets and liabilities[4] and R$73.4 million in the acquisition of property, plant and equipment.

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

	9M07	9M06	Change %
Net income	**326.7**	**344.0**	**-5.0%**
(+) Depreciation and amortization	53.8	40.6	32.5%
Internal cash generation[1]	**380.5**	**384.6**	**-1.1%**
Operating working capital[3]	-82.4	-68.2	
Other assets and liabilities[4]	-20.7	-10.6	
Operating cash generation	**277.3**	**305.7**	**-9.3%**
Capex	-73.4	-134.9	
Free cash flow[2]	**203.9**	**170.8**	**19.4%**

Out of the increase of R$82.4 million in operating working capital, nearly R$20 million is related to temporary events, mainly the increase in balances of inventories (R$10 million), due to the growth of sales lower than planed, and reduction in the balance of national suppliers account (R$10 million). The increase of other assets and liabilities was basically due to the realization of new judicial deposits made by the company.

Investments in property, plant and equipment of R$73.4 million represented a reduction of R$61.5 million compared to the same period of the previous year. The target of R$175 million of investments in property, plant and equipment for 2007 was readjusted to R$130 million. This reduction in the investment plan of the current year is due to: (i) the review of the funding program as sales this year were below the company's expectations; and (ii) postponement of some projects as a result of the organizational change with the outsourcing of the Information Technology area.

Free cash flow generation was R$203.9 million in 9M07, 19.4% higher compared to the same period of 2007 (R$170.8 million).

Note 1: (Net Income for the period) + (depreciation and amortization).
Note 2: (Internal cash generation) +/- (changes 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, payrolls, profit sharing and social charges, tax liabilities, provisions and freight payable.
Note 4: Assets – Advance to employees and suppliers, short-term deferred income and social contribution taxes, other credits and long-term assets. Liabilities – other short and long-term accounts payable and provision for tax, civil and labor losses.

> CONFERENCE CALL & WEBCAST

Portuguese: **Friday, October 26, 2007**
08:00 am US EDT

English: **Friday, October 26, 2007**
10:00 am US EDT

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> Annex 1 – Statement of Income (Consolidated)

(in R$ million)	3Q07	%NR	3Q06	%NR	Change %	9M07	%NR	9M06	%NR	Change %
Gross sales to domestic market	1,003.3	95.4	950.9	96.5	5.5	2,856.2	95.6	2,597.9	96.6	9.9
Gross sales to foreign market	48.4	4.6	34.3	3.5	41.3	131.9	4.4	89.9	3.3	46.7
Other sales	0.3	0.0	0.3	0.0	(15.9)	0.9	0.0	1.0	0.0	(12.9)
GROSS OPERATING REVENUES	**1,052.0**	**100.0**	**985.4**	**100.0**	**6.8**	**2,989.0**	**100.0**	**2,688.9**	**100.0**	**11.2**
Taxes on sales, returns and rebates	299.1	28.4	289.5	29.4	3.3	854.2	28.6	784.7	29.2	8.9
NET OPERATING REVENUES	**752.9**	**100.0**	**696.0**	**100.0**	**8.2**	**2,134.9**	**100.0**	**1,904.2**	**100.0**	**12.1**
Cost of sales	246.4	32.7	203.8	29.3	20.9	686.9	32.2	586.7	30.8	17.1
GROSS PROFIT	**506.6**	**67.3**	**492.2**	**70.7**	**2.9**	**1,448.0**	**67.8**	**1,317.5**	**69.2**	**9.9**
OPERATING (EXPENSES) INCOME										
Selling	252.7	33.6	227.8	32.7	11.0	716.3	33.6	609.8	32.0	17.5
General and administrative	90.2	12.0	93.5	13.4	(3.5)	277.1	13.0	259.7	13.6	6.7
Management compensation	2.3	0.3	4.6	0.7	(50.3)	7.4	0.3	10.8	0.6	(32.0)
Other operating income (expenses), net	(1.9)	0.3	2.4	0.3	(179.6)	1.0	0.0	(1.8)	0.1	(154.7)
INCOME FROM OPERATIONS BEFORE FINANCIAL EFFECTS	**159.4**	**21.2**	**168.6**	**24.2**	**(5.5)**	**448.3**	**21.0**	**435.3**	**22.9**	**3.0**
Financial income	8.2	1.1	10.3	1.5	(20.0)	34.7	1.6	36.1	1.9	(3.8)
Financial expenses	11.8	1.6	7.8	1.1	51.9	43.8	2.1	26.2	1.4	67.0
INCOME FROM OPERATIONS	**155.9**	**20.7**	**171.2**	**24.6**	**(8.9)**	**439.1**	**20.6**	**445.1**	**23.4**	**(1.3)**
Nonoperating income, net	0.5	0.1	0.6	0.1	(21.1)	0.6	0.0	1.0	0.1	(45.7)
INCOME BEFORE TAXES ON INCOME	**156.3**	**20.8**	**171.8**	**24.7**	**(9.0)**	**439.7**	**20.6**	**446.2**	**23.4**	**(1.5)**
Income and social contribution taxes	39.3	5.2	38.7	5.6	1.7	113.0	5.3	102.2	5.4	10.6
NET INCOME BEFORE MINORITY INTEREST	**117.0**	**15.5**	**133.1**	**19.1**	**(12.1)**	**326.7**	**15.3**	**344.0**	**18.1**	**(5.0)**
Minority interest	0.0	-	0.0	0.0		-	-	0.0	0.0	
NET INCOME	**117.0**	**15.5**	**133.1**	**19.1**	**(12.1)**	**326.7**	**15.3**	**344.0**	**18.1**	**(5.0)**
Depreciation	**19.2**	**2.5**	**14.1**	**2.0**	**36.4**	**53.8**	**2.5**	**40.6**	**2.1**	**32.5**
EBITDA	**179.1**	**23.8**	**183.3**	**26.3**	**(2.3)**	**502.6**	**23.5**	**476.9**	**25.0**	**5.4**

