Individual and Consolidated Interim Financial Information

Natura Cosméticos S.A.

For the quarter ended September 30, 2016

Natura Cosméticos S.A.

Individual and consolidated interim financial information
September 30, 2016

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(A free translation from Portuguese into English of Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB) and consistently with the standards issued by the Brazilian Securities Commission (CVM).

Report on review of quarterly information

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

Introduction

We reviewed the accompanying individual and consolidated interim financial information of Natura Cosméticos S.A. and subsidiaries ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2016, comprising the balance sheet as of September 30, 2016, the related income statement, the statement of comprehensive income for the three and nine-month period then ended, and the statement of changes in equity and statement of cash flows for the nine-month period then ended, and the explanatory notes.

Management is responsible for the preparation of these individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21(R1) – Interim Financial Information and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing came to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above were not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Financial Information , consistently with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added for the nine-month period ended September 30, 2016, prepared under the responsibility of management, the presentation of which in the interim financial information is required by rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), and as supplementary information by IFRS, whereby no statement of value added presentation is required. These statements have been subjected 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 accompanying interim individual and consolidated interim financial information.

São Paulo, October 26, 2016.

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

Drayton Teixeira de Melo
Accountant CRC-1SP236947/O-3

NATURA COSMÉTICOS S.A.

BALANCE SHEETS AS OF SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ATIVOS	Note	09/2016	12/2015	09/2016	12/2015
CURRENT ASSETS					
Cash and cash equivalents	5	42,631	53,127	785,012	1,591,843
Short-term investments	6	1,112,687	1,808,328	1,034,969	1,191,836
Trade receivables	7	707,385	677,117	947,165	909,013
Inventories	8	211,576	208,113	1,024,286	963,675
Recoverable taxes	9	41,320	124,953	315,086	320,392
Related parties	28.1.	6,107	9,026	-	-
Derivatives	4.2.	6,306	697,761	18,517	734,497
Other receivables	12	228,003	202,780	311,844	307,450
Total current assets		2,356,015	3,781,205	4,436,879	6,018,706
NON CURRENT ASSETS					
Recoverable taxes	9	31,613	31,055	281,415	289,437
Deferred income tax and social contribution	10.a)	245,483	48,525	443,431	212,608
Escrow deposits	11	235,682	238,498	288,407	287,795
Other noncurrent assets	12	15,160	7,500	20,570	17,604
Investments	13	1,959,801	2,001,232	-	-
Property, plant and equipment	14	563,584	558,105	1,707,288	1,752,350
Intangible assets	14	483,370	500,491	769,724	816,481
Total noncurrent assets		3,534,693	3,385,406	3,510,835	3,376,275
TOTAL ASSETS		5,890,708	7,166,611	7,947,714	9,394,981

		Company		Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	Note	09/2016	12/2015	09/2016	12/2015
CURRENT LIABILITIES					
Borrowings and financing	15	1,552,959	1,624,686	1,950,681	2,161,383
Trade and other payables	16	224,108	230,100	697,035	802,887
Suppliers - related parties	28.1.	200,083	149,393	-	-
Payroll, profit sharing and related taxes		116,846	95,580	237,736	201,200
Taxes payable	17	617,268	629,374	986,009	1,047,961
Provision for acquisition of non-controlling interest	19.a)	246,973	190,658	246,973	190,658
Other payables		90,437	94,230	162,298	168,831
Total current liabilities		3,048,674	3,014,021	4,280,732	4,572,920
NON CURRENT LIABILITIES					
Borrowings and financing	15	1,663,182	2,922,983	2,124,215	3,374,497
Taxes payable	17	150,638	78,501	206,531	87,744
Deferred income tax and social contribution	10.a)	-	-	25,431	34,073
Provision for losses on investments in subsidiaries	13	-	21,519	-	-
Provision for tax, civil and labor risks	18	60,652	51,035	88,223	77,858
Other non current liabilities	19.b)	56,568	50,366	264,866	170,122
Total non current liabilities		1,931,040	3,124,404	2,709,266	3,744,294
SHAREHOLDERS' EQUITY					
Capital	20.a)	427,073	427,073	427,073	427,073
Treasury shares	20.c)	(37,149)	(37,851)	(37,149)	(37,851)
Capital reserves		141,170	134,706	141,170	134,706
Earnings reserves		504,385	409,472	504,385	409,472
Proposed additional dividend	20.b)	-	123,133	-	123,133
Adjustment of equity evaluation		(124,485)	(28,347)	(124,485)	(28,347)
Total equity attributable to owners of the Company		910,994	1,028,186	910,994	1,028,186
Non controlling interests		-	-	46,722	49,581
Total shareholders' equity		910,994	1,028,186	957,716	1,077,767
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,890,708	7,166,611	7,947,714	9,394,981

* As notas explicativas são parte integrante das informações contábeis intermediárias

NATURA COSMÉTICOS S.A.

STATEMENTS OF INCOME
FOR THE PERIOD OF THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R$, except for dividends per share)

	Note	Company				Consolidated			
		07/01/2016 a 09/30/2016	07/01/2015 a 09/30/2015	01/01/2016 a 09/30/2016	01/01/2015 a 09/30/2015	07/01/2016 a 09/30/2016	07/01/2015 a 09/30/2015	01/01/2016 a 09/30/2016	01/01/2015 a 09/30/2015
NET REVENUE	22	1,332,767	1,445,589	3,958,351	4,266,213	1,902,593	1,995,885	5,617,952	5,566,577
Cost of sales	23	(489,855)	(576,641)	(1,476,103)	(1,653,196)	(566,840)	(618,319)	(1,726,145)	(1,703,096)
GROSS PROFIT		842,912	868,948	2,482,248	2,613,017	1,335,753	1,377,566	3,891,807	3,863,481
OPERATING (EXPENSES) INCOME									
Selling, Marketing and Logistics expenses	23	(539,544)	(515,390)	(1,544,192)	(1,521,962)	(767,291)	(762,949)	(2,229,301)	(2,156,766)
Administrative, P&D, IT and Project Expenses	23	(146,758)	(161,186)	(482,786)	(522,806)	(324,602)	(314,182)	(987,679)	(891,413)
Equity in subsidiaries	13	51,224	85,205	100,913	170,453	-	-	-	-
Other operating (expenses) income, net	26	(13,532)	7,903	(27,008)	9,997	7,537	36,572	10,863	54,940
INCOME FROM OPERATIONS BEFORE FINANCIAL INCOME		194,302	285,480	529,175	748,699	251,397	337,007	685,690	870,242
Financial income	25	82,943	682,563	800,702	1,500,005	106,555	776,787	892,128	1,711,329
Financial expenses	25	(186,830)	(827,717)	(1,213,666)	(1,827,677)	(234,902)	(908,273)	(1,417,204)	(2,026,567)
INCOME (LOSSES) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		90,415	140,326	116,211	421,027	123,050	205,521	160,614	555,004
Income tax and social contribution	10.b)	(17,346)	(8,538)	(21,298)	(52,913)	(46,882)	(75,201)	(61,194)	(187,036)
NET INCOME		73,069	131,788	94,913	368,114	76,168	130,320	99,420	367,968
ATTRIBUTABLE TO									
Owners of the Company		73,069	131,788	94,913	368,114	73,069	131,788	94,913	368,114
Noncontrolling		-	-	-	-	3,099	(1,468)	4,507	(146)
		73,069	131,788	94,913	368,114	76,168	130,320	99,420	367,968
EARNINGS PER SHARE - R$									
Basic	27.1.	0.1698	0.3063	0.2206	0.8555	0.1698	0.3063	0.2206	0.8555
Diluted	27.2.	0.1697	0.3060	0.2204	0.8550	0.1697	0.3060	0.2204	0.8550

* The notes are an integral part of these interim financial information.

NATURA COSMÉTICOS S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD OF THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R$)

	Note	Company				Consolidated			
		07/01/2016 a 09/30/2016	07/01/2015 a 09/30/2015	01/01/2016 a 09/30/2016	01/01/2015 a 09/30/2015	07/01/2016 a 09/30/2016	07/01/2015 a 09/30/2015	01/01/2016 a 09/30/2016	01/01/2015 a 09/30/2015
NET INCOME		73,069	131,788	94,913	368,114	76,168	130,320	99,420	367,968
Other comprehensive income to be reclassified to profit or loss in subsequent periods:									
Gain (losses) from translation of financial statements of foreign subsidiaries	13	13,532	102,349	(105,078)	149,590	11,420	93,437	(100,137)	133,445
Losses of cash flow hedge	4.2	40,423	(114,764)	12,508	(143,235)	42,298	(119,186)	13,546	(147,740)
Effect of tax in gain (losses) of cash flow hedge	10	(13,744)	39,020	(4,253)	48,700	(14,382)	40,524	(4,606)	50,232
Equity in investees of gain (losses) of cash flow hedge	4.2	1,875	(4,422)	1,038	(4,505)	-	-	-	-
Effect of tax in equity in investees of gain (losses) of cash flow hedge	10	(638)	1,504	(353)	1,532	-	-	-	-
Other comprehensive losses (Not tax)		114,517	155,475	(1,225)	420,196	115,504	145,095	8,223	403,905
ATTRIBUTABLE TO									
Owners of the Company		114,517	155,475	(1,225)	420,196	114,517	155,475	(1,225)	420,196
Noncontrolling		-	-	-	-	987	(10,380)	9,448	(16,291)
		114,517	155,475	(1,225)	420,196	115,504	145,095	8,223	403,905

* The notes are an integral part of these interim financial information.

(A free translation from Portuguese into English of Individual Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and of Consolidated Interim Financial Information prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB and accounting practices adopted in Brazil)

NATURA COSMÉTICOS S.A.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R$)

				Capital reserves			Earning reserves						Adjustment of equity evaluation					
	Note	Capital	Treasury shares	Share premium	Tax incentive reserve Investments grants	Additional paid -in Capital	Legal	Tax Incentives	Reserve for acquisition of non-controlling interest	Earnings retention	Retained earnings	Proposed additional dividend	Income from operations of non - controlling	Other comprehensive income	Equity attributable to owners of the company	Non-controlling interest in subsidiarie equity	Total Shareholders' equity
BALANCES AS OF DECEMBER 31, 2014		427,073	(37,851)	78,231	17,378	41,669	18,650	20,957	(145,465)	295,135	-	449,273	(19,937)	(21,413)	1,123,700	24,979	1,148,679
Net income		-	-	-	-	-	-	-	-	-	368,114	-	-	-	368,114	(146)	367,968
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	52,082	52,082	(16,145)	35,937
Total comprehensive income		-	-	-	-	-	-	-	-	-	368,114	-	-	52,082	420,196	(16,291)	403,905
Changes in stock option plans of actions and restricted stock:																	
(Reversal) grant of stock options plans of actions and restricted stock	24.1	-	-	-	-	(5,860)	-	-	-	-	-	-	-	-	(5,860)	-	(5,860)
Effects of changes from the the company on the fair value of net assets acquired by Emeis Holding Pty Ltd.	13	-	-	-	-	-	-	-	-	-	-	-	3,576	-	3,576	(3,576)	-
Reserve for acquisition of non controlling interest	19.a)	-	-	-	-	-	-	-	(100,229)	-	100,229	-	-	-	-	-	-
Effects from the participation on non-controlling on the shareholders'equity subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,622	50,622
2014 Dividends and interest on shareholders' equity for the period 2014 approved at the AGM of April 14, 2015	20.b)	-	-	-	-	-	-	-	-	-	-	(449,273)	-	-	(449,273)	-	(449,273)
Prepaid Dividends and interest on shareholders' equity	20.b)	-	-	-	-	-	-	-	-	-	(236,326)	-	-	-	(236,326)	-	(236,326)
BALANCES AS OF SEPTEMBER 30, 2015		427,073	(37,851)	78,231	17,378	35,809	18,650	20,957	(245,694)	295,135	232,017	-	(16,361)	30,669	856,013	55,734	911,747
BALANCES AS OF DECEMBER 31, 2015		427,073	(37,851)	78,231	17,378	39,097	18,650	20,957	(79,324)	449,189	-	123,133	(65,159)	36,812	1,028,186	49,581	1,077,767
Net income		-	-	-	-	-	-	-	-	-	94,913	-	-	-	94,913	4,507	99,420
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	(96,138)	(96,138)	4,941	(91,197)
Total comprehensive income		-	-	-	-	-	-	-	-	-	94,913	-	-	(96,138)	(1,225)	9,448	8,223
Changes in stock option plans of actions and restricted stock:																	
Grant of stock options plans of actions and restricted stock	24.1.	-	-	-	-	7,166	-	-	-	-	-	-	-	-	7,166	-	7,166
Exercise of stock options plans of actions and restricted stock		-	702	(308)	-	(394)	-	-	-	-	-	-	-	-	-	-	-
Effects from the participation on non-controlling on the shareholders'equity subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,307)	(12,307)
2015 Dividends and interest on shareholders' equity for the period 2015 approved at the AGM of April 15, 2016	20.b)	-	-	-	-	-	-	-	-	-	-	(123,133)	-	-	(123,133)	-	(123,133)
BALANCES AS OF SEPTEMBER 30, 2016		427,073	(37,149)	77,923	17,378	45,869	18,650	20,957	(79,324)	449,189	94,913	-	(65,159)	(59,326)	910,994	46,722	957,716

* The notes are an integral part of these interim financial information.

NATURA COSMÉTICOS S.A.

STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R$)

	Note	Controladora		Consolidado	
		2016/09	2015/09	2016/09	2015/09
CASH FLOW FROM OPERATING ACTIVITIES					
Net income		94,913	368,114	99,420	367,968
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	14	72,955	63,199	195,825	172,487
Provision (reversal) for losses on transactions with derivative contracts " swap " and "forward "		582,687	(841,832)	607,212	(899,838)
Provision (reversal) for tax, civil and labor contingencies	18	10,657	1,906	10,220	3,938
Monetary restatement of escrow deposits		(10,814)	(12,207)	(12,399)	(15,612)
Income tax and social contribution	10.b)	21,298	52,913	61,194	187,036
Loss on sale and disposal of fixed and intangible assets		673	(14,428)	(3,506)	(32,808)
Equity income	13	(100,913)	(170,453)	-	-
Interest and exchange variation on loans and financing		(216,591)	981,399	(247,593)	1,043,993
Exchange variation on other assets and liabilities		(1,721)	1,406	25,479	14,691
Provision (reversal) for losses on property		316	(689)	316	(689)
Provision (reversal) related to the grant of options to purchase shares		6,596	(6,695)	7,166	(5,860)
Provision (reversal) for doubtful accounts	7	7,150	(395)	6,629	10,709
Provision (reversal) for losses on inventories	8	(6,608)	(7,932)	41,394	(2,607)
Provision of health care plan and carbon credits	19.b)	8,326	2,968	8,326	4,718
Net income attributable to non-controlling		-	-	(4,507)	146
Provision for acquisition of non-controlling	19.a)	56,315	100,229	56,315	100,229
		525,239	517,503	851,491	948,501
(INCREASE) DECREASE IN ASSETS					
Trade receivables		(37,418)	56,274	(63,480)	(68,857)
Inventories		3,145	(52,657)	(102,005)	(188,101)
Recoverable taxes		83,075	(72,311)	13,328	(214,591)
Other receivables		(25,494)	1,160	(7,362)	(32,367)
Subtotal		23,308	(67,534)	(159,519)	(503,916)
INCREASE (DECREASE) IN LIABILITIES					
Domestic and foreign suppliers		(4,956)	(21,087)	(105,852)	404,386
Payroll, profit sharing and related taxes, net		21,266	9,352	36,536	44,373
Taxes payable		20,294	9,661	(30,663)	10,544
Other payables		41,244	(101,103)	(35,275)	41,827
Subtotal		77,848	(103,177)	(135,254)	501,130
CASH GENERATED BY OPERATING ACTIVITIES		626,395	346,792	556,718	945,715
OTHERS CASH FLOWS BY OPERATING ACTIVITIES					
Payments of income tax and social contribution		(179,200)	(7,348)	(205,200)	(40,968)
Withdrawal (payment) of escrow deposits		16,756	(3,495)	16,769	(3,072)
Payment of tax, civil and labor contingencies	18	(8,091)	(4,515)	(8,765)	(4,608)
Receivables of derivatives		122,314	249,442	122,314	270,498
Payment of interest on borrowings and financing		(249,471)	(193,627)	(288,311)	(227,796)
NET CASH GENERATED BY OPERATING ACTIVITIES		328,703	387,249	193,525	939,769
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets	14	(78,895)	(100,514)	(175,863)	(238,719)
Receivable from sale of fixed and intangible assets		12,124	36,364	16,138	76,063
Short-term investments		(2,646,974)	(3,185,001)	(3,813,185)	(4,308,905)
Redemption of short-term investments		3,342,615	2,638,546	3,970,053	3,556,110
Capital increase in subsidiaries	13	(62,737)	(26,967)	-	-
Dividends received from subsidiaries	13	79,739	-	-	-
NET CASH GENERATED (USED) IN INVESTING ACTIVITIES		645,872	(637,572)	(2,857)	(915,451)
CASH FLOW FROM INVESTING ACTIVITIES					
Repayments of borrowings and financing - principal		(895,745)	(1,051,134)	(1,392,656)	(1,157,573)
Proceeds from borrowings and financing		33,807	1,965,523	574,098	2,227,077
Payment of dividends and interest on capital of the prior year		(123,133)	(685,599)	(123,133)	(685,599)
NET CASH GENERATED (USED) IN FINANCING ACTIVITIES		(985,071)	228,790	(941,691)	383,905
Gain arising on translation foreign currency cash and cash equivalents		-	-	(55,808)	50,867
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,496)	(21,533)	(806,831)	459,090
Cash and cash equivalents at the beginning of the year/period		53,127	53,648	1,591,843	1,164,174
Cash and cash equivalents at the end of the year/period		42,631	32,115	785,012	1,623,264
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,496)	(21,533)	(806,831)	459,090
ADDITIONAL STATEMENTS OF CASH FLOWS INFORMATION:					
Non cash itens:					
Capitalization of financial leasing		-	80,856	-	80,856
Hedge accounting		23,984	147,740	24,621	147,740
Effects of changes from participation of subsidiaries abroad		-	3,576	-	3,576

* The notes are an integral part of these interim financial information.

