

(A free translation of the original in Portuguese)

Magnesita Refratários S.A.
Quarterly Information (ITR) and
Review Report of Independent Accountants
on March 31, 2010

(A free translation of the original in Portuguese)

Review Report of Independent Accountants


To the Management and Stockholders
Magnesita Refratários S.A.


- 1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Magnesita Refratários S.A. and subsidiaries (parent company and consolidated), for the quarter ended March 31, 2010, comprising the balance sheets and the statements of operations, of changes in stockholders' equity and of cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the IBRACON- Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modification that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Magnesita Refratários S.A.

- 4 As discussed in Note 2(b), the Brazilian Securities Commission (CVM) approved several accounting standards interpretations and opinions issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Técnicos - CPC*), effective as from 2010, which changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, management elected to present its Quarterly Information using the same accounting standards adopted in Brazil which were in effect at December 31, 2009. As required by the Resolution, the Company has explained in Note 2 (b) the reasons for not presenting a quantitative reconciliation of the expected effects on its stockholders' equity and the statement of operations in the financial statements to be presented as at and for the year ending December 31, 2010 and, instead, has presented a qualitative description of the expected changes.

Belo Horizonte, May 14, 2010


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" M


Aníbal Manoel Gonçalves de Oliveira
Contador CRC 1RJ056588/O "S" MG

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65
4 - State Registration Number - NIRE		
35300337875		

01.02 - HEAD OFFICE

1 - ADDRESS			2 - SUBURB OR DISTRICT		
Praça Louis Ensck, 240			Cidade Industrial		
3 - POSTAL CODE		4 - MUNICIPALITY		5 - STATE	
32210-902		Contagem		MG	
6 - AREA CODE	7 - TELEPHONE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEX	
31	3368-1035	3368-1069	-		
11 - AREA CODE	12 - FAX	13 - FAX	14 - FAX		
31	3368-1051	3368-1036	-		
15 - E-MAIL					
adriana.lana@magnesita.com.br					

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME					
Flavio Rezende Barbosa					
2 - ADDRESS			3 - SUBURB OR DISTRICT		
Praça Louis Ensck, 240			Cidade Industrial		
4 - POSTAL CODE		5 - MUNICIPALITY		6 - STATE	
32210-902		Contagem		MG	
7 - AREA CODE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX	
31	3328-1000	-	-		
12 - AREA CODE	13 - FAX	14 - FAX	15 - FAX		
-	-	-	-		
16 - E-MAIL					
RI@magnesita.com.br					

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	2-END	3-QUARTER	4-BEGINNING	5-END	6-QUARTER	7-BEGINNING	8-END
1/1/2010	12/31/2010	1	1/1/2010	3/31/2010	4	10/1/2009	12/31/2009
9 - INDEPENDENT ACCOUNTANT						10 - CVM CODE	
PricewaterhouseCoopers Auditores Independentes						00287-9	
11 - PARTNER RESPONSIBLE					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE		
Aníbal Manoel Gonçalves de Oliveira					851.939.507-44		

01.01 - IDENTIFICATION

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01.05 - CAPITAL COMPOSITION

Number of shares (Units)	Current Quarter 3/31/2010	Prior quarter 12/31/2009	Same quarter in prior year 3/31/2009
Paid-up capital			
1 - Common	257,954,378	257,954,378	213,082,583
2 - Preferred	0	0	0
3 - Total	257,954,378	257,954,378	213,082,583
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial and Other
2 - SITUATION Operating
3 - NATURE OF OWNERSHIP Local Private
4 - ACTIVITY CODE 1030 - Mineral Extraction
5 - MAIN ACTIVITY Mining, manufacture, sale, export of refractories
6 - TYPE OF CONSOLIDATION Full
7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT Without exceptions

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME
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01.08 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
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01.01 - IDENTIFICATION

