

# DOING BUSINESS

Mayo 2012

## BRAZIL



SMS Latinoamérica

## DOING BUSINESS IN BRAZIL

### 1. OVERVIEW



- Population: 190 million
- Oficial Language: Portuguese
- Area: 8,511,965 km2 (3,290,000 sq. mi.);
- Capital: Brasília (pop. 2.5 million)
- Main cities:
  - Sao Paulo (11.2 million)
  - Rio de Janeiro (6.3 million)
  - Salvador (2.7 million),
  - Belo Horizonte (2.4 million)
  - Fortaleza (2.4 million),
  - Curitiba (1.7 million),
  - Recife (1.5 million)
  - Porto Alegre (1.4 million).

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### 2. POLITICS

- The Federal Republic heads by the President, Mrs. Dilma Rouseff
- Independence: September 7, 1822
- Constitution: Promulgated October 5, 1988
- Branches
  - Executive - President
  - Legislative -Senate (81 members popularly elected to staggered 8-year terms)
  - Chamber of Deputies (513 members popularly elected to 4-year terms)
  - Judicial-Supreme Federal Tribunal (11 lifetime positions appointed by the president)
- The States Government (26) follow a pattern similar to that of the Federal Government
  - Each state has a Governor as Chief Executive

**3. ECONOMY**

- GDP (2011) = R\$ 4,1 Bi/ USD 2,2 Bi
- Brazil's GDP last 5 years.



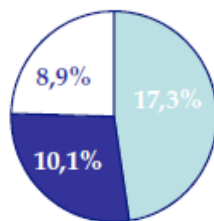
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>6,1%</b>	<b>5,2%</b>	<b>-0,3%</b>	<b>7,5%</b>	<b>2,7%</b>

- By 2025 São Paulo will be its fifth-wealthiest city, according to PwC.

- TRADE BALANCE = U\$29,8 Bi surplus.

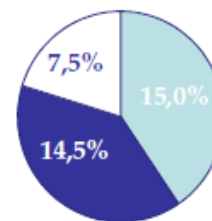
TRADE BALANCE 2011= U\$ 29,8 Bi surplus

Exports U\$256 Bi ↑ 26,8% (compared to 2011)



■ China ■ United States □ Argentina

Imports U\$226 Bi ↑ 24,5% (compared to 2011)



■ United States ■ China □ Argentina



### Natural Resources

Iron ore  
Manganese  
Bauxite  
Nickel  
Uranium  
Gemstones  
Oil  
Wood and aluminum

### Agriculture\_ 6% of GDP

Soybeans  
Coffee  
Sugarcane  
Livestocks  
Rice  
Corn  
Cocoa, Oranges  
Cotton, wheat, and tobacco

### Industries\_ 28% of GDP

Steel  
Commercial aircraft  
Chemicals  
Petrochemicals  
Footwear  
Machinery  
Motors, vehicles, auto parts,  
Consumer durables, cement, and  
lumber

### Services\_ 66% of GDP

Mail  
Telecommunications  
Banking  
Energy  
Commerce  
Computing

#### REGULATION

- The Brazilian capital markets and financial systems are regulated and monitored by the National Monetary Council (Conselho Monetário Nacional - "CMN"), the Brazilian Central Bank (Banco Central do Brasil - "Central Bank") and the Brazilian Securities and Exchanges Commission (Comissão de Valores Mobiliários - "CVM")

#### CAPITAL MARKETS- BM&FBOVESPA (IBOV Index)

- It is the most important Brazilian institution to intermediate equity market transactions and the only securities, commodities and futures exchange in Brazil.
- Over than 400 listed companies.
- Market Capitalization (31.12.2011)= USD 1,2 Tri

**Ranking of the Top 10 Companies in Brazil  
Gross Revenue (2011)**

	Company	Segment	U\$ Bi
1.	Petrobras	Petrochemical	145.9
2.	Bradesco	Financial	79,8
3.	Itaú Unibanco	Financial	75,5
4.	Banco do Brasil	Financial	72,4
5.	Vale	Mining	55,4
6.	Itausa	Financial	29.8
7.	Eletrobras	Energy	18,0
8.	Oi	Telecom	17,8
9.	CSN	Mining	8,7
10.	CEMIG	Energy	7,7
<b>Total of TOP 10</b>			<b>511,0</b>