NATURA COSMÉTICOS S.A.

STATEMENTS OF VALUE ADDED
FOR THE QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015
(In thousands of Brazilian reais - R$)

	Note	Company				Consolidated			
		2016/09		2015/09		2016/09		2015/09	
REVENUES		5,504,677		5,726,634		7,867,666		7,722,971	
Sales of products and services		5,538,835		5,716,242		7,863,432		7,678,740	
Allowance for doubtful accounts, net	7	(7,150)		395		(6,629)		(10,709)	
Other operating (expenses) income, net	26	(27,008)		9,997		10,863		54,940	
INPUTS PURCHASED FROM THIRD PARTIES		(3,126,122)		(3,615,733)		(4,425,240)		(4,515,770)	
Cost of sales and services		(1,792,935)		(1,948,757)		(2,699,836)		(2,273,545)	
Materials, electricity, services and others		(1,333,187)		(1,666,976)		(1,725,404)		(2,242,225)	
GROSS VALUE ADDED		2,378,555		2,110,901		3,442,426		3,207,201	
RETENTIONS		(74,631)		(63,199)		(195,827)		(172,487)	
Depreciation and amortization	14	(74,631)		(63,199)		(195,827)		(172,487)	
VALUE ADDED GENERATED BY THE COMPANY		2,303,924		2,047,702		3,246,599		3,034,714	
TRANSFERRED VALUE ADDED		901,615		1,670,458		892,128		1,711,329	
Equity in subsidiaries	13	100,913		170,453		-		-	
Financial income - includes inflation and exchange rate variations	25	800,702		1,500,005		892,128		1,711,329	
						-			
TOTAL VALUE ADDED TO BE DISTRIBUTED		3,205,539		3,718,160		4,138,727		4,746,043	
DISTRIBUTION OF VALUE ADDED:		(3,205,539)	100%	(3,718,160)	100%	(4,138,727)	100%	(4,746,043)	100%
Employees and social charges	24	(371,547)	12%	(328,883)	9%	(978,793)	24%	(925,856)	20%
Taxes and contributions		(1,249,155)	39%	(1,173,411)	32%	(1,354,421)	33%	(1,389,153)	29%
Financial expenses and rentals		(1,236,248)	39%	(1,847,752)	50%	(1,450,755)	35%	(2,063,066)	43%
Net income atrtributable to Noncontrolling		-	0%	-	0%	(4,507)	0%	146	0%
Retained earnings		(348,589)	11%	(368,114)	10%	(350,251)	8%	(368,114)	8%

Supplemental statement of value added information:

	-	-	-	-

The amounts recorded under "Taxes and contributions" in june 2016 and 2015, the amounts of R$ 419,050 and R$ 355,125, respectively, refer to the Tax on Circulation of Goods and Services - Replacement Tax - ICMS - ST levied on the presumed profit margin defined by the State Finance Secretariats obtained from sales made by (the) Consultants (the) Natura for the end consumer.

For the analysis of this tax impact on value added statements, such amounts shall be deducted from those recorded under "Sales of goods, products and services" and the heading itself "Taxes and contributions", since the revenue figures of sales do not include the estimated profit of (the) Consultants (the) Natura sale of the products in the amounts of R$2,069,822 and R$2,011,444, in june 2016 and 2015, respectively, considering the estimated profit margin 30%.

* The notes are an integral part of these interim financial information.

(A free translation from Portuguese into English of Individual and Consolidated Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB)

NATURA COSMÉTICOS S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2016
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERATION 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 São Paulo, Alexandre Colares Avenue, 1188, Vila Jaguara, Postal Code 05106-000, 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 consolidated interim financial information prepared in accordance with CPC 21 – Interim Financial Information- ITR, for the quarter ended in September 30, 2016 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 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 significant accounting practices used in the preparation of these individual and consolidated interim financial information are disclosed in Note 2 to the Company's financial statements for the year ended December 31, 2015, published on February 17, 2016. Except for the above reclassifications, the practices were consistently applied in the year presented.

Certain amounts included in the interim financial information of September 30, 2015, presented herein for comparative purposes have been reclassified for better comparability. In respect of the Statement of Value Added (SVA), there were also reclassifications principally among "Personnel and social charges", "Materials, electricity, third party services and others" and "Taxes and contributions" related to personnel expenses and labor and social security charges.

2.2. Consolidation

a) Subsidiaries

Subsidiaries are all entities in which the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, where the Company normally owns a greater than 50% 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, from the date that control ceases.

b) Companies include in the interim financial information

	Equity interest- %	
	2016/09	2015/12
Direct interest:		
Indústria e Comércio de Cosméticos Natura Ltda.	99.99	99.99
Natura Comercial Ltda.	99.99	-
Natura Biosphera Franqueadora Ltda.	99.99	99.99
Natura Cosméticos S.A. – Chile	99.99	99.99
Natura Cosméticos C.A. - Venezuela	99.99	99.99
Natura Cosméticos S.A. – Peru	99.99	99.99
Natura Cosméticos S.A. – Argentina	99.99	99.99
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. – Colômbia	99.99	99.99
Natura Cosméticos España S.L. – Espanha	100.00	100.00
Natura (Brasil) International B.V. – Holanda	100.00	100.00
Natura Brazil Pty Ltd – Austrália	100.00	100.00
Fundo de Investimento Essencial	100.00	100.00
Indirect interest:		
Via Indústria e Comércio de Cosméticos Natura Ltda.:		
Natura Logística e Serviços Ltda. - Brasil	99.99	99.99
Via Natura Inovação e Tecnologia de Produtos Ltda.:		
Natura Innovation et Technologie de Produits SAS – França	100.00	100.00
Via Natura (Brasil) International B.V. - Holanda:		
Natura Europa SAS - França	100.00	100.00
Natura Brasil Inc. - EUA – Delaware	100.00	100.00
Via Brasil Inc. – EUA - Delaware		
Natura International Inc. - EUA - Nova York	100.00	100.00
Via Natura Brazil Pty Ltda:		
Natura Cosmetics Australia Pty Ltd. - Austrália	100.00	100.00
Via Natura Cosmetics Australia Pty Ltd. – Austrália:		
Emeis Holdings Pty Ltd - Austrália	78.74	78.74

The interim financial informations 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. Third party participation in shareholders' equity and net income of subsidiaries is reported as a component of consolidated equity and consolidated statement of income, respectively, under the caption "Noncontrolling interest".

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. - Brazil, 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 Comercial Ltda.: engaged in the retail sale of cosmetics, fragrances in general and toiletries, through sales in the retail market. Opened on 26 February 2016.
- Natura Biosphera Franqueadora Ltda. (previously Natura Cosmetics and Services Ltda.): engaged in trading, including by electronic means, of products from Natura brand.
- 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 Cosméticos CA. - Venezuela: The company is in the process of closing and there are no material investments or balances in its accounting records.
- 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, whose closing process started in July 15, 2016.
- Natura Cosméticos y Servicios de Mexico, S.A. de C.V.: engaged in the provision of administrative and logistics services to companies Natura Cosméticos de Mexico, S.A. de C.V. e Natura Distribuidora de Mexico, S.A. de C.V..
- 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 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 (Brazil) International B.V - Netherlands.: holding controller of the Natura Europe SAS – France, Natura Brazil Inc. and Natura International Inc.

- Natura Logística e Serviços Ltda.: engaged of separate services, packing and mailing goods, logistic consulting, manager human resources and training in human resources
- 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, whose closing process started in July 15, 2016.
- Natura Brazil Inc.: Holding controller of Natura International Inc.
- Natura International Inc: trends capture office in design, fashion and technology, transforming them into ideas, concepts and prototypes.
- Natura Europa SAS - France: activities are concentrated in the purchase, sale, import, export and distribution of cosmetics, fragrances, and toiletries
- Natura Brazil Pty Ltd – Holding controller of Natura Cosmetics Australia Pty Ltd operations.
- Natura Cosmetics Australia Pty Ltd – Holding controller of Emeis Holdings Pty Ltd.
- Emeis Holdings Pty Ltda: Activities focused on developing manufacturing and marketing of premium cosmetics, which operates under the brand of "Aesop", with its products sold in retail stores and own stores.
- Fundo de Investimento Essencial: refers to fixed income funds of private credit.

2.3. New standards and interpretations and amendments to standards

The standards and interpretations issued, but not yet adopted, up to the date of issuance of the Company's financial statements are presented below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, IASB issued the final version of IFRS 9 – Financial Instruments, which reflects all the phases of the financial instruments project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all the former versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory.

For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. During 2015, the Company has performed a impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Company may have to make a greater provision for losses, resulting in an adverse impact on its equity, and will perform a detailed analysis to determine the extent of the impact in the future.

(a) Classification and measurement

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets and liabilities currently held at fair value. Debt securities are expected to be measured at fair value through other comprehensive income under IFRS 9, given that the Company expects not only to hold these assets to receive the contractual cash flows, but also to dispose of a significant amount of bonds at relatively frequent intervals.

Shares in non-listed companies must be held with a view to their subsequent disposal in the near future. The Company expects to adopt the option of presenting changes to fair value in other comprehensive income and therefore, it believes the application of IFRS 9 would not have a significant impact. If the Company were not to apply this option, shares would be held at fair value through profit or loss, which would increase volatility of the P&L recorded.

Loans as well as trade receivables are held so that contractual cash flows can be received and they must generate cash flows exclusively represented by payments of principal and interest thereon. Thus, the Company expects they will continue to be measured at amortized cost under IFRS 9. However, the Company will further analyze the characteristics of the contractual cash flows of these instruments before concluding on whether all these instruments meet the amortized cost measurement requirements of IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record expected losses on all trade receivables. The Company may have a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including prospective elements to determine the extent of the impact.

(c) Hedge accounting

The Company believes that all existing hedging relationships currently designated as effective hedging relationships will still qualify for hedge accounting under IFRS 9. Since IFRS 9 does not change the overall principles for effective hedge accounting, the Company does not expect a significant impact on applying IFRS 9. The Company will perform a more detailed analysis of possible changes relating to accounting for the time value of options, forward elements or foreign currency basis spread in the future.

IFRS 15 - Revenue from contracts with customers:

It establishes a template of five stages applicable to revenue from a contract with a customer, irrespective of the type of revenue transaction or industry. It applies to all revenue contracts and provides a template for the recognition and measurement of gains or losses on the disposal of certain non-financial assets that are not related to the entity's ordinary activities (for instance, disposals of properties, premises and equipment or intangible asset items). Extensive disclosures are also required by this new standard. This pronouncement shall be applied to annual periods beginning on or after January 1, 2018, of which early adoption is allowed.

The Company engages in the development, production, distribution, sale and exploitation of business models for cosmetics, fragrances, and hygiene products, substantially through direct sales by Natura Beauty Consultants. The goods are sold individually under separate contracts, identified with customers, or grouped as a bundle of goods.

IFRS 16 - Leases

The new standard establishes the principles, both for the customer (the lessee) and the seller (lessor), on the provision of relevant information on lease, so that such operations are clearly disclosed in the financial statements. For such, the lessor must recognize assets and liabilities resulting from the lease agreement. Management is evaluating the impact of its adoption. Application is required for annual periods beginning on or after January 1, 2019.

In addition, the following new standards, amendments and interpretations were issued by IASB, however, management does not expect impacts on the Company's consolidated financial statements upon their first-time adoption:

- Amendment to IAS 7 - These amendments are part of the initiative to improve IASB disclosures and are effective for annual periods beginning on January 1, 2017.
- Amendments to IAS 12 - These amendments clarify the accounting for deferred tax assets on unrealized losses on debt instruments measured at fair and are effective for annual periods beginning on January 1, 2017.
- Amendments to IFRS 2 - Changes addressing areas involving measurement, classification and modification of terms and / or conditions of such transactions and will be effective from annual periods beginning on 1 January 2018.

- Amendments to IFRS 4 - Changes addressing concerns about the adoption of IFRS 9 and will be effective from annual periods beginning on January 1, 2018.

The Company intends to adopt those standards when they come into force by disseminating and recognizing the impact on the Financial information that may occur when the application of such adoptions.

Considering the current operations of the Company and its subsidiaries, management does not expect that these amendments will generate relevant effects on the financial statements after adoption thereof.

There are no other standards and interpretations issued but not yet adopted that, in management's opinion, have a significant impact on the income or equity issued by the Company.

The standards listed below entered into force during the year 2016, with no impact on the financial statements as the management analysis:

- IFRS 14 – Regulatory Deferral Accounts - Applicable to years started on or after January 1, 2016;
- Amendments to IFRS 11 Joint Arrangements: Accounting for acquisitions of interests - Applicable to years started on or after January 1, 2016, with early adoption not being allowed in Brazil;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization - The amendments are effective prospectively for years started on or after January 1, 2016;
- Amendments to IAS 27 – Equity method in separate financial statements - The amendments are effective for years started on or after January 1, 2016, with its early adoption being allowed, which is under analysis in Brazil.
- Amendments to IFRS 10 and IAS 28: Sales or Contributions of Assets between an Investor and its Associate/Joint Venture - The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.
- Amendment to IAS 7 - These amendments are part of the initiative to improve IASB disclosures and are effective for annual periods beginning on January 1, 2017.
- Amendments to IAS 12 - These amendments clarify the accounting for deferred tax assets on unrealized losses on debt instruments measured at fair and are effective for annual periods beginning on January 1, 2017.
- Annual Improvements - 2012-2014 Cycle - Effective for annual periods from January 1, 2016, including: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits, IAS 34 Interim Financial Reporting, Amendments to IAS 1 Disclosure Initiative and Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of interim financial information 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 and social contribution

The Company recognizes deferred tax assets and liabilities based on differences between the carrying amount stated in the interim financial information 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 18. 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.

c) 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 19.b).

d) Stock option plan, restricted stock option plan and strategy acceleration program

The stock option plan, restricted stock option plan and strategy acceleration program are measured at fair value at the grant date and the expense is recognized in P&L during the vesting period, matched against "Additional paid-in capital" in equity. At the balance sheet dates, Company management reviews the estimates as to the number of restricted options/shares and, where applicable, recognizes the effect arising from this review in P&L for period, matched against equity. The assumptions and models used to estimate the fair value of the stock option plan, restricted stock option plan and strategy acceleration program are disclosed in Note 24.1.

e) Provision for acquisition of non-controlling interest

It reflects the commitment of acquiring non-controlling interests resulting from business combination, measured at fair value at acquisition date, also subsequent changes for remeasurement of the obligation must be recognized in P&L for the period.

f) Provision for impairment

An impairment loss exists when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. Fair value less costs to sell is calculated based on information available about similar assets sold or market prices less additional costs to dispose of the asset.
Value in use is calculated based on the discounted cash flow model. Cash flows derive from a budget prepared for the following five years and do not include reorganization activities not yet engaged by the Company and its subsidiaries or significant future investments that will improve the base of assets of the cash generating unit subject to testing. The recoverable amount is sensitive to the discount rate used under the discounted cash flow method, as well as expected future cash receipts, and to the growth rate used for extrapolation purposes.

The procedure to check non-realization is the grouping of operational and intangible assets (such as goodwill) directly attributable to the Cash Generating Unit (CGU), and a comparison of the book value considering expected sales growth is made.

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 risk

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

The following derivative financial instruments are used by Company as protection to market risks:

	Company		Consolidated	
	Fair Value		Fair Value	
Description	2016/09	2015/12	2016/09	2015/12
Derivatives (financial)	63,111	692,643	75,539	733,228
Derivatives "swap" interest rate	-	-	(217)	(3,849)
Others derivative financial instruments	(56,805)	5,118	(56,805)	5,118
Total	6,306	697,761	18,517	734,497

The characteristics of these instruments and the risks which they are linked are described below:

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 based on 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.