1 - CVM CODE 02084-2	2 - COMPANY NAME MAGNESITA REFRATÁRIOS S.A.	3 - Federal Corporate Taxpayers' Registration Number (CNPJ) 08.684.547/0001-65
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01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (IN UNITS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE 5/14/2010	2 - SIGNATURE
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02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

02.01 - Balance Sheet - Assets (R\$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
1	Total assets	3,814,359	3,916,803
1.01	Current assets	859,781	929,410
1.01.01	Cash and cash equivalents	147,132	188,495
1.01.01.01	Cash and banks	40,420	18,083
1.01.01.02	Marketable securities	106,712	170,412
1.01.02	Credits	302,793	318,473
1.01.02.01	Customers	302,793	318,473
1.01.02.01.01	Trade accounts receivable - domestic market	210,779	203,958
1.01.02.01.02	Trade accounts receivable - foreign market	93,251	115,795
1.01.02.01.03	Allowance for doubtful accounts	(1,237)	(1,280)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	278,619	267,241
1.01.03.01	Finished products	104,803	96,014
1.01.03.02	Work in process	33,043	33,683
1.01.03.03	Raw materials	99,785	97,064
1.01.03.04	Warehouse (replacement materials and other)	40,988	40,480
1.01.03.05	Provision for losses	0	0
1.01.04	Other	131,237	155,201
1.01.04.01	Other credits	1,021	889
1.01.04.02	Taxes recoverable	42,279	50,250
1.01.04.03	Receivables from sale of properties	22,205	14,388
1.01.04.04	Restricted bank deposit	0	24,485
1.01.04.05	Amounts receivable - Eletrobrás	65,189	65,189
1.01.04.06	Prepaid expenses	543	0
1.02	Non-current assets	2,954,578	2,987,393
1.02.01	Long-term receivables	334,247	317,858
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	409	321
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	409	321
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	333,838	317,537
1.02.01.03.01	Special and escrow deposits	9,502	9,445
1.02.01.03.02	Tax credits	175,071	157,558
1.02.01.03.03	Taxes on purchases of property, plant and equipment	1,810	1,774
1.02.01.03.04	Receivables from sale of properties	58,581	59,886
1.02.01.03.05	Goodwill on merger of stockholder	88,874	88,874
1.02.01.03.06	Other	0	0
1.02.02	Permanent assets	2,620,331	2,669,535
1.02.02.01	Investments	887,008	914,241
1.02.02.01.01	Investments in associated and similar companies	0	0
1.02.02.01.02	Investments in associated and similar companies - goodwill	0	0
1.02.02.01.03	Investments in subsidiaries	885,601	912,834
1.02.02.01.04	Investments in subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	1,407	1,407
1.02.02.02	Property, plant and equipment	376,189	386,426
1.02.02.02.01	Land	10,761	10,761
1.02.02.02.02	Buildings, improvements and mineral deposits	151,235	150,103
1.02.02.02.03	Machinery, facilities and equipment	654,956	630,198
1.02.02.02.04	Transportation equipment	12,150	12,185
1.02.02.02.05	Furniture and fixtures and other	17,724	16,854
1.02.02.02.06	Construction in progress	54,875	78,434
1.02.02.02.07	Accumulated depreciation	(525,512)	(512,109)
1.02.02.03	Intangible assets	1,357,134	1,368,868
1.02.02.03.01	Software and others	29,402	29,054
1.02.02.03.02	Goodwill on acquisition of investments	1,623,789	1,635,040
1.02.02.03.03	Accumulated amortization	(296,057)	(295,226)
1.02.02.04	Deferred charges	0	0