Source: Forbes

**4. OUR PRIDE**



Rio de Janeiro



Amazon



Pantanal



Carnival



Pelé e Ronaldo



Ayrton Senna



Tom e Vinicius



Gisele Bundchen



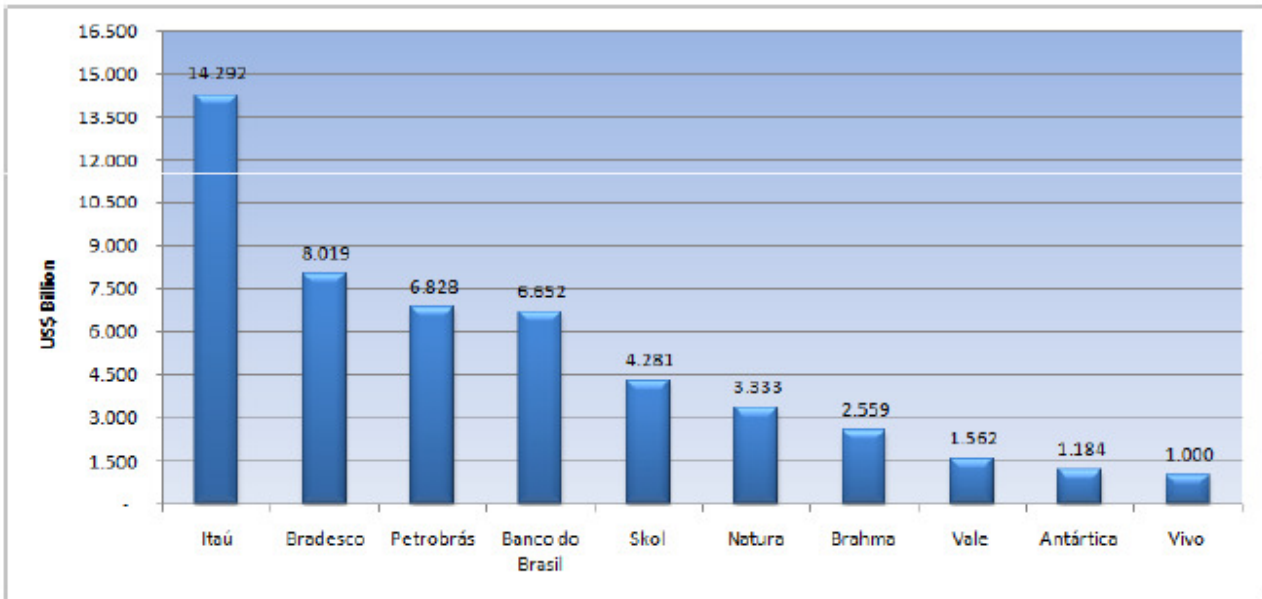
Paulo Coelho



Havaianas

**5. VALUABLE BRANDS**

• According to a recent study of Interbrand (International Brand Consulting Company), the graph below shows the TOP 25 more valuable Brazilian brands:



Source: Magazine – "Marcas Brasileiras mais valiosas 2011 –(by Interbrand)"

**6. NEXT EVENTS**

**2014**

**President's Election**

**2014**

**World Cup**



The 2014 World Cup is heading to Brazil. In less than 4 years, the greatest football spectacle of them all will be heading to the country that introduced the notion of the beautiful game. The football's biggest event will grace Brazil's shores and a feast of football is sure to be served up in front of passionate crowds.

**2016**

**Olimpic Games**



Led by the Olympic Champion Nawal El Moutawakel (Morocco), the Commission of Coordination of Comitê Olímpico Internacional (COI) for the Games River 2016 initiated (June, 7) the agenda of three days of meetings and presentations in workmanships in the city for its second official visit to Rio De Janeiro.



## 7. OUR HISTORY

Founded by Taiki Hirashima in May 2002, Hirashima & Associados came forth with the objective of rendering accounting consulting professional services. However, the shortage of high level specialized consulting work provided by recognized professionals made it necessary that they joined their strengths to meet the demands of this market.

Since May 2003, Hirashima & Associados expanded its areas of activities to offer solutions in consulting services related to accounting, taxes, labor and social security, corporate finance and special consulting projects focusing in corporate transactions and corporate restructurings (M&A, Business Combinations, Valuations, etc).

More recently, because of the market demand for services related to the auditing of the financial statements, Hirashima & Associados Auditores Independentes was founded and registered at Comissão de Valores Mobiliários - CVM.

## 8. EXECUTIVE TEAM



**TAIKI HIRASHIMA**  
Managing Partner



**ANA CAMPOS**  
Tax Leader



**ANA CAMPOS**  
Labour Leader



**CARLOS MIYAHIRA**  
Auditing &  
Accounting Leader



**ALESSANDRA GUARDIA**  
Corporate Finance Leader



**ALEXANDRE CARMO**  
Tax



**RENATA DARE**  
Tax

## 9. OUR BUSINESS

- Our revenue is mainly due to consulting services (80%)



## 10. IFRS

In Brazil, several steps have been taken towards the use of International Financial Reporting Standards (IFRS), through two distinct but related paths to IFRS:

- First, the Brazilian securities regulator, the *Comissão de Valores Mobiliários* (“CVM”) and the Brazilian Central Bank (“BACEN”) have determined that IFRS should be used to consolidated financial statements of public companies and companies regulated by BACEN from 2010 onwards, with early adoption being permitted.

- Secondly, a new corporate Law 11,638, which was enacted in 2007 and took effect in 2008, requires all Brazilian companies in order to prepare their financial statements in accordance with a new set of local standards which are currently being issued and are based on IFRS. This means that all Brazilian companies, both public and nonpublic, are currently required to use local standards which are identical to IFRS.





The local standards are issued by *Comitê de Pronunciamentos Contábeis* (“CPC”), a newly established Brazilian accounting standard setter. These new standards replace the existing accounting standards (*Normas Profissionais de Contabilidade* or NPCs issued by *Instituto dos Auditores Independentes do Brasil - IBRACON*) and other guidance issued by regulators. As of December 31, 2008, a total of fourteen CPC standards and one technical orientation (OCPC) were issued and most of these were required to be applied to calendar year 2008. Since then, an additional 27 CPCs have been issued along with 14 interpretations (ICPC) and two technical orientations (OCPC).

There are also two additional standards relating to the framework for preparing and presenting financial information and specific to small and medium sized entities (PMEs). These new standards are required to be applied to calendar year 2010 and can be found online at [www.cpc.org.br](http://www.cpc.org.br).

## 11. SOME OF THE COMPANIES TO WHOM WE PROVIDED SERVICES

### Financiamiento



Banco do Brasil





Utilites



Industry and Commerce





Services



# Cuenta con Nosotros

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