Exchange rate Protection Policy considers the values of foreign currency receivables and Payables balances of commitments already made and recorded in the financial statements from the operations of the Company and its subsidiaries, as well as future cash flows, with an average of six months, still not recorded in the balance sheet.

As of September 30, 2016 and December 31, 2015 the Group is basically exposed to risks of fluctuations in the U.S. dollar, in addition, the non-controlling in Argentina is exposed to Real currency. To reduce the currency exposure in Argentina, from May 2016, the Company began to export to that subsidiary in US dollars. To hedge against foreign exchange exposures, the Group and the subsidiaries 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 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 September 30, 2016, the Company's and the consolidated balance sheets include accounts denominated in foreign currency which, in the aggregate, represent net liabilities of R$ 1,409,055 e R$ 1,542,778, respectively (in December, 31, 2015, R$ 2,666,160 and R$ 2,782,054, respectively).These accounts are substantially represented by borrowings and financing which, as of September 30, 2016 and December 31, 2015, are hedged by swap arrangements.

Derivatives to hedge foreign exchange risk

The Company classifies derivatives into "financial", "operating" and "others derivatives financial instruments". "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. Instruments classified as "others derivative financial instruments" are "forwards" derivatives contracted to hedge against foreign exchange risk on Company's cash in connection with the firm commitment to purchase additional ownership interest in a foreign subsidiary (Emeis Holdings Pty Ltd), and also the flow of future investment commitments (capital payment) in subsidiaries abroad, which will take place in 2016. At September 30, 2016 and December 31, 2015 there are no outstanding "operational" derivative transactions.

As of September 30, 2016 outstanding swap and forward contracts, with maturities between October 2016 and July 2021 were entered into the counterparties represented by the banks Bank of America (46%), HSBC (34%) and Scotiabank (20%)as described below:

Financial derivatives – Company

	Notional		Accrual		Fair Value		Gain (Loss) (adjustment MTM)	
Type of transaction	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12
Swap contracts (1)								
Asset position:								
Long position-U.S. dollar	1,756,289	1,917,821	1,408,653	2,664,811	1,413,821	2,677,972	5,168	13,161
Liability position:								
CDI floating rate:								
Short position in CDI	1,756,289	1,917,821	1,349,626	1,973,902	1,350,710	1,985,329	1,084	11,427
Total net financial derivatives:	-	-	59,027	690,909	63,111	692,643	4,084	1,734

Financial derivatives - Consolidated

	Notional		Accrual		Fair Value		Gain (Loss) (adjustment MTM)	
Type of transaction	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12
Swap contracts (1)								
Asset position:								
Long position-U.S. dollar	1,880,294	1,993,560	1,543,072	2,781,786	1,547,754	2,792,986	4,682	11,200
Liability position:								
CDI floating rate:								
Short position in CDI	1,880,294	1,993,560	1,471,902	2,048,895	1,472,215	2,059,758	313	10,863
Total net financial derivatives:	-	-	71,170	732,891	75,539	733,228	4,369	337

(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 September 30, 2016 and December 31, 2015, due to the fact contracts are directly entered into with the financial institutions and not through São Paulo Stock Exchange (BM&FBOVESPA), there are no margin calls deposited as guarantee of the related transactions.

"Others derivative financial instruments" – company and consolidated:

Since October 2015, the Company entered into derivative financial instruments (Forwards or NDFs) with Bank of America, with maturity at December 15, 2016 in the amount of AU$ 155.2 million Australian dollars (AU$ 102.4 million Australian dollars net of the 34% rate of income and social contribution taxes), and the weighted average exchange rate contracted is 2.9111.

The Company entered into these transactions to hedge against foreign exchange risk on the Company's cash in connection with the firm commitment to purchase additional ownership interest in a foreign subsidiary (Emeis Holdings Pty Ltd) and against P&L fluctuations - see Note 19 (a). These transactions were not designated as hedge accounting, as defined in IAS 39/CPC 38 - Financial Instruments: Recognition and Measurement, since the hedged item valuation methodology considers three elements: discount rate, foreign exchange rate and EBITDA multiple. These derivatives are measured at fair value, gains and losses thereon are recognized in the financial income (expenses) group.

Furthermore, the Company contracted derivative financial instruments with Bank of America in 2016, denominated NDFs (notional € 0.6 million euros). Such operations were contracted to hedge the Company´s cash in relation to future investment commitments (capital payment) in subsidiaries abroad. They were not designated as hedge accounting, as defined by IAS 39/CPC 38 – Financial Instruments: Recognition and Measurement, once the hedged items refer to expectation of future investments of the Company, not yet recognized in the balance sheet.

These derivatives are measured at fair value, gains and losses thereon are recognized in the financial income (expenses) group, and they are broken down as follows:

	Notional		Accrual		Fair Value		Gain (Loss) (adjustment MTM)	
Type of transaction	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12
Forward contracts (2):								
Asset position:								
Long position – dollars	156,431	99,700	385,589	217,186	385,680	208,896	91	(8,290)
Liability position								
Long position – dollars	156,431	99,700	446,408	214,225	442,485	203,778	(3,923)	(10,447)
Total net financial swaps:	-	-	(60,819)	2,961	(56,805)	5,118	4,014	2,157

(2) Forward transactions establish a future parity between the Brazilian real and the foreign currency based on their equivalence when contracted, adjusted by a fixed interest rate.

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 September 30, 2016 and December 31, 2015, due to the fact contracts are directly entered into with the financial institutions and not through São Paulo Stock Exchange (BM&FBOVESPA), 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 presented in the table below:

	Company	Consolidated
Loans and financing registered in Brazil in foreign currency (note 15)	(1,409,055)	(1,542,778)
Receivables registered in Brazil in foreign currency	-	11,651
Accounts payable registered in Brazil in foreign currencies	(6,663)	(9,113)
Provision for acquisition of non-controlling interests	(246,973)	(246,973)
Value of the others derivatives financial instruments	385,589	385,589
Tax effect on hedging instrument (a)	(130,360)	(130,360)
Value of the "financial" derivatives	1,408,653	1,543,072
Net exposure	1,191	11,088

(a) This heading considers the effect of 34% (income and social contribution taxes rate) on the contracting of notional amount financial instruments known as Forward Contract or Non-Deliverable Forwards ("NDF") related to provision for acquisition of non-controlling parties, since the variation of this provision for acquisition of non-controlling interests is treated as a nondeductible item for IRPJ and CSLL tax purposes.

The tables below show the gain (loss) that would have been recognized in the subsequent period, assuming that the current net foreign exchange exposure remains static, based on the following scenarios:

	Company			
Description	Company´s risk	Probable scenario	Scenario II	Scenario III
Net liability exposure	Us dollar	32	337	643
	Consolidated			
Description	Company´s risk	Probable scenario	Scenario II	Scenario III
Net liability exposure	Us dollar appreciation	295	3,140	5,986

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 that ranging from (R$3.33/ US$1.00) to (R$5.00/US$1.00). Scenarios II and III consider a 25% (R$4.17/US$1,00) and 50% (R$5.00/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 Company and its subsidiaries do not use derivative financial instruments for speculative purposes.

ii) Interest rate risk

The interest rate risk arises from 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 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.

Company management believes that there is low risk of significant changes in CDI and TJLP, taking into consideration the prevailing monetary policy followed by the federal government. Thus, it did not take out derivatives 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, except for loans and financing contracted at fixed rates at levels below the current TJLP.

On September 30, 2016, consolidated balance sheet includes loans issued at higher fixed rates level TJLP represent a liability of R$5,046 (R$ 185,450 in December 31, 2015). Such funding submitted in September 30, 2016 is protected derivative of the "swap".

Derivative instruments to hedge the risk of interest rate

On September 30, 2016 there is open a contract of "swap" maturing in August 2017 and was concluded with the counterparty represented by Banco Santander (100%) and is composed.

Derivatives "swap" - consolidated

	Notional		Accrual		Fair Value		Gain (Loss) (adjustment MTM)	
Type of transaction	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12	2016/09	2015/12
swap" contracts (3):								
Asset position:								
Long position fixed rate	5,000	182,500	5,046	185,540	4,807	183,676	(239)	(1,864)
Liabilities position:								
CDI rate post fixed:								
Short position in CDI	5,000	182,500	5,079	187,586	5,024	187,525	(55)	(61)
Total net financial swaps:	-	-	(33)	(2,046)	(217)	(3,849)	(184)	(1,803)

(3) The operations of financial "swap" involving the exchange of an interest rate pre-set by a related to a percentage of the variation of the Interbank Deposit Correction - postfix CDI.

Sensitivity analysis

As described in the “foreign exchange risk” section above and in the item “Interest rate risk”, on September 30, 2016, there are loans and financing denominated in foreign currency and issued at fixed rates under contract "swap ", changing the indexation of the liability to CDI fluctuation. The Company is, therefore, exposed to CDI fluctuation. The table below presents the exposure to interest rate risks of transactions pegged to CDI, including derivative transactions:

	Company	Consolidated
Total borrowings and financing - in local currency(note 15)	(1,807,086)	(2,532,118)
Operating in foreign currency with derivatives pegged to CDI (*)	(1,408,653)	(1,543,072)
Short-term investments (notes 5 e 6)	1,113,856	1,639,387
Net exposure	(2,101,883)	(2,435,803)

(*) This refers to transactions involving CDI-backed derivatives to hedge the loans and financing arrangements raised in foreign currency in Brazil.

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 (notes 5 and 6).

The tables below set out projected incremental gain (loss) that will be recognized in P&L for the subsequent year, assuming that the current net liability exposure will remain unaltered and the following scenarios:

	Company			
Description	Company´s risk	Probable scenario	Scenario II	Scenario III
Net liabilities	Interest rate increase	7,357	(65,053)	(137,463)

	Consolidated			
Description	Company´s risk	Probable scenario	Scenario II	Scenario III
Net liabilities	Interest rate increase	8,525	(75,388)	(159,302)

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% (17.2% per year) and 50% (20.7% per year), respectively, on the CDI rate of 14.1% per year.

Derivative instruments designated for hedge accounting

The Company performed formal designation of its operations subject to hedge accounting for derivative financial instruments for hedging loans denominated in foreign currency, documenting:

- The hedge relationship;
- The Company’s objective and risk management strategy in taking out the hedge transaction;

- Identification of the financial instrument;
- The hedged item or hedge transaction;
- The nature of the risk to be hedged;
- Description of the hedge relationship;
- The statement of correlation between hedge and hedged item, where applicable; and
- The prospective statement of hedge effectiveness.

The positions of derivative financial instruments designated as outstanding cash flow hedge on September 30, 2016 as set out below:

Instrument Designated as Cash Flow Hedge – Company

						Others Comprehensive income	
	Hedged item	Notional currency	Notional value	Accrual value	Fair Value (1)	Total Loss (Gain)	Total Loss (Gain)
Currency swap - US$/R$	Currency	BRL	1,456,690	(394)	3,689	4,083	12,508

Instrument Designated as Cash Flow Hedge – Consolidated

						Others Comprehensive income	
	Hedged item	Notional currency	Notional value	Accrual value	Fair Value (1)	Total Loss (Gain)	Loss in the period
Currency swap - US$/R$	Currency	BRL	1,561,565	5,905	10,899	4,994	13,546

(1) The method used by the Company to determine market value consists in calculating the future value based on the contracted conditions and determines present value based on market curves extracted from BM&FBOVESPA.

The Company designates as cash flow hedge derivative financial instruments used to offset variations from exposure to exchange rate, in the market value of contracted debts not in the functional currency.

At September 30, 2016, foreign exchange rate hedging instruments designated as cash flow hedge had total notional value of US$ 516,458 (five hundred and sixteen thousand and four hundred fifty eight american dollars) (R$ 1,561,565). For the period ended September 30, 2016 a gain of R$13,546 (R$8,940 without taxes), was recognized in other comprehensive income, all considered as effective.

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 7.

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 are measured at amortized cost, and their corresponding maturities are as follows:

Company as of September 30, 2016	Less than one year	One to two years	Two to five years	More than five years	Total	Discount effect/MTM	Carrying amount
Current:							
Borrowings and financing	1,571,101	-	-	-	1,571,101	(18,142)	1,552,959
Provision for acquisition of non-controlling interest	246,973	-	-	-	246,973	-	246,973
Trade payables	424,191	-	-	-	424,191	-	424,191
Financial instruments	(1,794)	-	-	-	(1,794)	8,100	6,306
Noncurrent:							
Borrowings and financing	-	418,148	1,204,901	407,454	2,030,503	(367,321)	1,663,182

Consolidated as of September 30, 2016	Less than one year	One to two years	Two to five years	More than five years	Total	Discount effect/MTM	Carrying amount
Current:							
Borrowings and financing	2,007,978	-	-	-	2,007,978	(57,297)	1,950,681
Provision for acquisition of non-controlling interest	246,973	-	-	-	246,973	-	246,973
Trade payables	697,035	-	-	-	697,035	-	697,035
Financial instruments	10,317	-	-	-	10,317	8,200	18,517
Noncurrent:							
Borrowings and financing	-	718,811	1,361,967	575,900	2,656,678	(532,463)	2,124,215

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. Net debt as shown below includes adjustments of derivative contracts to mitigate the foreign exchange risk.

The consolidated financial leverage ratios as of September 30, 2016 and December 31, 2015 are as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Short- and long-term borrowings and financing (note 15)	3,216,141	4,547,669	4,074,896	5,535,880
Derivatives "financial" and "swap" of interest rate	(63,111)	(692,643)	(75,322)	(729,379)
Cash and cash equivalents and Short-term investments (note 5 and 6)	(1,155,318)	(1,861,455)	(1,819,981)	(2,783,679)
Net debt	1,997,712	1,993,571	2,179,593	2,022,822
Shareholders' equity	910,994	1,028,186	957,716	1,077,767
Financial leverage ratio	219.29%	193.89%	227.58%	187.69%

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 September 30, 2016 and December 31, 2015, 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 values of financial instruments measured 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, financing and debentures

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 15.

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.

The subsidiaries do not have any guarantee for overdue bonds.

Provision for acquisition of noncontrolling interests

The estimated amount of the obligation signed the purchased and sale must be adjusted at fair value at the acquisition date and its subsequent adjustment incurred at the income statement.

5. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Cash and banks	41,462	52,068	180,594	212,014
Bank certificates of deposit -CDB (a)	1,169	1,059	140,117	207,051
Repurchase agreements (b)	-	-	464,301	1,172,778
	42,631	53,127	785,012	1,591,843

(a) At September 30, 2016, Investments in Bank Deposit Certificates are restated with average rate of 101.0% of CDI with daily maturity, redeemable by the issuer, and with no significant impairment

(b) Repurchase agreements are securities issued by banks with a commitment by the bank to repurchase the security, and by the client to resell the security, at a fixed price (rate of interest) and within a predetermined term, which are backed by public or private securities (depending on the bank) and are registered with the CETIP.

6. SHORT TERM INVESTMENTS

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Investments funds exclusive	1,088,666	1,786,912	-	-
Investments funds	-	-	79,200	219,845
Certificates of deposits CDB (a)	24,021	21,416	24,021	21,416
Financial letters	-	-	707,428	728,656
Government security	-	-	224,320	221,919
	1,112,687	1,808,328	1,034,969	1,191,836

(a) Investment in Bank Deposit Certificates are restated with yield interest of 94.9% of CDI and are referring to the amounts that will be given to Instituto Natura due to the sales of the Crer para ver products.

The Company concentrates most of investments in an exclusive fund investment. On September 30, 2016 and December 31, 2015 the companies Natura Cosméticos S.A , Natura Inovação e Tecnologia de Produtos Ltda, Natura Logística e Serviços Ltda, and Indústria e Comércio de Cosméticos Natura Ltda have interest in shares of the Fund Essential Investment and the value recorded is valued at fair value through profit or loss.

The amount of shares held by the Company are disclosed under "Investment Fund Exclusive". The investments in Investment Fund which the group has an exclusive interest (100 % of the shares) were consolidated and the values of their portfolio were segregated by type of investment and classified as cash equivalents or short term investments, according to the accounting practices adopted by the Company.

The exclusive fund are as follow:

The Essential Investment Fund is a fund fixed income credit private management, administration and custody of Itaú Unibanco. Eligible assets in the portfolio are: government securities, time deposits, financial letters and repurchase agreements. There is no grace period for redemption of shares that may be redeemed at any time yield.