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02.02 - Balance Sheet - Liabilities and Stockholders' Equity (R\$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and stockholders' equity	3,814,359	3,916,803
2.01	Current liabilities	630,794	518,088
2.01.01	Loans and financing	446,419	346,704
2.01.02	Debentures	0	0
2.01.03	Suppliers	80,680	79,295
2.01.04	Taxes, fees and contributions	24,670	25,303
2.01.05	Dividends payable	830	1,049
2.01.06	Provisions	78,195	65,737
2.01.06.01	Salaries and social security charges	52,384	42,777
2.01.06.02	Advances from customers	2,469	2,362
2.01.06.03	Foreign agent commissions	2,399	2,862
2.01.06.04	Liabilities on the transfer of rights	9,867	10,667
2.01.06.05	Freights and insurance payable	333	475
2.01.06.06	Royalties payable	620	665
2.01.06.07	Attorney's and consultant's fees payable	197	0
2.01.06.08	Third parties' services payable	5,764	1,743
2.01.06.09	Other accounts payable	4,162	4,186
2.01.06.10	Forward financial instrument	0	0
2.01.07	Payables to related companies	0	0
2.01.08	Other	0	0
2.02	Non-current liabilities	981,881	1,178,382
2.02.01	Long-term liabilities	981,881	1,178,382
2.02.01.01	Loans and financing	689,638	901,167
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	292,243	277,215
2.02.01.03.01	Contingencies	93,957	106,246
2.02.01.03.02	Post-employment obligations	23,060	21,553
2.02.01.03.03	Negative goodwill	19,256	19,256
2.02.01.03.04	Deferred taxes	155,970	130,160
2.02.01.03.05	Payables to related companies	0	0
2.02.01.04	Payables to related companies	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	0	0
2.03	Deferred income	0	0
2.05	Stockholders' equity	2,201,684	2,220,333
2.05.01	Paid-up capital	2,386,032	2,386,032
2.05.01.01	Paid-up capital	2,386,032	2,386,032
2.05.01.02	Unpaid capital	0	0
2.05.01.03	Share issue expenses	0	0
2.05.02	Capital reserves	100,363	99,126
2.05.02.01	Special reserve Law 8200	5,973	5,973
2.05.02.02	Goodwill reserve	88,874	88,874
2.05.02.03	Stock options granted	6,716	5,479
2.05.02.04	Share premium reserve	26	26
2.05.02.05	Share issue expense	(1,226)	(1,226)
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/Associated and similar companies	0	0
2.05.04	Revenue reserves	3,076	2,856
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retained profits	3,076	2,856
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(153,640)	(118,507)
2.05.05.01	Adjustments of marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(153,640)	(118,507)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(134,147)	(149,174)
2.05.07	Advance for future capital increase	0	0

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03.01 - Statement of Operations (R\$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or service revenues	386,612	386,612	262,671	262,671
3.02	Deductions from gross revenues	(89,412)	(89,412)	(57,337)	(57,337)
3.03	Net sales and/or service revenues	297,200	297,200	205,334	205,334
3.04	Cost of products and/or services sold	(184,458)	(184,458)	(137,799)	(137,799)
3.05	Gross profit	112,742	112,742	67,535	67,535
3.06	Operating expenses/income	(89,543)	(89,543)	(130,044)	(130,044)
3.06.01	Selling	(30,604)	(30,604)	(23,676)	(23,676)
3.06.02	General and administrative	(29,091)	(29,091)	(29,608)	(29,608)
3.06.03	Financial	(29,599)	(29,599)	(35,241)	(35,241)
3.06.03.01	Financial income	13,063	13,063	3,628	3,628
3.06.03.01.01	Financial income	3,950	3,950	5,554	5,554
3.06.03.01.02	Exchange/Monetary variation gains	9,113	9,113	(1,926)	(1,926)
3.06.03.02	Financial expenses	(42,662)	(42,662)	(38,869)	(38,869)
3.06.03.02.01	Financial expenses	(34,823)	(34,823)	(38,106)	(38,106)
3.06.03.02.02	Exchange/Monetary variation losses	(7,839)	(7,839)	(763)	(763)
3.06.04	Other operating income	18,221	18,221	10,409	10,409
3.06.05	Other operating expenses	(3,869)	(3,869)	(3,656)	(3,656)
3.06.06	Equity in the results of subsidiaries	(14,601)	(14,601)	(48,272)	(48,272)
3.07	Operating profit (loss)	23,199	23,199	(62,509)	(62,509)
3.08	Non-operating income	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit (loss) before taxation and profit sharing	23,199	23,199	(62,509)	(62,509)
3.10	Provision for income tax and social contribution on net income	125	125	(345)	(345)
3.11	Deferred income tax	(8,297)	(8,297)	831	831
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.15	Net income (loss) for the period	15,027	15,027	(62,023)	(62,023)
	Number of shares (units), excluding treasury shares	257,954,378	257,954,378	213,082,583	213,082,583
	Net income per share - R\$	0.05825	0.05825		
	Loss per share - R\$			(0.29107)	(0.29107)