> Annex 2 – Balance Sheet (09/30/2007 and 06/30/2007), R$ million

ASSETS	09/30/2007	06/30/2007
CURRENT ASSETS		
Cash and banks	26.0	36.1
Cash investments	344.6	218.2
Trade accounts receivable	326.6	335.9
Inventories	310.2	288.3
Recoverable taxes	54.9	43.9
Advances to employees and suppliers	4.7	4.7
Deferred income and social contribution taxes	29.7	33.4
Other receivables	31.8	39.4
Total current assets	**1,128.7**	**999.8**
NONCURRENT ASSETS		
Long-term assets:		
Recoverable taxes	21.3	21.2
Deferred income and social contribution taxes	36.9	39.0
Escrow deposits	35.2	24.4
Advances to suppliers	4.6	5.2
Other receivables	0.6	0.6
Cash investments	4.7	4.6
Permanent assets		
Investments	1.1	0.7
Property, plant and equipment	455.1	445.8
Intangible assets	54.5	53.6
Total noncurrent assets	**614.0**	**595.0**
TOTAL ASSETS	**1,742.7**	**1,594.8**

LIABILITIES AND SHAREHOLDERS' EQUITY	09/30/2007	06/30/2007
CURRENT LIABILITIES		
Loans and financing	182.6	195.0
Domestic suppliers	162.4	157.2
Foreign suppliers	0.6	1.1
Salaries, profit sharing and related charges	96.9	81.2
Taxes payable	101.2	87.6
Dividends	0.2	138.3
Accrued freight	18.4	21.0
Sundry accruals	1.4	1.3
Other payables	16.9	16.0
Allowance for losses on swap and forward transactions	4.9	4.5
Total current liabilities	**585.5**	**703.1**
NONCURRENT LIABILITIES		
Loans and financing	303.9	111.0
Reserve for tax, civil and labor contingencies	65.2	70.9
Other payables	8.6	8.9
Total noncurrent liabilities	**377.7**	**190.8**
MINORITY INTEREST	**0.0**	**0.0**
SHAREHOLDERS' EQUITY		
Capital	390.6	390.6
Capital reserves	123.9	123.1
Profit reserves	267.4	189.7
Treasury shares	(2.4)	(2.4)
Total shareholders' equity	**779.6**	**701.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,742.7**	**1,594.8**

> Annex 3 – Cash Flow Statement (Consolidated)

(in R$ million)	9M07	9M06
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	326.7	344.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortizations	53.9	40.9
Monetary and exchange variations, net, except those referring to tax, civil and labor contingencies	4.7	13.1
Reserve for losses on swap and forward contracts	21.2	3.2
Reserve for tax, civil and labor contingencies, including monetary variation on those reserves	5.1	8.9
Income tax, social contribution and other deferred taxes	(5.4)	(5.3)
Proceeds from sale and disposal of property, plant and equipment and intangible assets	2.4	1.7
Other adjustments of income, including provisions in allowance for inventory losses	4.2	(3.9)
Minority interest	(0.0)	(0.0)
	412.7	**402.4**
(INCREASE) DECREASE IN ASSETS		
Current assets:		
Accounts receivable	47.5	6.8
Inventories	(77.3)	(106.9)
Other receivables	(10.3)	(8.0)
Noncurrent assets (long-term assets):		
Escrow deposits	(44.8)	(1.7)
Recoverable taxes	(0.3)	(6.6)
Other receivables	0.2	(0.1)
Subtotal	**(85.0)**	**(116.5)**
INCREASE (DECREASE) IN LIABILITIES		
Current liabilities:		
Suppliers	(45.3)	40.5
Salaries, profit sharing and related charges, net	8.0	18.3
Taxes payable, net	21.1	(25.8)
Other payables	(2.1)	(0.3)
Noncurrent liabilities (long-term liabilities):		
Other payables	3.9	8.2
Subtotal	**(14.3)**	**40.9**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**313.4**	**326.8**
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(73.5)	(134.9)
Other Investments	1.7	-
NET CASH USED IN INVESTING ACTIVITIES	**(71.7)**	**(134.9)**
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in loans	(284.7)	(76.1)
Fundings - loans	561.1	47.6
Payments of swap and forward transactions	(18.5)	(3.1)
Payment of dividends	(351.7)	(307.1)
Payment of interest on capital	(39.2)	(51.3)
Payment of capital	-	2.0
Acquisition of treasure shares	(22.7)	-
Tax incentives	2.1	2.7
Sale of treasury shares by exercise of stock options	7.4	6.5
Payment of receivables from shareholders	0.1	2.2
NET CASH USED IN FINANCING ACTIVITIES	**(146.2)**	**(376.6)**
DECREASE IN CASH AND BANKS	**95.4**	**(184.7)**
Cash and banks at beginning of year	275.2	386.4
Cash and banks at end of year	370.6	201.7
CHANGE IN CASH AND BANKS	**95.4**	**(184.7)**
SUPPLEMENTARY CASH FLOW DISCLOSURE		
Income and social contribution taxes paid	88.4	91.0

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