Breakdown of the exclusive fund portfolio at September 30, 2016 is as follows:

	Essencial
Floating rate bank certificates of deposits (CDBs)	138,992
Repurchase agreements	464,301
Financial letters	707,428
Government security (LFT)	224,320
	1,535,041

7. TRADE RECEIVABLES

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Trade receivables	811,181	773,763	1,077,480	1,032,699
Allowance for doubtful accounts	(103,796)	(96,646)	(130,315)	(123,686)
	707,385	677,117	947,165	909,013

The aging list of trade receivables is as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Current	658,894	625,896	863,633	799,950
Past due:				
Up to 30 days	26,892	50,981	62,731	103,650
31 to 60 days	24,500	28,529	33,241	39,939
61 to 90 days	27,450	18,045	31,656	24,757
91 to 180 days	73,445	50,312	86,219	64,403
Allowance for doubtful accounts	(103,796)	(96,646)	(130,315)	(123,686)
	707,385	677,117	947,165	909,013

The balance of trade receivables in Consolidated is basically denominated in Brazilian reais, and approximately 81% of the outstanding balance as of September 30, 2016 (78% as of December 31, 2015), refers to real-denominated transactions. 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 period of nine months ended September 30, 2016 and 2015 are as follows:

Company				Consolidated			
Balance at 2015/12	Additions (a)	Write-offs (b)	Balance at 2016/09	Balance at 2015/12	Additions (a)	Write-offs (b)	Balance at 2016/09
(96,646)	(133,988)	126,838	(103,796)	(123,686)	(175,664)	169,035	(130,315)

Company				Consolidated			
Balance at 2014/12	Additions (a)	Write-offs (b)	Balance at 2015/09	Balance at 2014/12	Additions (a)	Write-offs (b)	Balance at 2015/09
(88,384)	(99,926)	100,321	(87,989)	(117,270)	(120,546)	109,837	(127,979)

(a) Allowance recognized according to note 2.7, disclosure as note 2 of annual financial statements of the Company refers to year ended December 31, 2015, disclosure in February 17, 2016.

(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.

8. INVENTORIES

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Finished products	199,262	200,953	841,196	750,151
Raw materials and packaging	-	-	198,266	202,124
Promotional material	21,126	22,580	106,668	87,201
Work in progress	-	-	19,786	24,435
Allowance for losses	(8,812)	(15,420)	(141,630)	(100,236)
	211,576	208,113	1,024,286	963,675

The changes in the allowance for inventory losses for the period of nine months ended September 30, 2016 and 2015 are as follows:

Company				Consolidated			
Balance at 2015/12	Reversals (Additions)(a)	Write-off (b)	Balance at 2016/09	Balance at 2015/12	Reversals (Additions)(a)	Write-off (b)	Balance at 2016/09
(15,420)	3,629	2,979	(8,812)	(100,236)	(109,516)	68,122	(141,630)

Company				Consolidated			
Balance at 2014/12	Reversals (Additions)(a)	Write-off (b)	Balance at 2015/09)	Balance at 2014/12	Reversals (Additions)(a)	Write-off (b)	Balance at 2015/09
(17,872)	3,821	4,111	(9,940)	(85,966)	(43,022)	45,629	(83,359)

(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.

9. RECOVABLE TAXES

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
ICMS on purchases of goods	2,493	6,968	417,668	350,468
IVA a compensar sobre aquisição de insumos – controladas no exterior	-	-	37,885	30,213
ICMS recoverable on tax incentives - Sponsorship	132	223	132	223
Taxes - foreign subsidiaries	-	-	834	2,022
ICMS on purchases of fixed assets	2,552	2,542	21,118	28,321
PIS and COFINS on purchases of fixed assets	31,206	31,633	37,322	38,123
PIS and COFINS on purchase of goods	20,910	21,684	20,916	21,684
PIS and COFINS resulting from win on a lawsuit (a)	-	-	7,670	7,670
IRPJ and CSLL	15,596	91,256	32,433	102,680
PIS, COFINS and CSLL - withheld at source	44	56	1,942	2,519
IPI recover	-	1,642	18,581	22,957
Others	-	4	-	2,949
	72,933	156,008	596,501	609,829
Current				
Noncurrent	41,320	124,953	315,086	320,392
Taxes - foreign subsidiaries	31,613	31,055	281,415	289,437

(a) The amount shown relates to the recognition of tax credits of Social Integration Program - PIS and Contribution to Social Security Financing - COFINS the lawsuit challenging the constitutionality and legality of the tax base for calculating contributions cited, established by Law No. 9.718/98. As the Company obtained authorization from the Federal Revenue of Brazil to offset credits of the parent after the transit and trial of the case in 2012. The amounts referring to the subsidiary will be maintained until authorization of the same nature be obtained.

10. 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. For certain subsidiaries was also recognized balance of deferred taxes on tax loss carryforwards. These credits are kept recorded in noncurrent assets, the amounts are as follows:

Breakdown of deferred income tax and social contribution – Assets:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Tax loss carryforwards and CSLL tax loss	60,973	142,118	65,330	165,910
Allowance for doubtful accounts (note 7)	35,291	32,860	44,307	42,053
Allowance for losses on inventories realization (note 8)	2,996	5,243	48,154	34,080
Reserve for tax, civil and labor contingencies (note 18)	20,622	17,352	29,996	26,472
Non-inclusion of ICMS in the PIS and COFINS basis (note 17.a)	831	789	96,676	85,727
Gains from changes in fair value of derivative instruments (note 4.2)	(2,144)	(237,239)	(6,296)	(249,729)
Provision for ICMS – ST (note 17.b)	49,412	27,692	49,412	27,692
Allowances for losses on advances to suppliers	2,841	2,405	2,841	2,405
Accrued benefits sharing and partnerships	14,302	10,578	14,302	10,578
Temporary differences of foreign subsidiaries	-	-	20,255	14,785
Provision for profit sharing	10,035	10,814	16,399	16,327
Depreciation rate adjustments to useful lives	(53,457)	(35,587)	(95,521)	(60,629)
Provision for interest – injunction (Interest - CNs)	25,963	18,347	25,963	18,347
Provision carbon credits	2,831	3,224	2,831	3,224
Profit on effects not eliminated in inventories	-	-	10,393	5,481
Provision for losses – property and intangible (note 14)	4,290	4,183	7,957	8,488
INSS with Suspended Liability (note 17)	2,545	1,578	7,932	5,940
IPI – Decree n° 8393/2015	40,426	18,287	42,174	19,805
Others expenses provision (a)	17,362	18,628	26,284	24,235
Other temporary differences	10,364	7,253	34,042	11,417
	245,483	48,525	443,431	212,608

(a) This refers to recognition of a provision in line with the accrual basis of accounting to reflect actual expenses incurred over the year, but still unbilled by suppliers.

Breakdown of deferred income tax and social contribution– Liabilities:

	Consolidated	
	2016/09	2015/12
Fair value of identifiable assets – Emeis Holding Pty Ltd.	25,431	30,205
Other temporary differences	-	3,868
Total	25,431	34,073

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

The management expectative is that tax credits will be realized as follows:

	Company	Consolidated
2016	39,230	70,229
2017	175,737	318,718
2018	8,046	14,593
2019 and thereafter	22,470	39,891
	245,483	443,431

With respect to the Company's foreign subsidiaries, listed below do not record tax credits on tax loss carry forwards 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 September 30, 2016, tax credits calculated at the prevailing tax rates in the countries where the subsidiaries are located, are as follows:

Tax loss carry forwards:

Mexico	226,902
Australia (Substantially by operations in the US and Brazil)	14,917
France	235,826

Tax credits on tax loss carry forwards generated by the subsidiaries can be carried forward indefinitely, except for the subsidiary in Mexico, which expire the tax loss carry forwards as follows:

	Mexico
2016 (3 months)	15,404
2017	6,847
2018 to 2022	204,651
	226,902

b) Reconciliation of income tax and social contribution

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/0
Income before income tax and social contribution	116,211	421,027	160,612	555,004
Income tax and social contribution at the rate of 34%	(39,512)	(143,149)	(54,608)	(188,701)
Technological research and innovation benefit - Law 11196/05 (a)	12,149	6,119	12,149	6,119
Equity in investees (note 13)	34,310	57,954	-	-
Tax impact from subsidiary abroad	-	-	(3,130)	(8,421)
Tax Benefits of interest on equity (IOE)	5,916	16,780	5,916	16,780
Fair value of restatement of the firm commitment to purchase additional ownership interest in Emeis Holding Pty Ltd.(b)	(19,147)	-	(19,147)	-
Tax impact on finance lease treatment	(2,314)	(5,345)	(2,722)	(5,823)
Other permanent differences	(12,700)	14,728	348	(6,990)
Income tax and social contribution expenses	(21,298)	(52,913)	(61,194)	(187,036)
Income tax and social contribution - current	(222,509)	(102,564)	(303,772)	(236,766)
Income tax and social contribution - deferred	201,211	49,651	242,578	49,730
Effective rate - %	18.3	12.6	38.1	33.7

(a) Refers to the tax benefit established by Law 11.196/05, which allows for the direct deduction from the calculation of taxable income and the social contribution tax basis of the amount corresponding to 60% of the total expenses on technological research and innovation, observing the rules established in said Law.

(b) This refers to the permanent tax effect on restatement of the firm commitment to purchase additional ownership interest in Emeis Holding Pty Ltd. The methodology for restating this commitment is described in Note 19(a).

The changes in income tax and social contribution for the period of nine months ended in September 30, 2016 and 2015 were as follows:

Company				Consolidated				
2015/12	Charged/ (Credit) to profit or loss	(Charged)/ Credit Other comprehensive income	2016/09	2015/12	Charged/ (Credit) to profit or loss	(Charged)/Credit Other comprehensive income	Transfer between income tax and social contribution deferred tax liabilities and assets	2016/09
48.525	201.211	(4.253)	245.483	212.608	241.157	(4.606)	(5.728)	443.431

Company				Consolidated			
2014/12	Charged/ (Credit) to profit or loss	(Charged)/ Credit Other comprehensive income	2015/09	2014/12	Charged/ (Credit) to profit or loss	(Charged)/ Credit Other comprehensive income	2015/09
6.222	49.651	48.700	104.573	147.763	49.730	50.232	247.725

The changes in deferred liabilities income tax and social contribution for the period of nine months ended in September 30, 2016 in consolidated were as follows:

Consolidated				
2015/12	Charged/(Credit) to profit or loss	Transfer between income tax and social contribution deferred tax liabilities and assets	(Charged)/Credit Other comprehensive income including exchange rate	2016/09
(34,073)	1,421	5,728	1,493	(25,431)

11. 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 September 30, 2016 and December 31, 2015 are as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Unaccrued tax lawsuits(i)	143,383	141,457	149,577	147,287
Accrued tax lawsuits (ii)	82,839	88,292	125,992	128,439
Unaccrued civil lawsuits	1,084	1,337	1,317	1,575
Accrued civil lawsuits (note 18)	1,061	777	1,248	1,067
Unaccrued labor lawsuits	3,723	3,140	5,249	4,602
Accrued labor lawsuits (note 18)	3,592	3,495	5,024	4,825
Total escrow deposits	235,682	238,498	288,407	287,795

(i) The proceedings related to these judicial deposits basically refer to the sum of amounts disclosed in ICMS – ST, note 18.b)- (loss reasonably and remote).

(ii) The proceedings related to these judicial deposits basically refer to the sum of amounts disclosed in note 17, item (a), (b) "INSS – Suspended Enforceability" and the amount accrued in the note 18.

12. OTHER CURRENT AND NON CURRENT ASSETS

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Marketing and advertising advances	81,890	94,610	101,006	102,753
Supplier advances	140,739	101,776	146,051	122,072
Employee advances	4,003	3,207	6,666	11,731
Rent advances	-	-	20,239	19,132
Insurance	4,487	2,968	8,476	6,866
Import taxes	117	325	13,408	18,973
Assets held for sale (a)	160	-	2,570	7,000
Carbon credits (b)	10,828	7,078	10,828	7,078
Other	939	316	23,170	29,449
	243,163	210,280	332,414	325,054
Current	228,003	202,780	311,844	307,450
Non-current	15,160	7,500	20,570	17,604

(a) This balance refers to assets which the company intends to sell one of the next 12 months as CPC 31- non-current assets held for sale (IFRS 5). These assets are measured at the lower value between the carrying amount and fair value less costs to sell. The company classifies these assets under this heading by considering selling highly probable and the assets are available for immediate sale in its present condition. Once classified as intended for sale, the assets are not depreciated or amortized.

(b) Carbon Neutral program, disclosed in note 2.9, disclosure of annual financial statements refers to year ended December 31, 2015, disclosure in February 17, 2016.

13. INVESTIMENTS

	Company	
	2016/09	2015/12
Investments	1,959,801	2,001,232
Provision for losses on investments in subsidiaries	-	(21,519)
Investments in subsidiaries	1,959,801	1,979,713

Information and changes in the balances for the period of nine months ended in September 30,2016

	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 México S.A. (*)	Natura Cosméticos Ltda. - Colômbia	Natura (Brasil) International B.V. - Holanda (*)	Natura Cosméticos España S.L.	Natura Biosphera Franqueadora Ltda.	Natura Comercial Ltda.	Natura Brazil Pty Ltd (*)	Total
Equity interest	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	100.00%	100.00%	99.99%	99.99%	100.00%	
Subsidiaries' shareholders' equity	1,293,321	111,010	17,558	182,979	228	23,801	11,888	36,710	11,974	603	3,062	15,971	280,966	1,990,071
Interest in shareholders' equity	1,263,091	110,999	17,556	182,961	228	23,799	11,887	36,706	11,974	603	3,062	15,969	280,966	1,959,801
Subsidiaries' net income (loss) for the period	10,768	20,928	12,278	28,180	-	19,534	4,781	13,507	(22,825)	-	(3,836)	(131)	17,741	100,925
Carrying amount of investments														
Balance as of December 31, 2014	1,159,394	76,653	14,030	135,115	297	38,686	1,788	11,900	14,209	603	(585)	-	179,792	1,631,882
Equity in investees	92,899	14,854	(9,958)	111,678	-	36,025	(23,108)	12,168	(27,617)	-	(3,420)	-	32,082	235,603
Exchange rate change and other adjustments on the translation of investments in foreign subsidiaries	2	19,946	3,898	(27,520)	139	1,588	(199)	2,102	3,510	-	3	-	52,964	56,433
Company's contribution to the stock options plan of subsidiaries' executives and other reserves	1,018	-	-	-	-	735	-	-	-	-	-	-	-	1,753
Gain/Losses actuarial	(3,413)	-	-	-	-	615	-	-	-	-	-	-	-	(2,798)
Effects of hedge accounting (net tax)	1,325	-	-	-	-	-	-	-	-	-	-	-	-	1,325
Effects of changes from participation on indirect subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(53,873)	(53,873)
Effects of changes from the the company on the fair value of net assets acquired by Emeis Holding Pty Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	8,651	8,651
Capital increases	-	-	-	-	-	-	-	-	24,196	-	10,400	-	66,141	100,737
Balance as of December 31, 2015	1,251,225	111,453	7,970	219,273	436	77,649	(21,519)	26,170	14,298	603	6,398	-	285,757	1,979,713
Equity in investees	10,767	20,926	12,277	28,177	-	19,532	4,781	13,506	(22,827)	-	(3,836)	(131)	17,741	100,913
Exchange rate change and other adjustments on the translation of investments in foreign subsidiaries	15	(14,317)	(2,691)	(64,489)	(208)	(877)	4,492	(2,970)	(779)	-	-	-	(23,254)	(105,078)
Company's contribution to the stock options plan of subsidiaries' executives and other reserves	399	-	-	-	-	171	-	-	-	-	-	-	-	570
Effects of hedge accounting (net tax)	685	-	-	-	-	-	-	-	-	-	-	-	-	685
Dividends distribution	-	(7,063)	-	-	-	(72,676)	-	-	-	-	-	-	-	(79,739)
Capital increases	-	-	-	-	-	-	24,133	-	21,282	-	500	16,100	722	62,737
Balance as of September 30, 2016	1,263,091	110,999	17,556	182,961	228	23,799	11,887	36,706	11,974	603	3,062	15,969	280,966	1,959,801

(*) Consolidated information of the following companies:
Indústria e Comércio de Cosméticos Natura Ltda. - Indústria e Comércio de Cosméticos Natura Ltda. e Natura Logística e Serviços Ltda.
Natura Cosméticos de México S.A: Natura Cosméticos y Servicios de México, S.A. de C.V., Natura Cosméticos de Mexico, S.A. de C.V. e Natura Distribuidora de Mexico, S.A. de C.V.
Natura (Brasil) International B.V. - Holanda: Natura (Brasil) International B.V. (Holanda), Natura Brasil Inc. (EUA - Delaware), Natura International Inc. (EUA - Nova York), Natura Europa SAS (França)
Natura Brazil Pty. Ltd.: Natura Brazil Pty. Ltd., Natura Cosmetics Australia Pty. Ltd. e Emeis Holdings Pty. Ltd.
Natura Inovação e Tecnologia de Produtos Ltda.: Natura Inovação e Tecnologia de Produtos Ltda. e Natura Innovation et Technologie de Produits SAS. - França