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02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

04.01 - Statement of Cash Flows - Indirect Method (R\$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
4.01	Net cash from operating activities	125,359	125,359	(8,983)	(8,983)
4.01.01	Cash provided by operations	93,759	93,759	33,679	33,679
4.01.01.01	Net income (loss) for the period	15,027	15,027	(62,023)	(62,023)
4.01.01.02	Charges and monetary/exchange variations, net	40,332	40,332	34,472	34,472
4.01.01.03	Depreciation and depletion	13,433	13,433	12,344	12,344
4.01.01.04	Amortization of intangible assets	832	832	546	546
4.01.01.05	Equity in results of subsidiaries	14,601	14,601	48,272	48,272
4.01.01.06	Deferred income tax and social contribution	8,297	8,297	(831)	(831)
4.01.01.07	Share options	1,237	1,237	899	899
4.01.02	Changes in assets and liabilities	31,600	31,600	(42,662)	(42,662)
4.01.02.01	Accounts receivable	15,680	15,680	18,587	18,587
4.01.02.02	Inventories	(11,378)	(11,378)	(34,246)	(34,246)
4.01.02.03	Taxes recoverable	7,971	7,971	(8,214)	(8,214)
4.01.02.04	Receivables from sale of property, plant and equipment	(6,512)	(6,512)	0	0
4.01.02.05	Restricted bank deposit	24,485	24,485	0	0
4.01.02.06	Suppliers	1,385	1,385	(11,558)	(11,558)
4.01.02.07	Advances from customers	107	107	4,077	4,077
4.01.02.08	Taxes payable	(633)	(633)	(4,669)	(4,669)
4.01.02.09	Other	495	495	(6,639)	(6,639)
4.01.03	Other	0	0	0	0
4.02	Net cash from investing activities	(14,795)	(14,795)	(5,381)	(5,381)
4.02.01	Disposal of property, plant and equipment and investments	6	6	135	135
4.02.02	Payment of capital in subsidiary	(11,250)	(11,250)	0	0
4.02.03	Additions to fixed assets and intangible assets	(3,551)	(3,551)	(5,516)	(5,516)
4.03	Net cash from financing activities	(151,927)	(151,927)	(99,298)	(99,298)
4.03.01	New loans and financing	44,000	44,000	77,221	77,221
4.03.02	Payment of loans and financing	(79,759)	(79,759)	(143,221)	(143,221)
4.03.03	Payment interest, loans and financing	(116,388)	(116,388)	(33,298)	(33,298)
4.03.04	Prescribed interest on capital	220	220	0	0
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	(41,363)	(41,363)	(113,662)	(113,662)
4.05.01	Opening balance of cash and cash equivalents	188,495	188,495	238,760	238,760
4.05.02	Closing balance of cash and cash equivalents	147,132	147,132	125,098	125,098

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05.01 - Statement of Changes in Stockholders' Equity from 1/1/2010 to 3/31/2010 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,386,032	99,126	0	2,856	(149,174)	(118,507)	2,220,333
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,386,032	99,126	0	2,856	(149,174)	(118,507)	2,220,333
5.04	Net income (loss) for the period	0	0	0	0	15,027	0	15,027
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	1,237	0	220	0	0	1,457
5.12.1	Share options granted	0	1,237	0	0	0	0	1,237
5.12.2	Prescribed interest on capital	0	0	0	220	0	0	220
5.13	Closing balance	2,386,032	100,363	0	3,076	(134,147)	(153,640)	2,201,684