14. PROPERTY, PLANT AND EQUIPAMENT AND INTANGIBLE ASSETS

Property, plant and equipament

	Company						
	Weighted average annual depreciation rate - %	2015/12	Additions	Write-offs	Transfers (fixed and intangible assets)	Others changes	2016/09
Cost Value:							
Vehicles	33	43,855	2,176	(12,676)	-	(119)	33,236
Machinery and equipment	7	178,816	590	-	158	-	179,564
Improvements in third party properties (a)	12	69,686	220	-	7,471	-	77,377
Buildings	3	331,823	-	-	-	-	331,823
Furniture and fixtures	7	14,030	186	(105)	774	-	14,885
Properties	-	4,413	-	-	-	-	4,413
IT equipment	20	95,341	4,778	(591)	31,063	-	130,591
Projects in progress	-	8,071	25,163	(6,381)	(19,672)	(1)	7,180
Provision for losses	-	(12,303)	(316)	-	-	-	(12,619)
Total cost value		733,732	32,797	(19,753)	19,794	(120)	766,450
Depreciation Value:							
Vehicles	33	(18,808)	(6,607)	7,106	-	1,797	(16,512)
Machinery and equipment	7	(44,432)	(8,910)	-	-	-	(53,342)
Improvements in third party properties (a)	12	(22,754)	(3,279)	-	-	-	(26,033)
Buildings	3	(18,873)	(4,504)	-	-	-	(23,377)
Furniture and fixtures	7	(3,731)	(616)	39	-	-	(4,308)
IT Equipment	20	(67,029)	(12,311)	46	-	-	(79,294)
Total depreciation		(175,627)	(36,227)	7,191	-	1,797	(202,866)
Total		558,105	(3,430)	(12,562)	19,794	1,677	563,584

	Consolidated						
	Weighted average annual depreciation rate - %	2015/12	Additions	Write-offs	Transfers (fixed and intangible assets)	Others changes	2016/09
Cost Value:							
Vehicles	33	75,079	11,747	(16,743)	4,845	(6,282)	68,646
Templates	33	228,576	1,053	(3,327)	3,581	(35)	229,848
Tools and accessories	8	45,642	38	-	(41,237)	(259)	4,184
Facilities	6	256,580	1,227	(6)	23,786	(1,868)	279,719
Machinery and equipment	7	767,012	8,343	(351)	56,547	(7,170)	824,381
Improvements in third party properties (a)	12	158,058	11,767	-	68,253	(14,655)	223,423
Buildings	3	758,645	247	-	-	-	758,892
Furniture and fixtures	7	60,350	4,904	-	9,111	(5,286)	69,079
Properties	-	30,525	-	-	-	-	30,525
IT equipment	20	138,525	10,563	(296)	38,914	(5,561)	182,145
Projects in progress	-	142,936	71,222	(8,272)	(154,855)	(6,850)	44,181
Provision for losses	-	(24,965)	(316)	-	-	1,877	(23,404)
Total cost value		2,636,963	120,795	(28,995)	8,945	(46,089)	2,691,619
Depreciation value:							
Vehicles	33	(29,282)	(11,673)	9,616	(2,971)	4,277	(30,033)
Templates	33	(170,542)	(21,424)	3,051	26	15	(188,874)
Tools and accessories	8	(25,696)	(389)	-	22,135	811	(3,139)
Facilities	6	(94,884)	(9,782)	26	(7,040)	1,164	(110,516)
Machinery and equipment	7	(275,723)	(36,449)	244	5,593	1,594	(304,741)
Improvements in third party properties (a)	12	(68,872)	(22,331)	1,715	(11,827)	9,552	(91,763)
Buildings	3	(107,698)	(12,145)	-	(1)	7	(119,837)
Furniture and fixtures	7	(18,539)	(6,493)	69	(3,727)	2,338	(26,352)
IT equiment	20	(93,377)	(17,143)	223	(2,728)	3,949	(109,076)
Total depreciation		(884,613)	(137,829)	14,944	(540)	23,707	(984,331)
Total		1,752,350	(17,034)	(14,051)	8,405	(22,382)	1,707,288

Intangible

	Company						
	Weighted average annual depreciation rate - %	2015/12	Additions	Write-offs	Transfers (fixed and intangible assets)	Others changes	2016/09
Cost Value:							
Software and others	10	665,215	45,782	(234)	(19,794)	-	690,969
Total cost value		665,215	45,782	(234)	(19,794)	-	690,969
Amortization Value:							
Software and others	10	(164,724)	(38,405)	-	-	(4,470)	(207,599)
Total amortization value		(164,724)	(38,405)	-	-	(4,470)	(207,599)
Total		500,491	7,377	(234)	(19,794)	(4,470)	483,370

	Consolidated						
	Weighted average annual amortization rate - %	2015/12	Additions	Write-offs	Transfers (fixed and intangible assets)	Others changes including exchange rate	2016/09
Cost Value:							
Software and others	10	821,976	53,735	(299)	(13,849)	(15,596)	845,967
Trademarks and patents (d)	4	112,440	341	-	8,314	(15,282)	105,813
Goodwill Emeis (Brazil PTY) (b)	-	101,003	-	-	(1)	(12,875)	88,127
Relationship with clients (d)	11	1,814	-	-	-	(231)	1,583
Fundo de Comércio Natura Comercial e Natura Europa SAS – France trade funds (c)		5,596	676	-	(3,409)	2,213	5,076
Total cost value		1,042,829	54,752	(299)	(8,945)	(41,771)	1,046,566
Amortization Value:							
Software and others	10	(213,034)	(54,836)	7	3,581	5,119	(259,163)
Trademarks and patents (d)	4	(12,743)	(2,416)	-	(3,030)	1,136	(17,053)
Relationship with clients (d)	11	(571)	(744)	-	(11)	700	(626)
Total amortization		(226,348)	(57,996)	7	540	6,955	(276,842)
Total		816,481	(3,244)	(292)	(8,405)	(34,816)	769,724

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

(b) Goodwill on Emeis Holdings Pty Ltd. acquisition, which was tested for impairment for the year ended December 31, 2015, where no impairment loss was identified. For preparation of the cash flow projection used to assess the recoverability of goodwill, management approved the use of a discount rate of 10.3% p.a. providing for perpetuity from the fifth year, and inflation rate in line with the Australian market expectations.

(c) The amount of the purchase of a commercial location where Natura Comercial and 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.

(d) The balances of intangible assets and liabilities identified in the business combinations related to entities located abroad must be expressed in the functional currency of the entity abroad and, consequently, must be translated, at every closing date, at the closing exchange rate of functional currency the company.

Additional information on property, plant and equipment:

a) Assets pledged as collateral

As of September 30, 2016, 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:

	Consolidated
Vehicles	109
IT Equipment	4
Machinery and equipment	8
Building	1
Templates	3
Properties	2
Total	127

b) Leases

As of September 30, 2016, the amount recorder under “Buildings” arising from lease transactions totaling R$ 374,484 (Consolidated) (R$382,397 as of December 31, 2015 – Consolidated) and the balance of lease payables, classified in line item “Borrowings and financing” (note 15) totals R$428,493 (Consolidated) (R$435,313 as of December 31, 2015 – Consolidated).

There was no capitalization of charges arising from the leasing transactions in the nine-month period ended September 30, 2016.

15. BORROWINGS AND FINANCING

	Company		Consolidated		
	2016/09	2015/12	2016/09	2015/12	Reference
Local Currency					
FINEP (Financing Agency for Studies and projects)	-	-	141,598	160,752	A
Debentures	1,411,648	1,461,394	1,411,648	1,461,395	B
BNDES	38,140	57,925	113,709	170,301	C
BNDES EXIM	-	-	186,632	-	D
Working capital / NCE	-	-	41,711	256,124	E
BNDES – FINAME	1,211	1,755	9,482	13,592	F
Financial lease (Note 14.b)	356,087	360,435	428,493	435,313	G
FINEP (Grants and Government Assistance)	-	-	-	11	H
International operation – Peru	-	-	47,284	66,879	I
International operation – Mexico	-	-	62,050	96,007	J
International operation – Australia	-	-	51,832	62,085	K
International operation - Colombia	-	-	37,679	31,367	L
Total in local currency	1,807,086	1,881,509	2,532,118	2,753,826	
Foreign Currency					
BNDES	13,877	21,845	34,471	51,628	M
Resolution 4131/62	1,395,178	2,644,315	1,508,307	2,730,426	N
Total in foreign currency	1,409,055	2,666,160	1,542,778	2,782,054	
Grand total	3,216,141	4,547,669	4,074,896	5,535,880	
Current	1,552,959	1,624,686	1,950,681	2,161,383	
Non Current	1,663,182	2,922,983	2,124,215	3,374,497	

Reference	Currency	Maturuty	Charges	Guarantees
A	Real	May ,2019 and June, 2023	Interest of 5% p.y for the installment maturing in 2019 and 3.5% p.y for the installment maturing in june,2023;	Guarantee of Natura Cosméticos S.A.
B	Real	February, 2019	Interest o107% to 108% % of CDI maturing in February,2017, February,2018 and February, 2019;	None
C	Real	Through September, 2021	TJLP + interest of 0,5% p.y. to 3.96% p.y. and contractos of 3.5% p.y. a 5% p.y.(d)	Bank guarantee and financial covenants to contracts maturity in 2020
D	Real	June, 2018	For 30% of the credit facility, SELIC rate + 0.4% p.a.; for 70% of the facility, Long-Term Interest Rate (TJLP). Both facilities further include the BNDES basic remuneration (2% p.a.) and the Intermediary Bank remuneration.	Guarantee of Natura Cosméticos S.A.
E	Real	Through August,2017	Interest of 8% p.y. (c) and Interest of 107% of CDI (c)	Guarantee of Natura Cosméticos S.A.
F	Real	Through June,2019	Interest of 4.5% p.y. + TJLP for contracts up to 2012 and for contracts from 2013 to 3% p.y. (PSI) (d); Contracts August,2014 to 6% p.y	Alienation chattel, promissory notes and Guarantee of Natura Cosméticos S.A.
G	Real	Through August,2026	Interest of 9%py + IPCA (b)	Alienation chattel of leases contracts.
H	Real	Paid in July, 2016	None	None
I	Novo sol	Through March,2016	Interest of 5.9%py to 6.3% p.y.	Guarantee of Natura Cosméticos S.A.
J	Peso Mexicano	Through June, 2016	Interest of 0,98% a.a. to 1,2% p.y. + TIIE (e)	Guarantee of Natura Cosméticos S.A.
K	Australian dollar	December, 2017	BBSY + interest 1% and Libor + interest 1%. (f)	Bank guarantee
L	Peso Colombiano	Through March,2016	Interest of 8.3%py	Guarantee of Natura Cosméticos S.A.
M	Dollar	October, 2020	Exchange fluctuation + interest of 1.8% p.y. to 2.3% p.y + Resolution 635 (a)	Guarantee of Natura Cosméticos S.A. and bank guarantee
N	Dollar	Through January,2018	Exchange fluctuation + Libor + Over Libor of 1.32% p.y. to 3.80% p.y. (a)	Guarantee of Indústria e Comércio de Cosméticos Natura Ltda.

(a) Loans and financing for which swap contracts (CDI) were entered into.

(b) IPCA – Consumer price index expanded

(c) Loans for which the financial instruments of the type "swap" with the exchange of fixed rate for CDI were hired.

(d) PSI-Investment Support Program.

(e) TIIE-interest rate of interbank equilibrium Mexico

(f) BBSY - Bank Bill Swap Bid Rate

Maturities of non-current liabilities are as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
From January 2017	65,786	1,348,209	69,004	1,512,462
2018	319,266	329,512	580,031	381,556
2019	1,039,165	1,041,225	1,058,466	1,110,143
2020 and thereafter	238,965	204,037	416,714	370,336
	1,663,182	2,922,983	2,124,215	3,374,497

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

a) Description on bank loans

1. Financing agreement with the BNDES (National Bank for Economic and Social Development)

   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 in the Cajamar, SP industrial facilities, build new distribution centers an recently the deployment of an industrial plant in Benevides, Pará and investments at a distribution center in Parque Anhanguera in São Paulo, and projects related to digital accessibility.

2. Export Financing - BNDES Exim

   The Company benefits from a credit facility taken out from BNDES known as BNDES Exim, a loan to finance production of goods and services for export under pre-shipment mode. The loaned amount is transferred through credit granting to subsidiary Indústria e Comércio de Cosméticos Natura Ltda., generating receiving rights to the financial institution accredited as financial agent, in this case, Banco Alfa de Investimentos S.A. and Banco Santander S.A. . These financing transactions engaged referred to banks and subsidiary Indústria e Comércio de Cosméticos Natura Ltda. The contracts executed are secured by the Company collateral signatures. In addition, the Company and its subsidiaries undertook to comply with the provisions applicable to BNDES contracts.

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.

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 Itaú Unibanco S.A. and Banco do 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 nº 4,131/62

   Bank Credit Note - Onlending of funds raised abroad under law nº 4,131/62, through financial institutions due to rates which under favorable under the circumstances. Funds raised in this operation aim at increasing Company working capital.

6. NCE

   Export Note ("Nota de Crédito à Exportação") – Funds for use as working capital for export purposes.

7. Debentures

   On February 25, 2014, the CIA conducted the 5th issue of simple debentures, not convertible into shares, nominative and, unsecured, Natura Cosmetics SA, amounting to R$ 600 million. 60,000 debentures were issued, of which 20,000 debentures allotted in 1st grade, due on February 25, 2017, 20,000 Debentures allocated in the 2nd series, due on February 25, 2018, and 20,000 allocated debentures in 3rd grade, due on February 25, 2019, and remuneration corresponding to 107.00%, 107.5% and 108% of the accumulated variation of the average daily Interbank Deposits - DI, respectively.

   On March 16, 2015, the Company issued the 6th series of junior unsecured, registered debentures, not convertible into shares of Natura Cosméticos S.A., amounting to R$ 800 million. The Company issued 80,000 debentures, 40,000 (forty thousand) of which were allocated in the 1st series, maturing on March 16, 2018, 25,000 (twenty-five thousand) of which were allocated in the 2nd series, maturing on March 16, 2019, and 15,000 (fifteen thousand) of which were allocated in the 3rd series, maturing on March 16, 2020, remunerated at 107%, 108.25% and 109% respectively, of the accumulated variation of the average daily rate of Interbank Deposits (DI).

b) Finance lease obligations

Financial obligations are broken down as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Gross finance lease obligations - minimum lease payments:				
Less than one year	52,592	49,496	64,809	60,962
More than one year and less than five years	237,509	226,618	293,310	279,939
More than five years	425,612	465,651	553,134	603,024
	715,713	741,765	911,253	943,925
Future financing charges on finance leases	(359,626)	(381,330)	(482,760)	(508,612)
Financial lease obligations - accounting balance	356,087	360,435	428,493	435,313
Accounting balance of property, plant and equipment	314,058	318,304	374,484	382,397

c) Contract Covenants

On September 30, 2016 and December 31, 2015, the majority of loans and financing held by the Company and its subsidiaries contract does not contain restrictive covenants that establish obligations regarding the maintenance of financial ratios by the Company and its subsidiaries.

Contracts with BNDES from July 2011 have restrictive covenants establishing the following financial indicators:

- EBITDA margin exceeding 15%; and

- Net debt / EBITDA less than or equal to 2.5 (two point five decimal).

On September 30, 2016, the Company had fully complied with all such covenants.

16. TRADE AND OTHER PAYABLES

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Domestic trade payables	197,926	215,981	613,398	669,228
Foreign trade payables (a)	6,663	9,703	9,113	30,077
“Drawn risk” operation (b)	19,519	4,416	74,524	103,582
	224,108	230,100	697,035	802,887

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

(b) The Company and its subsidiaries have entered into contracts with Banco Itaú Unibanco S.A. for structuring, together with its major suppliers, the so-called "drawn risk" operation, wherein suppliers transfer the right to receive their trade notes to the Bank, which, in its turn, will become the creditor of the operation. This operation did not significantly change the previously agreed-upon terms, prices and conditions on performing a thorough analysis of suppliers by category. As such, the Company and its subsidiaries disclose this operation under the heading Trade and other payables.

17. TAX PAYBLES

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Taxes on revenue (PIS/COFINS) (judicial remedy) (a)	2,444	2,321	284,342	252,138
Ordinary ICMS	86.452	158.437	86.835	158.464
ICMS ST to payable (b)	168.933	81.445	168.933	81.445
IRPJ and CSLL to payable	52,399	117,280	90,048	187,434
IRPJ and CSLL (injunction) (c)	323,333	268,712	323,333	268,712
IPI and IRRF	122,600	64,263	137,045	78,752
INSS – suspension of the enforceability	7,485	4,461	23,330	17,469
UFIR adjustment to federal taxes	-	2,102	-	2,144
Action for annulment of INSS debt	-	3,810	-	3,810
Withholding PIS/COFINS/CSLL	3,973	4,519	21,228	15,876
TAX- subsidiaries abroad	-	-	34,500	55,202
Service tax (ISS and INSS)	287	525	2,428	3,052
	767,906	707,875	1,192,540	1,135,705
Escrow deposits (note 11)	(69,614)	(78,501)	(112,024)	(117,949)
Current	617,268	629,374	986,009	1,047,961
Non current	150,638	78,501	206,531	87,744

(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). On 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 September 30, 2016 refer to the unpaid amounts of PIS and COFINS, from April 2007 to September 30, 2016, the collection of which is on hold. Part of the balance, in the adjusted amount of R$ 37,854 is deposited in escrow to Consolidated which R$ 284,342 are accrued.

(b) It refers to the sum of ICMS – ST amounts, which are deposited with the courts. The amount of unpaid ICMS-ST is being discussed in court by the Company and, in certain cases, is monthly deposited with the courts, as mentioned in Note 18.(b) (contingent liabilities - risk of loss assessed as possible).

(c) On February 4, 2009, the Company filed for a preliminary injunction, later on confirmed by a decision that suspended enforceability of income and social contribution taxes levied on any amounts received as arrears interest on late payment of contractual liabilities in connection with sales operations to Natura Consultants. The appeal lodged by Federal Government is pending judgment.

Tax installment program established by Law 11,941/09

On May 27, 2009, Federal Government enacted Law 11,941/09, 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).

The tax debts recorded for payment in installments by the Company and its subsidiaries, pursuant to Law 11,941/09, are as follows:

	Company				
	2015/12	Inflation adjustment	Payments	Transfer to provision for tax risk	2016/09
Action for annulment of INSS debt	3,810	115	-	(3,925)	-
UFIR adjustment to federal taxes	2,102	57	(2,159)	-	-
	5,912	172	(2,159)	(3,925)	-

	Consolidated				
	2015/12	Inflation adjustment	Payments	Transfer to provision for tax risk	2016/09
Action for annulment of INSS debt	3,810	115	-	(3,925)	-
UFIR adjustment to federal taxes	2,144	59	(2,203)	-	-
	5,954	174	(2,203)	(3,925)	-

18. PROVISION FOR TAX, CIVIL AND LABOR RISKS

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

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Tax	32,745	29,920	44,832	40,622
Civil	11,502	10,839	14,368	17,923
Labor	16,405	10,276	29,023	19,313
Total	60,652	51,035	88,223	77,858
Escrow deposits (note 11)	(17,878)	(14,064)	(20,240)	(16,383)

Tax contingencies

The provision for tax risks is broken down as follows:

	Company					
	2015/12	Additions	Reversals	Transfer of tax liabilities	Inflation adjustment	2016/09
Legal fees (a)	17,199	3,312	(3,374)	-	1,061	18,198
CSLL deductibility (Law 9316/96) (b)	9,015	-	(4,853)	-	223	4,385
Others	3,706	4,158	(1,955)	3,925	328	10,162
Total provision for tax contingencies	29,920	7,470	(10,182)	3,925	1,612	32,745
Escrow Deposits (note 11)	(9,792)	(2,100)	2,968	(3,825)	(476)	(13,225)

	Consolidated					
	2015/12	Additions	Reversals	Transfer of tax liabilities	Inflation adjustment	2016/09
Legal fees (a)	27,120	5,785	(5,007)	-	1,559	29,457
CSLL deductibility (Law 9316/96) (b)	9,015	-	(4,853)	-	223	4,385
Others	4,487	4,158	(1,955)	3,925	375	10,990
Total provision for tax contingencies	40,622	9,943	(11,815)	3,925	2,157	44,832
Escrow Deposits (note 11)	(10,491)	(2,100)	2,968	(3,825)	(520)	(13,968)

(a) refer to lawyer fees in connection with tax proceedings, among which we highlight the following:

(i) Tax infraction notices issued against the Company in August 2003, December 2006 and December 2007, by Brazilian IRS, claiming IRPJ and CSLL debts related to deductibility of yield of debentures issued by the Company, in 1999, 2001 and 2002, respectively. The infraction notices related to 2001 and 2002 are pending a decision by the Administrative Board of Tax Appeals (ABTA). The legal advisors have assessed that the case involves remote loss.

The tax infraction notice issued against the Company in August 2003, related to deductibility in 1999, was handed down in January 2010, partially maintaining IRPJ collection, and fully maintaining CSLL collection. After this decision, on April 7, 2010, the Company filed a legal proceeding attempting to cancel the remaining IRPJ and CSLL portion. The trial court decision was in favor of the Company. The appeal lodged by the Company is currently pending judgment. The legal advisors have assessed that the case involves remote loss.

(ii) Tax infraction notices in connection with IRPJ and CSLL, issued on June 30, 2009 and August 30, 2013, questioning deductibility for tax purposes of goodwill amortization, resulting from incorporation of shares of Natura Empreendimentos by Natura Participações S.A. and subsequent merger of both companies with Natura Cosméticos S.A. In December 2012, a decision was handed down by ABTA on the proceeding referring to tax infraction notice of 2009, which was partially in favor of the Company to reduce the uprated fine. In terms of merit, the decision was unfavorable, reason why the Company is awaiting formalization of the decision in order to file an appeal with the Higher Board of Tax Appeals (ABTA). In relation to the tax infraction notice of 2013, in June 2014, the Company was informed of the unfavorable decision related to its opposition. The Company filed an appeal with ABTA, which is currently pending judgment. It should be noted that CARF handed down favorable decisions on similar cases, which represent important case law for the Company. In the opinion of the Company's lawyers, the operation, as structured, and its tax effects are defensible, reason why the risk of loss is assessed as remote.

(iii) IPI, PIS and COFINS tax infraction notices issued against the subsidiary, in December 2012, referring to taxable events occurred in 2008, alleging that the subsidiary would have adopted incorrect prices in sales to the parent company. In May and June 2013, the proceedings were judged by Brazilian IRS Appellate Division in Ribeirão Preto/SP, which decided (a) in favor of the subsidiary, cancelling the tax debt claimed in the PIS/COFINS tax infraction notice and (b) against the subsidiary maintaining the tax debt claimed in the IPI tax infraction notice.

On auto respect of PIS offense / COFINS on September 29, 2016, the 2nd administrative level (CARF) sustained the ruling of the Bureau of Judgment Brazil Federal Revenue Service in Ribeirão Preto / SP cancel the assessment. Pending publication of the judgment. In relation to the IPI tax assessment notice, pending judgment of the appeal filed by the Company.

In the opinion of the Company's lawyers, the operation, as structured, and its tax effects are defensible, reason why the risk of loss is assessed as remote.

(b) This refers to the writ of mandamus questioning constitutionality of Law No. 9316/96, which prohibited deductibility of CSLL from its own calculation base and IRPJ calculation base On August 25, 2014, in order to use the benefits from the installment payment program of the Federal Government, the Company filed a petition waving the related proceeding. Formalization of adhesion to the program and conversion of the judicial deposit into Federal Government proceeds are currently pending. The amount deposited with the court amounts to R$ 7,433 (R$ 7,118 at December 31, 2015), which includes risk assessment as probable and possible.

Civil risk

	Company					
	2015/12	Additions	Reversals	Payments	Inflation adjustment	2016/09
Several civil lawsuits (a)	6,267	6,345	-	(5,689)	61	6,984
Lawyer fees - environmental civil lawsuit (b)	2,696	173	(150)	-	150	2,869
Civil lawsuits and lawyer fees -Nova Flora Participações Ltda (d).	1,876	412	-	(760)	121	1,649
Total provision for civil risks	10,839	6,930	(150)	(6,449)	332	11,502
Escrow deposits (note 11)	(777)	(305)	98	-	(77)	(1,061)

	Consolidated					
	2015/12	Additions	Reversals	Payments	Inflation adjustment	2016/09
Several civil lawsuits (a)	12,354	6,242	(4,727)	(5,627)	518	8,760
Lawyer fees - environmental civil lawsuit (b)	2,696	173	(150)	-	150	2,869
Lawyer fees - IBAMA (c)	997	-	-	-	92	1,089
Civil lawsuits and lawyer fees -Nova Flora Participações Ltda (d).	1,876	412	-	(760)	122	1,650
Total provision for civil risks	17,923	6,827	(4,877)	(6,387)	882	14,368
Escrow deposits (note 11)	(1,067)	(305)	214	-	(90)	(1,248)

(a) As of September 30, 2016, the Company and its subsidiaries are parties to 2,401 civil lawsuits and administrative proceedings (2,033 as of December 31, 2015), of which 2,164 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. The balance deposited with the courts for the tax infraction notices above amounts to R$ 1,249 (R$ 548 December 31, 2015), including claims with chances of loss assessed as possible and remote.

(b) The provision includes R$ 2,062 with respect to legal fees, ad exitum, 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"). Award was made in the records of that action, deciding to exclude Natura demand. However, as the prosecution filed an appeal, the case is awaiting final decision. Our legal counsel's opinion is that the risk of losses is remote.

(c) These refer to lawyer fees for the adoption of the judicial measures considered applicable by the Company's legal advisors, which aim at the revoking of the assessment notices issued by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) against the Company in 2010 and 2011 for supposed irregular access to the Brazilian genetic patrimony or related traditional knowledge, as well as it supposed failure in sharing the benefits under the effective term of Provisional Executive Order (MP) 2.186/2001, superseded by Law No. 13.123/2015, regulation still pending. The Company received until September 2016, 70 fines from IBAMA, totaling R$ 13,768 and filed reply and administrative appeal for all of them, and four assessments notices have already been revoked. A definitive decision on merit has not yet been handed down on the other cases, reason why such fines do not represent enforceable liabilities In view of the Company's decision that it will question in court any unfavorable decisions on the administrative proceedings with IBAMA, Company management and its legal advisors assess as remote the chances of loss on the assessment notices related to the supposed failure to share benefits, and as possible the chances of loss on the assessment notices related to irregular unauthorized access to the Brazilian genetic patrimony due to compliance with all of the principles established in the Biological Diversity Convention (CDB), an international treaty entered into in Rio-92, and the unlawfulness and unconstitutionality of the current legal framework that incorporated CDB in the Brazilian legal system. Except for the inputs from Federal Government, with which Natura is negotiating through the Negotiation Committee, the Company shares benefits in 100% of the cases of access to the Brazilian biodiversity genetic patrimony and related traditional knowledge, and pioneers in the sharing of benefits with traditional communities and has most of the permits from the regulatory agency to have access to biodiversity as well as the permits already granted to private companies

(d) The accrued amount comprises five proceedings involving Nova Flora Participações Ltda. on corporate matters referring to the withdrawal of an former partner of the Company. The balance deposited with the courts for the tax infraction notices above amounts to R$ 589 (R$ 554 December 31, 2015).

Labor risks

As of September 30, 2016, the Company and its subsidiaries are parties to 1,485 labor lawsuits filed by former employees and third parties (1,240 as of December 31, 2015), 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					
	2015/12	Additions	Reversals	Payments	Inflation adjustment	2016/09
Total provision for labor contingencies	10,276	7,631	(1,042)	(1,642)	1,182	16,405
Escrow deposits (note 11)	(3,495)	(581)	639	-	(155)	(3,592)

	Consolidated					
	2015/12	Additions	Reversals	Payments	Inflation adjustment	2016/09
Total provision for labor contingencies	19,313	12,830	(2,688)	(2,378)	1,946	29,023
Escrow deposits (note 11)	(4,825)	(691)	712	-	(220)	(5,024)

Contingent liabilities - possible risk

The Company and its subsidiaries are parties to tax, civil and labor proceedings for which no provision has been set up because they involve possible risk of loss as assessed by management and its legal advisors.

At September 30, 2016, contingent liabilities comprise 748 cases (654 at December 31, 2015), as under:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Tax	654,708	636,777	1,369,347	771,225
Civil	13,347	6,330	22,087	12,456
Labor	53,464	38,623	120,077	85,382
Total contingent liabilities (Unaccrued)	721,519	681,730	1,511,511	869,063
Escrow deposits (note 11)	(123,950)	(122,566)	(128,186)	(126,509)

The tax cases comprise the following main proceedings:

(a) Dismissal of applications for offset filed in order to use PIS and COFINS credits, computed on expenses incurred with freight on sales of products subject to one-time levy taxation. The Company awaits judgment of the case at the administrative level. The total amount being disputed is R$ 71,875 (R$ 62,869 at December 31, 2015).

(b) The Company and its subsidiary are parties to administrative and judicial proceedings questioning lawfulness of amendments to state legislation related to ICMS-ST collection. The amount being disputed totals R$ 441,722 (R$ 432,307 at December 31, 2015) and R$ 95,904 (R$ 95,223 at December 31, 2015) being deposited with the courts.

(c) Notices served by the Brazilian IRS claiming IPI debts arising from the tariff classification adopted by the subsidiary Indústria e Comércio de Cosméticos Natura Ltda. for certain products. A decision is expected at the administrative level. The total amount under dispute at September 30, 2016 is R$ 117,151.

(d) Tax Deficiency Notice drawn by the São Paulo State Financie Department against the business unit branch of subsidiary Indústria e Comércio de Cosméticos Natura Ltda., seeking collection of State VAT (ICMS) under the tax substitution (ST) regime on the amount of products shipped off to the Parent Company's business unit. Objection to this notice was filed on May 25, 2016 and it currently awaits a decision. The total amount in dispute as of September 30, 2016 is R$ 436,010.

The Company has other amounts deposited with the courts in connection with proceedings assessed as involving remote chances of loss, which aggregate R$ 24,240 (R$ 23,368 at December 31, 2015) Company and R$ 27,957 (R$ 26,955 at December 31, 2015) Consolidated, as explained in note 11 – Judicial deposits.

19. OTHER LIABILITIES

(a) Provision for acquisition of non-controlling interest

Liability recorded due to the purchase and sale agreement of Emeis Holdings Pty Ltd, which provides for acquisition of interest of non-controlling shareholders as from 2015, with term of up to 2025. The payment shall be made based on Company performance on the date of exercise of the option. The balance at September 30, 2016 is R$246,973 (R$190,658 at December 31, 2015), the related expenses are recognized for the period of nine months ended September 30, 2016 the update in the amount R$56,315 matched with "Inflation Provision for acquisition of non-controlling interest" in expense financial (see note 25).

The provision for acquisition of interest of non-controlling shareholders in connection with the remaining 21.26% of voting capital of Emeis Holdings Pty Ltd. at September 30, 2016 was calculated considering projected EBITDA for the period of twelve months to be ended thereon. The contract establishes a multiple of 12 times the EBITDA, plus cash balance, net of financial obligations.

(b) Other current liabilities

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Government subvention (*)	17,370	13,843	207,099	100,576
Retirees' healthcare plan (**)	27,227	24,680	48,773	43,549
Carbon credit	7,920	11,042	7,920	11,042
Other provisions	4,051	801	1,074	14,955
Total	56,568	50,366	264,866	170,122

(*) Refers to loans and short- and long-term that reflect the government grant, for the period ended September 30, 2016 and the year ended December 31, 2015 were reclassified for better compliance with the requirements of CPC 07 Government Grants and Assistance and of IAS 20.

(**)The actuarial liability for the healthcare plan of the Company and its subsidiaries refers to their current and former employees who made fixed contributions for funding the healthcare plan up to April 30, 2010, when the healthcare plan design was changed and fixed contributions were eliminated. Those who contributed to the plan for ten years or more are ensured the right to remain as a beneficiary for an indefinite term (lifetime), and those who contributed for a period of less than ten years are ensured the right to remain as a beneficiary at the rate of one year for each year in which fixed contributions were made.

This group of current employees, in the event of retirement, may opt to remain in the plan in accordance with applicable legislation. In this case, the retiree will be responsible for making full payment of the monthly plan fee charged by the healthcare plan operators. However, this monthly plan fee does not necessarily represent the total cost of the user. The actuarial liability of the Company and its subsidiaries will be determined as the difference between cost and contributions of their current and future retirees. Actuarial gains and losses are recognized in Other Comprehensive Income (OCI) as mentioned in Note 2.25, disclosure in note n° 2 the annually financial statements of the Company related to the year ended in December 31,2015, disclosure in February 17 ,2016. As of December 31, 2015, weighted average time was 16 years

The population of active employees eligible to the healthcare plan upon their retirement is closed for new inclusions. For the calculation as of December 31, 2015, the following numbers were considered:

- 1,468 active employees of Natura Group, 678 of which are parent company's employees;
- 87 retirees and dependents of Natura Group, 30 of which are from the parent company.

Actuarial liabilities were calculated at December 31, 2015 by an independent actuary, considering the main assumptions below:

	2015
Financial discount rate	12.25
Increase in medical expenses	11.50 a 6.00
Long-term inflation rate	5.00
Final rate of medical inflation – after 10 years	6.00
Rate of growth of medical costs for aging costs	3.50
Rate of growth of medical costs for aging contributions	0.00
Invalidity table	Wyatt 85 Class 1
General mortality table	RP2000
Turnover table	T-9 service table

In the nine-month period ended September 30, 2016, the Company did not identify any significant change requiring a new calculation.