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05.02 - Statement of Changes in Stockholders' Equity from 1/1/2010 to 3/31/2010 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,386,032	99,126	0	2,856	(149,174)	(118,507)	2,220,333
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,386,032	99,126	0	2,856	(149,174)	(118,507)	2,220,333
5.04	Net income (loss) for the period	0	0	0	0	15,027	0	15,027
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	1,237	0	220	0	0	1,457
5.12.1	Share options granted	0	1,237	0	0	0	0	1,237
5.12.2	Prescribed interest on capital	0	0	0	220	0	0	220
5.13	Closing balance	2,386,032	100,363	0	3,076	(134,147)	(153,640)	2,201,684

01.01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

08.01 - Consolidated Balance Sheet - Assets (R\$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
1	Total assets	5,057,876	4,966,274
1.01	Current assets	1,620,390	1,496,231
1.01.01	Cash and cash equivalents	448,079	343,158
1.01.01.01	Cash and banks	303,959	141,397
1.01.01.02	Marketable securities	144,120	201,761
1.01.02	Credits	455,631	430,454
1.01.02.01	Customers	455,631	430,454
1.01.02.01.01	Trade accounts receivable - domestic market	215,758	209,101
1.01.02.01.02	Trade accounts receivable - foreign market	248,901	230,747
1.01.02.01.03	Allowance for doubtful accounts	(9,028)	(9,394)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	530,344	509,528
1.01.03.01	Finished products	266,667	251,124
1.01.03.02	Work in process	44,423	43,622
1.01.03.03	Raw materials	167,496	163,816
1.01.03.04	Warehouse (replacement materials and other)	71,100	70,308
1.01.03.05	Provision for losses	(19,342)	(19,342)
1.01.04	Other	186,336	213,091
1.01.04.01	Other credits	21,340	28,706
1.01.04.02	Taxes recoverable	72,522	75,213
1.01.04.03	Receivables from sale of properties	22,205	14,388
1.01.04.04	Restricted bank deposit	0	24,485
1.01.04.05	Amounts receivable - Eletrobrás	65,189	65,189
1.01.04.06	Prepaid expenses	5,080	5,110
1.02	Non-current assets	3,437,486	3,470,043
1.02.01	Long-term receivables	397,894	374,589
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	0	0
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	397,894	374,589
1.02.01.03.01	Special and escrow deposits	17,528	10,366
1.02.01.03.02	Tax credits	231,101	213,689
1.02.01.03.03	Taxes on purchases of property, plant and equipment	1,810	1,774
1.02.01.03.04	Receivables from sale of properties	58,581	59,886
1.02.01.03.05	Goodwill on merger of stockholder	88,874	88,874
1.02.01.03.06	Other	0	0
1.02.02	Permanent assets	3,039,592	3,095,454
1.02.02.01	Investments	1,885	2,021
1.02.02.01.01	Investments in associated and similar companies	0	0
1.02.02.01.02	Investments in subsidiaries	0	0
1.02.02.01.03	Other investments	1,885	2,021
1.02.02.02	Property, plant and equipment	880,729	908,790
1.02.02.02.01	Land	58,079	58,929
1.02.02.02.02	Buildings, improvements and mineral deposits	448,330	449,075
1.02.02.02.03	Machinery, facilities and equipment	955,971	935,851
1.02.02.02.04	Transportation equipment	15,345	15,344
1.02.02.02.05	Furniture and fixtures and other	43,697	42,291
1.02.02.02.06	Construction in progress	82,579	105,932
1.02.02.02.07	Accumulated depreciation	(723,272)	(698,632)
1.02.02.03	Intangible assets	2,156,978	2,184,643
1.02.02.03.01	Software and other	31,756	31,454
1.02.02.03.02	Goodwill on acquisition of investments	2,423,408	2,450,478
1.02.02.03.03	Accumulated amortization	(298,186)	(297,289)
1.02.02.04	Deferred charges	0	0