For the period of nine months ended in September 30, 2016 and for the year ended in December 31, 2015, the plan is reflected on the income statement as follows:

	Company		Consolidated	
	2016/09	2015/12	2016/09	2015/12
Company current service cost	(875)	(1,340)	(1,274)	(1,972)
Cost of interest	(2,196)	(2,684)	(3,949)	(4,385)
Recognition of actuarial Losses/(Gains) in OCI	-	2,352	-	(446)
	(3,071)	(1,672)	(5,223)	(6,803)

20. SHAREHOLDER'S EQUITY

a) Issued Capital

As of September 30, 2016, the Company's capital was R$427,073.

For the period of nine months ended in September 30, 2016 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, in the period, of previously recognized reserves for contingencies.

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

The bylaws allow the Company to prepare half-year or interim balance sheets based on which the Board of Directors may authorize the payment of interim dividends.

On April 20, 2016 payment of dividends totaling R$105,733 and of interest on equity in the gross amount of R$17,400 (R$14,790 net of IRRF) were made, as recommended by the Board of Directors on February 17, 2016 and approved at the Annual General Meeting held on April 15, 2016, referring to net income recorded in 2015. Such amounts, plus dividends of R$207,290 and interest on equity of R$29,036, paid in August 2015, correspond to payment of approximately 70% of net income recorded in 2015.

c) Treasury shares

As of September 30, 2016 and December 31, 2015, line item 'Treasury shares' is broken down as follows:

	2016/09		
	Number of Share	R$ (thounsands)	Average price per share R$
Balance at December 31, 2015	954,584	37,851	39.65
Utilized	(17,700)	(702)	39.65
Balance at September 30, 2016	936,884	37,149	39.65

The minimum and maximum cost of the balance of treasury shares in the period ended September 30, 2016 is R $ 31.49 and 45.13, respectively.

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 the years from 2006.

f) Retained earnings reserve

At the Annual General Meeting held on April 15, 2016, approval was granted to set up of income reserve consisting of approximately 30% of total income recorded on 2015, in the amount of R$154,054, pursuant to article 196 of Law No. 6404/76.

g) Other comprehensive income

The Company records in this account the effect of exchange variation on investments in foreign subsidiaries, actuarial gains and losses from the retirees' healthcare plan result from cash flow hedge. For exchange variation, the accumulated effect will be reversed in P&L for the year as gain or loss only in the case of investment disposal or write-off. For actuarial gains and losses, the amounts will be recognized upon actuarial liability revaluation. The cash flow hedge transactions will be transferred to P&L for the year when an ineffective portion is identified and/or upon termination of the relationship.

21. SEGMENT INFORMATION

Segment reporting is consistent with managerial reports submitted to the chief operating decision maker for assessing the financial performance of each operating segment and for allocating resources. Based on the reports reviewed by management for making decisions, although the chief decision maker reviews the information on revenue at various levels, the Company's primary business segment is represented by the sale of cosmetics by geographical region.

From the disclosure of interim information as of September 30, 2015, substantially due to maturity of the business activities in Mexico and Colombia, management elected to disclose the following segregation: Brazil ("Brazil Operation"), Latin America ("LATAM Operation", includes Corporate LATAM), Emeis Holdings Pty Ltd. ("Aesop") (includes P&L of the Holdings Natura Brazil Pty Ltd. and Natura Cosmetics Australia Pty Ltd.) and Others ("includes P&L of France, Natura (Brazil) International B.V. – the Netherlands, Natura Brasil Inc. - USA").
Net revenue by geography is as follows in the period of nine months ended in September, 30 2016:

- Brazil: 67.3 %
- LATAM: 25.6 %

- Emeis Holdings Pty Ltd. (“Aesop”): 6.9 %
- Outros: 0.2 %

The accounting practices for each segment are described in Note 2 to the Company´s annual financial statements disclosed on February 17, 2016. Performance of the Company´s segments was assessed based on net operating revenue, net income for the period and noncurrent assets. Such measurement basis does not include effects of interest, income and social contribution taxes, depreciation and amortization.

The tables below present summarized financial information for the segments as of September 30, 2016 and 2015 (income statements) and December 31, 2015 (balance sheet). The figures provided to the Executive Committee with respect to income and total assets are consistent with the balances recorded in the interim financial information, as well as the accounting policies adopted.

	2016/09				
	Net revenue	Net profit (loss)	Depreciation and Amortization	Financial income	Tax
Brazil	3,780,578	20,232	(151,884)	(495,610)	(8,158)
LATAM	1,439,934	79,687	(14,268)	(31,778)	(43,613)
Emeis Holding Pty Ltd. (“Aesop”)	387,391	17,741	(29,061)	2,312	(9,423)
Others	10,049	(22,747)	(612)	-	-
Consolidated (attributable to controlling shareholders of the Company)	5,617,952	94,913	(195,825)	(525,076)	(61,194)

	2015/09				
	Net revenue	Net profit (loss)	Depreciation and Amortization	Financial income	Tax
Brazil	4,024,885	331,090	(139,918)	(342,846)	(116,569)
LATAM	1,271,603	76,319	(12,204)	29,728	(60,849)
Emeis Holding Pty Ltd. (“Aesop”)	260,149	4,132	(19,013)	(2,120)	(9,618)
Others	9,940	(43,427)	(1,352)	-	-
Consolidated (attributable to controlling shareholders of the Company)	5,566,577	368,114	(172,487)	(315,238)	(187,036)

	2016/09			2015/12		
	Non current Assets	Current Liabilities	Total Assets	Non current Assets	Current Liabilities	Total Assets
Brazil	3,042,467	3,577,844	6,495,592	2,873,979	3,782,501	7,823,633
LATAM	151,338	600,016	961,408	168,483	676,744	1,028,410
Emeis Holding Pty Ltd. ("Aesop")	310,579	96,587	466,145	325,861	113,675	513,031
Others	6,451	6,285	24,569	7,952	-	29,907
Consolidated	3,510,835	4,280,732	7,947,714	3,376,275	4,572,920	9,394,981

Except for subsidiary Emeis Holding Pty Ltd. ("Aesop"), the Company has predominantly a class of products sold by Natura Beauty Consultants, denominated as "Cosmetics". In the case of Emeis Holding Pty Ltd. ("Aesop"), cosmetics are sold through a wholesale structure, both in own stores as in department stores.

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.

22. NET REVENUE

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Gross revenue:				
Domestic market	5,452,662	5,628,428	5,463,276	5,632,317
Foreign market	-	-	2,330,159	1,972,822
Other sales	3	76	1,043	1,068
	5,452,665	5,628,504	7,794,478	7,606,207
Returns and cancellations	(16,828)	(13,105)	(34,044)	(28,310)
Taxes on sales	(1,477,486)	(1,349,186)	(2,142,482)	(2,011,320)
Net revenue	3,958,351	4,266,213	5,617,952	5,566,577

23. OPERATING EXPENSES AND COST OF SALES

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

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Cost of sales	1,476,103	1,653,196	1,726,145	1,703,096
Selling, Marketing and Logistics expenses	1,544,192	1,521,962	2,229,301	2,156,766
Administrative, P&D, IT and Project Expenses	482,786	522,806	987,679	891,413
Total	3,503,081	3,697,964	4,943,125	4,751,275

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

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Cost of sales	1,476,103	1,653,196	1,726,145	1,703,096
Raw material/packaging Material	1,476,103	1,653,196	1,354,477	1,346,369
Workforce	-	-	187,217	157,241
Depreciation and amortization	-	-	58,382	59,278
Others	-	-	126,069	140,208
Marketing and selling expenses	1,544,192	1,521,962	2,229,301	2,156,766
Freight	202,210	218,341	205,381	224,264
Marketing, sales force and other sales expenses	1,322,296	1,284,002	1,997,256	1,908,426
Depreciation and amortization	19,686	19,619	26,664	24,076
Administrative expenses, P&D, IT and Projects	482,786	522,806	987,679	891,413
Development in Innovation	-	-	142,063	142,752
Other administrative expenditure	427,840	479,226	734,837	659,528
Depreciation and amortization	54,946	43,580	110,779	89,133
Total	3,503,081	3,697,964	4,943,125	4,751,275

24. EMPLOYEE BENEFITS

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Payroll , profit sharing and bonuses	272,666	268,986	760,610	748,220
Pension Plan (note 24.2)	1,920	2,326	2,656	3,546
Gain based on stocks (note 24.1)	6,177	(6,695)	7,166	(5,860)
Charges on restricted stock (note 24.1)	2,114	431	3,070	612
Taxes payable	18,849	18,470	60,835	67,976
Health medical care, food, transportation and others benefits	69,821	45,365	144,456	111,362
	371,547	328,883	978,793	925,856

24.1. Gain based on stocks

The Board of Directors, upon granting of options, meets annually in order to establish the option granting plan for the current year, on the basis approved by the Management and employees, indicating the directors and managers who will receive the options and the total number to be distributed.

From 2009 to 2014, the plans vested for exercise of 100% of options at the end of the fourth year after grant date, with the possibility of early maturity after the third year, conditioned to cancellation of 50% of the options granted in the plans. The Company established a maximum term of four years for option exercise as from the end of the fourth year after vesting.

At the Special Shareholders' Meeting held on February 06, 2015, Company shareholders approved a new Stock Option Plan and a Restricted Stock Option. On March 16, 2015, the Company Board of Directors approved these plans (“Plans of 2015”). The Board Meeting held on April 10, 2015, grant to the eligible employees and managing directors who joined the 2015 Plans was ratified. As such, the provision will begin to be recorded as from April 2015.

At the Special General Meeting (SGM) held on July 27, 2015, the Company’s shareholders approved a Stock Option or Subscription of Shares Program for Strategy Acceleration, and adjustments to the Restricted Stock Option Program, approved at the SGM held on February 6, 2015. On July 28, 2015, the Company’s Board of Directors approved the Stock Option or Subscription of Shares Program denominated “Strategy Acceleration Plan” for 2015, and on August 14, 2015, the Company’s Board of Directors ratified the list of employees eligible to the Restricted Stock Option Plan.

On March 16, 2016, the Company´s Board of Directors approved the Stock Option or Share Subscription Plan and the restricted stock option plan for 2016 (“2016 Plans”). Stock options granted to eligible managing officers and employees who joined the 2016 Plans were approved at the Board Meeting held on April 14, 2016 and, as such, provision will begin to be recorded as from April 2016. Additionally, on July 4, 2016, the Company's Board of Directors approved the inclusion / exclusion of beneficiaries and also revisited the amount of Restricted Stock Option Plan of actions for the year 2016.

On July 11, 2016, the Company's Board of Directors approved the Stock Option Plan Option or Share Subscription Strategy for Acceleration for the year 2016,. This month began the necessary provisions.

The Stock Option Plan effective for 2016 and 2015 sets out that options may be exercised over three years, one third each year, as from the second year.

The Stock Option Plan Option or Share Subscription termed as "Strategy Acceleration Plan" valid for 2015 and 2016 provides that 50% of the options may be exercised in the fourth year anniversary and the rest in the fifth year.

The Restricted Stock Option Plan implemented in 2015 consists in the grant of Company common shares to a group of managing officers and employees. The rights of the participants referring to restricted shares will only be fully vested to the extent that the participant remains linked to the Company as a managing officer or employee, in the period between grant date and the following dates, in these proportions:

(a) 1/3 (one third) as from the 2nd anniversary of the grant date;

(b) 2/3 (two thirds) as from the 3rd anniversary of the grant date; and

(c) 100% as from the 4th anniversary of the grant date;

In the Restricted Stock Option Plan, there will be no financial disbursement by Company employee or managing officer upon end of the vesting period.

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

	Stock Option Plan and Strategy Acceleration Plan			
	2016/09		2015/09	
	Average exercise price per share - R$	Options (thousands)	Average exercise price per share - R$	Options (thousands)
Balance at beginning of Year/period	37.91	6,234	47.30	5,296
Granted	26.89	2,566	27.81	2,944
Cancelled	48.08	(1,387)	51.23	(2,006)
Exercised	-	-	-	-
Balance at period/year end	35.72	7.413	37.91	6.234

	Stock Restricted (thousands)	Stock Restricted (thousands)
	2016/09	2015/09
Balance at beginning of Year/period	510	-
Granted	512	556
Cancelled	(81)	(46)
Exercised	(18)	-
Balance at period/year end	923	510

Out of the 7,413 outstanding options as of September 30, 2016 (6,234 outstanding options as of December 31, 2015), 1,716 outstanding options are vested (1,548 outstanding options as of December 31, 2015).

The expense relating to the fair value of stock options and restricted stock, including charges on restricted stock, recognized in the period of nine months ended September 30, 2016, according to the period elapsed for entitlement to exercise the options and restricted shares, was of R$ 8,291 e R$ 10,236 Company and consolidated, respectively. At September 30, 2015, reversal of expenses totaled R$ (6,264) and R$ (5,248) Company and consolidated, respectively.

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

As of September 30, 2016 –Stock option plan

Grant date	Exercise price - R$	Fair value	Existing options	Remaining contractual life (years)	Vested options
April 22, 2009	35.81	7.83	293,783	0.57	293,783
March 19, 2010	52.54	10.82	424,074	1.49	424,074
March 23, 2011	61.32	16.45	513,752	2.49	513,752
March 18, 2013	67.01	12.10	484,813	4.53	484,813
March 17, 2014	44.84	8.54	750,238	5.54	-
March 16, 2015 (24 months - vested)	28.36	9.70	283,661	6.55	-
March 16, 2015 (36 months - vested)	28.36	10.10	283,661	6.55	-
March 16, 2015 (48 months - vested)	28.36	10.57	283,661	6.55	-
July 28, 2015 (Strategy Acceleration Plan-48 months - vested)	26.95	12.46	852,500	6.92	-
July 28, 2015 (Strategy Acceleration Plan-60 months - vested)	26.95	12.40	852,500	6.92	-
March 15, 2016 (24 months - vested)	26.54	14.31	145,564	7.56	-
March 15, 2016 (36 months - vested)	26.54	14.65	132,636	7.56	-
March 15, 2016 (48 months - vested)	26.54	14.85	132,636	7.56	-
July 11, 2016 (48 months – vesting)	26.96	26.96	990,000	7.89	-
July 11, 2016 (60 months – vesting)	26.96	26.96	990,000	7.89	-
			7,413,479		1,716,422

As of September 30, 2016 – restricted stock

Grant date	Existing stock	Fair value	Remaining contractual life (years)	Vested stock
March 16, 2015 (24 months - vested)	153,110	22.27	6.55	-
March 16, 2015 (36 months - vested)	170,810	21.33	6.55	-
March 16, 2015 (48 months - vested)	153,110	20.42	6.55	-
March 15, 2016 (24 months - vested)	148,577	25.70	7.56	-
March 15, 2016 (36 months - vested)	148,577	24.82	7.56	-
March 15, 2016 (48 months - vested)	148,577	23.97	7.56	-
	922,761			

As of December 31, 2015 – Stock option plan

Grant date	Exercise price - R$	Fair value	Existing options	Remaining contractual life (years)	Vested options
April 22, 2009	33.94	7.83	293,783	1.33	293.783
March 19, 2010	49.80	10.82	588,894	2.25	588.894
March 23, 2011	58.12	16.45	665,534	3.25	665.534
March 18, 2013	63.51	12.10	904,805	5.30	-
March 17, 2014	42.50	8.54	966,967	6.30	-
March 16, 2015 (24 months - vested)	28.38	9.70	944,812	7.30	-
March 16, 2015 (36 months - vested)	28.38	10.10	944,812	7.30	-
March 16, 2015 (48 months - vested)	28.38	10.57	944,812	7.30	-
July 28, 2015 (Strategy Acceleration Plan-48 months - vested)	26.97	12.46	935,000	7.70	-
July 28, 2015 (Strategy Acceleration Plan-60 months - vested)	26.97	12.40	935,000	7.70	-
			8,124,419		1.548.211

As of December 31, 2015 – restricted stock

Grant date	Existing stock	Fair value	Remaining contractual life (years)	Vested stock
March 16, 2015 (24 months - vested)	169,944	22.27	7.30	-
March 16, 2015 (36 months - vested)	169,944	21.33	7.30	-
March 16, 2015 (48 months - vested)	169,944	20.42	7.30	-
	509,832			

On September 30, 2016, the market price was R $ 31.23 (R $ 23.49 on December 31, 2015) per share.