01.01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

08.02 - Consolidated Balance Sheet - Liabilities and Stockholders' Equity (R\$ thousand)

1 - Code	2 - Description	3 - 3/31/2010	4 - 12/31/2009
2	Total liabilities and stockholders' equity	5,057,876	4,966,274
2.01	Current liabilities	871,144	754,436
2.01.01	Loans and financing	464,163	363,653
2.01.02	Debentures	0	0
2.01.03	Suppliers	183,469	167,130
2.01.04	Taxes, fees and contributions	65,248	70,721
2.01.05	Dividends payable	852	1,071
2.01.06	Provisions	157,412	151,861
2.01.06.01	Salaries and social security charges	92,293	95,479
2.01.06.02	Advances from customers	2,469	2,929
2.01.06.03	Foreign agent commissions	2,399	2,862
2.01.06.04	Liabilities on the transfer of rights	9,867	10,667
2.01.06.05	Freights and insurance	1,441	804
2.01.06.06	Royalties payable	620	665
2.01.06.07	Attorneys' and consultant's fees payable	1,117	1,164
2.01.06.08	Third-parties' services payable	17,211	9,704
2.01.06.09	Provision for warranty indemnification payable	8,890	4,162
2.01.06.10	Contract retentions payable	7,513	7,150
2.01.06.11	Other accounts payable	13,592	16,275
2.01.06.12	Forward financial instrument	0	0
2.01.07	Payables to related companies	0	0
2.01.08	Other	0	0
2.02	Non-current liabilities	1,970,312	1,976,012
2.02.01	Long-term liabilities	1,970,312	1,976,012
2.02.01.01	Loans and financing	705,804	1,418,777
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	572,805	557,235
2.02.01.03.01	Contingencies	97,529	109,817
2.02.01.03.02	Post-employment obligations	227,037	229,183
2.02.01.03.03	Negative goodwill	19,256	19,256
2.02.01.03.04	Deferred income tax and social contribution	214,919	191,523
2.02.01.03.05	Other	14,064	7,456
2.02.01.04	Payables to related parties	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	691,703	0
2.02.01.06.01	Issue of debt securities	691,703	0
2.03	Deferred income	0	0
2.04	Minority interest	15,807	16,134
2.05	Stockholders' equity	2,200,613	2,219,692
2.05.01	Paid-up capital	2,386,032	2,386,032
2.05.01.01	Paid-up capital	2,386,032	2,386,032
2.05.01.02	Unpaid capital	0	0
2.05.01.03	Share issue expenses	0	0
2.05.02	Capital reserves	100,363	99,126
2.05.02.01	Special reserve Law 8200	5,973	5,973
2.05.02.02	Special goodwill reserve	88,874	88,874
2.05.02.03	Stock options granted	6,716	5,479
2.05.02.04	Share premium reserve	26	26
2.05.02.05	Share issue expenses	(1,226)	(1,226)
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/Associated and similar companies	0	0
2.05.04	Revenue reserves	3,076	2,856
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retained profits	3,076	2,856
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(153,640)	(118,507)
2.05.05.01	Adjustments of marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(153,640)	(118,507)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(135,218)	(149,815)
2.05.07	Advance for future capital increase	0	0

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

09.01 - Consolidated Statement of Operations (R\$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
3.01	Gross sales and/or service revenues	658,261	658,261	510,510	510,510
3.02	Deductions from gross revenues	(92,346)	(92,346)	(59,510)	(59,510)
3.03	Net sales and/or service revenues	565,915	565,915	451,000	451,000
3.04	Cost of products and/or services sold	(369,745)	(369,745)	(321,651)	(321,651)
3.05	Gross profit	196,170	196,170	129,349	129,349
3.06	Operating expenses/income	(174,922)	(174,922)	(200,735)	(200,735)
3.06.01	Selling	(61,072)	(61,072)	(52,137)	(52,137)
3.06.02	General and administrative	(54,075)	(54,075)	(63,141)	(63,141)
3.06.03	Financial	(72,506)	(72,506)	(82,249)	(82,249)
3.06.03.01	Financial income	17,992	17,992	9,987	9,987
3.06.03.01.01	Financial income	4,557	4,557	6,628	6,628
3.06.03.01.02	Exchange/Monetary variation gains	13,435	13,435	3,359	3,359
3.06.03.02	Financial expenses	(90,498)	(90,498)	(92,236)	(92,236)
3.06.03.02.01	Financial expenses	(69,237)	(69,237)	(58,663)	(58,663)
3.06.03.02.02	Exchange/Monetary variation losses	(21,261)	(21,261)	(33,573)	(33,573)
3.06.04	Other operating income	18,221	18,221	13,515	13,515
3.06.05	Other operating expenses	(5,490)	(5,490)	(16,723)	(16,723)
3.06.06	Equity in the results of subsidiaries	0	0	0	0
3.07	Operating profit (loss)	21,248	21,248	(71,386)	(71,386)
3.08	Non-operating income	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit (loss) before taxation and profit sharing	21,248	21,248	(71,386)	(71,386)
3.10	Provision for income tax and social contribution on net income	(745)	(745)	(4,827)	(4,827)
3.11	Deferred income tax	(5,984)	(5,984)	14,471	14,471
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.14	Minority interest	78	78	(181)	(181)
3.15	Net income (loss) for the period	14,597	14,597	(61,923)	(61,923)
	Number of shares (units), excluding treasury shares	257,954,378	257,954,378	213,082,583	213,082,583
	Net income per share - R\$	0.05659	0.05659		
	Loss per share - R\$			(0.29061)	(0.29061)

01.01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

10.01 - Consolidated Statement of Cash Flows - Indirect Method (R\$ thousand)

1 - Code	2 - Description	3 - 1/1/2010 to 3/31/2010	4 - 1/1/2010 to 3/31/2010	5 - 1/1/2009 to 3/31/2009	6 - 1/1/2009 to 3/31/2009
4.01	Net cash from operating activities	103,700	103,700	11,576	11,576
4.01.01	Cash provided by operations	122,156	122,156	40,865	40,865
4.01.01.01	Net income (loss) for the period	14,597	14,597	(61,923)	(61,923)
4.01.01.02	Charges and monetary/exchange variations, net	71,039	71,039	79,448	79,448
4.01.01.03	Depreciation and depletion	29,377	29,377	32,842	32,842
4.01.01.04	Amortization of intangible assets	0	0	725	725
4.01.01.05	Deferred income tax and social contribution	5,984	5,984	(11,307)	(11,307)
4.01.01.06	Share options	1,237	1,237	899	899
4.01.01.07	Minority interest	(78)	(78)	181	181
4.01.02	Changes in assets and liabilities	(18,456)	(18,456)	(29,289)	(29,289)
4.01.02.01	Accounts receivable	(23,183)	(23,183)	54,658	54,658
4.01.02.02	Inventories	(29,279)	(29,279)	(17,001)	(17,001)
4.01.02.03	Taxes recoverable	1,808	1,808	(8,427)	(8,427)
4.01.02.04	Receivables from sale of property, plant and equipment	(6,512)	(6,512)	0	0
4.01.02.05	Restricted bank deposits	24,485	24,485	0	0
4.01.02.06	Suppliers	11,061	11,061	(57,704)	(57,704)
4.01.02.07	Advances from customers	255	255	6,144	6,144
4.01.02.08	Taxes payable	(3,996)	(3,996)	115	115
4.01.02.09	Other	6,905	6,905	(7,074)	(7,074)
4.01.03	Other	0	0	0	0
4.02	Net cash from investing activities	(5,839)	(5,839)	(10,206)	(10,206)
4.02.01	Disposal of property, plant and equipment and investments	40	40	580	580
4.02.02	Additions to fixed assets, intangible assets and investments	(5,879)	(5,879)	(10,786)	(10,786)
4.03	Net cash from financing activities	16,594	16,594	(100,197)	(100,197)
4.03.01	New loans and financing	784,185	784,185	110,641	110,641
4.03.02	Payments of loans and financing	(634,724)	(634,724)	(177,540)	(177,540)
4.03.03	Payment of interest, loans and financing	(133,086)	(133,086)	(33,298)	(33,298)
4.03.04	Prescribed interest on capital	219	219	0	0
4.04	Exchange variation on cash and cash equivalents	(9,534)	(9,534)	(6,352)	(6,352)
4.05	Increase (decrease) in cash and cash equivalents	104,921	104,921	(105,179)	(105,179)
4.05.01	Opening balance of cash and cash equivalents	343,158	343,158	384,482	384,482
4.05.02	Closing balance of cash and cash equivalents	448,079	448,079	279,303	279,303