The pricing of stock options and restricted stock was based on the binomial model and significant data included in the fair value pricing model of the stock options and restricted stock granted in 2016 were:

	Grant in							
	Stock option plan					Restricted stock		
	March 15, 2016 (24 months - vested)	March 15, 2016 (36 months - vested	March 15, 2016 (48 months - vested)	July 11, 2015 (Strategy Acceleratio n Plan months – vested -48 months vested)	July 11, 2015 (Strategy Acceleratio n Plan months – vested -60 months vested)	March 16, 2015 (24 months - vested)	March 16, 2015 (36 months - vested	March 16, 2015 (48 months - vested)
Volatility	37.2%	37.2%	37.2%	39.38%	39.38%	37.2%	37.2%	37.2%
Dividend yield	3.4%	3.4%	3.4%	4.61%	4.61%	3.4%	3.4%	3.4%
Expected option life of the year	2 anos	3 anos	4 anos	4 anos	5 anos	2 anos	3 anos	4 anos
Risk-free annual interest rate	12.9%	13.2%	13.2%	11.47%	11.47%	12.9%	13.2%	13.2%

The pricing of stock options and restricted stock was based on the binomial model and significant data included in the fair value pricing model of the stock options and restricted stock granted in 2015 were:

	Grant in							
	Stock option plan					Restricted stock		
	March 16, 2015 (24 months - vested)	March 16, 2015 (36 months - vested	March 16, 2015 (48 months - vested)	July 28, 2015 (Strategy Acceleration Plan months – vested -48 months vested)	July 28, 2015 (Strategy Acceleration Plan months – vested -60 months vested)	March 16, 2015 (24 months - vested)	March 16, 2015 (36 months - vested	March 16, 2015 (48 months - vested)
Volatility	30.4%	30.4%	30.4%	32.0%	32.0%	30.4%	30.4%	30.4%
Dividend yield	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Expected option life of the year	2 anos	3 anos	4 anos	4 anos	5 anos	2 anos	3 anos	4 anos
Risk-free annual interest rate	12.6%	12.6%	12.6%	12.2%	12.2%	12.6%	12.6%	12.6%

24.2. 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 September 30, 2016 and December 31,2015, did not have actuarial liabilities there were no actuarial liabilities on behalf of the Company and its subsidiaries arising from the supplementary pension plan.

The contributions made by the Company and its subsidiaries totaled R$1,920 (Company) and R$ 2,656 in the period of nine months ended September 30, 2016 (R$ 2,328 Company and R$3,546 Consolidated in the period of nine months ended September 30, 2015), and were recorded as expenses in the period.

25. NET OTHER INCOME (EXPENSES)

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Financial income:				
Interest on short-term investments	151,651	136,851	198,648	187,164
Inflation adjustment and foreign exchange gains (a)	600,852	331,355	638,850	407,188
Gains on swap and forward transactions (c)	33,933	1,015,126	35,666	1,096,878
Other financial income	14,266	16,673	18,964	20,099
Total	800,702	1,500,005	892,128	1,711,329
Financial expenses:				
Interest on financing	(205,733)	(187,355)	(243,173)	(230,599)
Inflation adjustment and foreign exchange losses (b)	(189,310)	(1,327,580)	(254,156)	(1,409,884)
Losses on swap and forward transactions (d)	(591,954)	(162,391)	(631,824)	(187,217)
Losses on the adjustment of fair value of "financial" and "operational" derivatives	(12,533)	(10,903)	(10,272)	(9,823)
Inflation Provision for acquisition of non-controlling interest (note 19.a)	(56,315)	(100,229)	(56,315)	(100,229)
("Forward") derivative instruments engaged to hedge the provision for acquisition of non-controlling interests, including mark-to-market (MTM) adjustment.	(61,858)	-	(61,858)	-
Other financial expenses	(95,963)	(39,219)	(159,606)	(88,815)
Total	(1,213,666)	(1,827,677)	(1,417,204)	(2,026,567)
Financial expenses, net	(412,964)	(327,672)	(525,076)	(315,238)

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:

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Gains on monetary and exchange variations				
Exchange rate on loans	599,816	331,355	638,308	352,586
Exchange variation of import	1,036	-	542	-
Exchange variation of receivables export	-	-	-	26,995
Exchange rate changes in accounts payable in foreign subsidiaries	-	-	-	27,607
(a)	600,852	331,355	638,850	407,188
Losses on monetary and exchange variations:				
Exchange rate on loans	(189,051)	(1,325,018)	(199,815)	(1,406,852)
Exchange variation of import	-	(2,562)	-	(2,392)
Exchange variation of export receivables	-	-	(18,699)	-
Exchange rate changes in accounts payable in foreign subsidiaries	-	-	(30,202)	-
Exchange variation of financing	(259)	-	(5,440)	(640)
(b)	(189,310)	(1,327,580)	(254,156)	(1,409,884)
Gains on forward and swap and fowards transactions:				
Exchange variation of swap instruments	-	974,144	-	1,035,911
Gain on exchange coupon "swap"	33,933	40,982	35,666	42,450
Exchange variation of "forward" instruments	-	-	-	10,259
Revenue from Pre swap rate	-	-	-	8,258
(c)	33,933	1,015,126	35,666	1,096,878
Losses on swap and forward transactions				
Financial costs swap instruments	(408,652)	-	(436,015)	-
Financial costs – swap	(183,302)	(162,391)	(194,378)	(187,217)
Loss on interest rate swap	-	-	(1,431)	-
(d)	(591,954)	(162,391)	(631,824)	(187,217)

26. NET OTHER INCOME (EXPENSES)

	Company		Consolidated	
	2016/09	2015/09	2016/09	2015/09
Gain (loss) on sale of property, plant and equipment	(673)	17,351	3,506	36,777
Crédit ICMS (a)	6,245	-	6,245	-
Subsidy BNDES, FINAME and FINEP (b)	6,888	6,389	43,917	32,601
Crer para ver (c)	(24,955)	(16,592)	(24,955)	(16,592)
ICMS-ST (d)	(14,318)	-	(14,318)	-
Other net operating income (expenses)	(195)	2,849	(3,532)	2,154
Net Other income (expenses)	(27,008)	9,997	10,863	54,940

(a) The balance above includes ICMS tax credits recognized from refund as a result of tax substitution.

(b) Refers to the reclassification of the subsidized loans interest expense as a result of the financial accounting pronouncement CPC07.

(c) Allocation of income obtained in the operation of the project "Crer para ver" the Natura Institute.

(d) Refers to the requirement of ICMS tax substitution in mode at the Rio Grande do Sul State from January 2006 to February 2008.

27. EARNING (LOSSES) PER SHARE

27.1. 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 in outstanding shares, less common shares bought back by the Company and held as treasury shares.

	2016/09	2015/09
Net income attributable to owners of the Company	94,913	368,114
Weighted average of common outstanding shares	431,239,264	431,239,264
Weighted average of treasury shares	(953,125)	(954,584)
Weighted average of outstanding common shares	430,286,139	430,284,680
Basic earnings per share - R$	0.2206	0.8555

27.2. 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.

	2016/09	2015/09
Net income attributable to owners of the Company	94,913	368,114
Weighted average of outstanding common shares		
Adjustment for stock options	430,286,139	430,284,680
Weighted average of outstanding common shares	413,576	237,625
Weighted average number of common shares for diluted earnings per share calculation purposes	430,699,715	430,522,305
Diluted earnings per share - R$	0.2204	0.8550

At September 30, 2016, a total of 5,663,111 outstanding options (6,328,118 at September 30, 2015), were not considered in the calculation of diluted earnings per share due to the fact that the exercise price is higher than average market price of the common shares during the period ended on those dates, therefore there was no dilution effect.

28. RELATED-PARTY TRANSACTIONS

28.1. Receivables from and payables to related parties are as follows:

	Company	
	2016/09	2015/12
Current assets:		
Natura Inovação e Tecnologia de Produtos Ltda. (a)	1,289	1,986
Natura Logística e Serviços Ltda. (b)	222	1.641
Indústria e Comércio de Cosméticos Natura Ltda. (c)	3,510	5,263
Natura Biosphera Franqueadora Ltda.	96	136
Aesop Brasil Comercio de Cosméticos Ltda.	549	-
Natura Comercial Ldta.	441	-
	6,107	9,026
Current liabilities:		
Trade payables:		
Indústria e Comércio de Cosméticos Natura Ltda. (c)	189,082	122,309
Natura Logística e Serviços Ltda. (d)	928	6,468
Natura Inovação e Tecnologia de Produtos Ltda. (e)	10,073	20,616
	200,083	149,393
Dividends and interest on capital payable	386	365

Related-party transactions are as follows:

	Company			
	Sale of products		Purchase of products	
	2016/09	2015/09	2016/09	2015/09
Natura Cosméticos S.A. – Brasil	3,263	432	-	-
Aesop Brasil Comércio de Cosméticos Ltda			2,288	432
Natura Comercial Ldta.	-	-	975	-
	3,263	432	3,263	432

	Consolidate			
	Sale of products		Sale of products	
	2016/09	2015/09	2016/09	2015/09
Indústria e Comércio de Cosméticos Natura Ltda.	2,272,898	2,344,270	-	-
Natura Cosméticos S.A. – Brasil	-	-	1,893,004	2,104,069
Natura Cosméticos S.A. – Peru	-	-	48,469	36,270
Natura Cosméticos S.A. – Argentina	-	-	128,847	72,156
Natura Cosméticos S.A. – Chile	-	-	60,013	44,931
Natura Cosméticos S.A. – México	-	-	83,266	49,509
Natura Cosméticos Ltda. – Colômbia	-	-	55,585	34,607
Natura Europa SAS – França	-	-	2,470	2,195
Natura International Inc.-EUA			227	-
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	1,017	533
	2.272.898	2.344.270	2.272.898	2.344.270

	Service provided		Services received	
	2016/09	2015/09	2016/09	2015/09
Administrative structure: (f)				
Natura Logística e Serviços Ltda.	12,697	125,953	-	-
Natura Cosméticos S.A. – Brasil	-	-	7,384	83,907
Indústria e Comércio de Cosméticos Natura Ltda.	-	-	3,747	28,297
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	1,504	13,184
Natura Biosphera Franqueadora Ltda.	-	-	62	565
	12,697	125,953	12,697	125,953
Products and technology research and development: (g)				
Natura Inovação e Tecnologia de Produtos Ltda.	157,518	179,674	-	-
Natura Cosméticos S.A. - Brasil	-	-	157,518	179,674
	157,518	179,674	157,518	179,674
Research and testing “in vitro”: (h)				
Natura Innovation et Technologie de Produits SAS - França	133	46	-	-
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	133	46
	133	46	133	46
Lease of properties and shared charges: (i)				
Indústria e Comércio de Cosméticos Natura Ltda.	6,020	5,481	-	-
Natura Logística e Serviços Ltda.	-	-	4,294	3,910
Natura Inovação e Tecnologia de Produtos Ltda.	-	-	1,726	1,571
	6,020	5,481	6,020	5,481
Total	2,452,529	2,655,856	2,452,529	2,655,856

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

(b) Advances granted for provision of product separation, packaging and mailing services, logistics advisory, human resources management and human resources training.

(c) Payables for the purchase of products.

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

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

(f) Services of separate, packing and mailing goods, logistic consulting, manager human resources and training in human resources

(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.

The main intercompany balances as of September 30, 2016 and December 31, 2015, as well as the intercompany transactions that affected the period then ended in September 30, 2016 and 2015, refer to operations conducted between the Company and its subsidiaries.

The prices, terms and other conditions of transactions between the Company, subsidiaries and other related parties were agreed in contracts between the parties.

Due to 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.

There is no allowance for doubtful accounts recognized for intercompany receivables on September 30, 2016 and December 31, 2015 since there are no past-due receivables with risk of default.

According to note 15, the Group companies usually grant each other pledges and collaterals to guarantee bank loans and financing.

On June 5, 2012, an agreement was entered,still present,into between Indústria e Comércio de Cosméticos Natura Ltda. and Bres Itupeva Empreendimentos Imobiliários Ltda., ("Bres Itupeva"), for the construction and lease of a distribution center (HUB), in the city of Itupeva/SP. Messrs. Antonio Luiz da Cunha Seabra, Guilherme Peirão Leal and Pedro Luiz Barreiros Passos, members of the group of controlling shareholders of Natura Cosméticos S.A., indirectly hold controlling interests in Bres Itupeva..

In September 2014, Natura Cosméticos S.A. entered into with Dédalus Administração e Participações Ltda.("Dédalus") and Homagus Administração and Participações Ltda.("Homagus") an aircraft assignment agreement, still present for use thereof. Under the agreement, upon aircraft use by Natura Cosméticos S.A., the amount charged will be that established in the Brazilian Code of Aeronautics. Dédalus and Homagus are the property of Messrs. Guilherme Peirão Leal and Antonio Luiz Seabra, both belonging to the group of controlling shareholders of Natura Cosméticos S.A.

On September 1, 2015, Natura Cosméticos S.A. and Raia Drogasil S.A. entered into a purchase and sale agreement and other covenants for sale of "SOU" line products in 29 Raia and Drogasil chain stores in Campinas and surrounding region. Mr. Antonio Luiz da Cunha Seabra, Mr. Guilherme Peirão Leal and Mr. Pedro Luiz Barreiros Passos, members of the Natura Cosméticos S.A. control block, indirectly hold shareholding interest in Raia Drogasil S.A.

The parties decided to extend the scope of the project for sale throughout the state of São Paulo as from February 20, 2016 and nationwide as from July 1, 2016, execution of amendment to the agreement.

Given that the Company will pay Raia Drogasil five percent (5%) on total products sold, considering the amount indicated in the sales invoice of the Company to Raia Drogasil, it is not possible to define the total agreement amount. Nevertheless, management understands that the operation is significant to the Company.

28.2. Key management personnel compensation

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

	2016/09			2015/09		
	Compensation			Compensation		
	Fixed (a)	Variable (b)	Total	Fixed	Variable (b)	Total
Board of Directors	3,735	1,060	4,795	4,371	2,185	6,556
Officers (statutory)	13,387	10,564	23,951	8,381	7,419	15,800
	17,122	11,624	28,746	12,752	9,604	22,356
Executives (not statutory)	24,243	14,045	38,288	25,027	12,750	37,777

(a) In the item Officers (statutory) it is included the amount of R$ 2.250 referred to the amortization of the Confidentiality and Non-Compete Agreement, during the period of nine months ended on September 30, 2016.

(b) Refers to profit sharing, on an accrual basis, net of reversals, regarding the Restricted Share Program and Strategy Acceleration Program, including charges, as applicable, to be determined in the year. The amounts include additions to and/or reversals of provisions made in the previous year, due to final assessment of the targets established for board members and officers, statutory and non-statutory, in relation to profit sharing.

28.3. Share-based payments

Breakdown of Company officers and executives' compensation:

	2016/09			2015/09		
	Stock options grant			Stock options grant		
	Stock option balance (number) (a)	Avarege fair value stock option	Average Exercise price - R$ (b)	Stock option balance (number) (a)	Avarege fair value stock option	Average Exercise price - R$ (b)
Officers	3,268,244	12.43	35.72	2,088,457	14.71	40.46
Executives	3,382,344	12.36	35.72	2,859,654	12.48	40.46

	2016/09		2015/09	
	Restricted Stock		Restricted Stock	
	Stock balance (number) (a)	Avarage fair value of shares	Stock balance (number) (a)	Avarage fair value of shares
Officers	222,062	22.55	102,331	21.34
Executives	396,700	23.18	221,500	21.34

(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. The new Stock Option Plan and Restricted Stock Option Plan, both implemented in 2015, include no restatement.

29. COMMITMENTS ASSUMED

29.1. 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, as follows:

(a) agreement effective until 2017, whereby a minimum monthly volume of 3.6 Megawatts shall be purchased, equivalent to R$ 373;

(b) agreement effective until 2018, whereby a minimum monthly volume of 0.8 Megawatts shall be purchased, equivalent to R$ 110.

As of September 30, 2016, the subsidiary was in compliance with this agreement's commitments.

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:

	2016/09	2015/12
Less than one year	1,253	4,062
More than one year and less than five years	5,791	3,537
Total	7,044	7,599

29.2. Operating lease transactions

The Company and its subsidiaries have commitments arising from real estate operating leases where the following are located: some of its foreign subsidiaries, administrative offices, distribution centers in Brazil and properties, where there are shops abroad and in Brazil, of subsidiary Emeis Holdings Pty Ltd., as well as properties where shops in Brazil of its subsdiary Natura Comercial Ltda. 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.

As of September 30, 2016, and December 31, 2015, the commitment made for future payments of these operating leases had the following maturities:

	Company		Consolidate	
	2016/09	2015/12	2016/09	2015/12
Less than one year	13,833	17,808	75,360	48,184
More than one year and less than five years	33,330	43,156	214,510	130,125
More than five years	-	702	76,221	39,184
Total	47,163	61,666	366,091	217,493

30. 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 September 30, 2016, insurance coverage is as follows:

Item	Type of coverage	Insured amount
Industrial complex/inventories	Any damages to buildings, facilities, and machinery and equipment	990,000
Vehicles	Fire, theft and collision for 1,033 vehicles	54,242
Loss of profits	No loss of profits due to material damages to facilities buildings and production machinery and equipment	-
Industrial complex/inventories	Any damages to buildings, facilities, and machinery and equipment	1,207,000

31. APPROVAL OF FINANCIAL STATEMENTS

The individual and consolidated interim financial information statements were approved by the Board of Directors and authorized for issue at the meeting held on October 26, 2016.