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

11.01 - Consolidated Statement of Changes in Stockholders' Equity from 1/1/2010 to 3/31/2010 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,386,032	99,126	0	2,856	(149,815)	(118,507)	2,219,692
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,386,032	99,126	0	2,856	(149,815)	(118,507)	2,219,692
5.04	Net income/loss for the period	0	0	0	0	14,597	0	14,597
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	1,237	0	220	0	0	1,457
5.12.1	Share options granted	0	1,237	0	0	0	0	1,237
5.12.2	Prescribed interest on capital	0	0	0	220	0	0	220
5.13	Closing balance	2,386,032	100,363	0	3,076	(135,218)	(153,640)	2,200,613

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

11.02 - Consolidated Statement of Changes in Stockholders' Equity from 1/1/2010 to 3/31/2010 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,386,032	99,126	0	2,856	(149,815)	(118,507)	2,219,692
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,386,032	99,126	0	2,856	(149,815)	(118,507)	2,219,692
5.04	Net income/loss for the period	0	0	0	0	14,597	0	14,597
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(35,133)	(35,133)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury shares	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	1,237	0	220	0	0	1,457
5.12.1	Share options granted	0	1,237	0	0	0	0	1,237
5.12.2	Prescribed interest on capital	0	0	0	220	0	0	220
5.13	Closing balance	2,386,032	100,363	0	3,076	(135,218)	(153,640)	2,200,613

01.01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

06.01 - Notes to the Quarterly Information
(All amounts in thousands of reais unless otherwise indicated)

1 Operations

Magnesita Refratários S.A. ("the Company") was formed on December 11, 2006, and its main objective is to hold interests in other companies, At the Extraordinary General Meeting held on August 6, 2007, its name was changed from "Sibaúma Participações S.A." to "RPAR Holding S.A." and the Extraordinary General Meeting held on March 17, 2008, approved the change of the company name from RPAR Holding S.A. to Magnesita Refratários S.A.

Acquisition of Magnesita S.A.

On September 27, 2007, the Company concluded the acquisition, directly and indirectly, of 70.7% of the voting common shares of Magnesita S.A. and 3.1% of its preferred shares, totaling 38.6% of the total capital of that company.

On December 11, 2007, the Company acquired, on the stock exchange, new preferred class A and class C shares of Magnesita S.A., which represent 16.83% of the outstanding preferred shares, through a voluntary public share offering, representing an increase of 7.98% of the total capital.

Between January 3 and 31, 2008, the Company acquired, on the Stock Exchange, 955,392,390 common shares and 2,951,731,751 class A preferred shares issued by Magnesita S.A., increasing its interest by 9.18% of capital.

At January 31, 2008, the Company carried out, on BOVESPA, a public auction for the acquisition of common shares of Magnesita S.A. (in conformity with article 254.A of Law No. 6404/76) and acquired 4,512,220,813 common shares, representing 10.61% of total capital.

Merger of Magnesita S.A.

On February 2, 2008, the Company presented a proposal for the merger into the Company of the subsidiaries Magnesita S.A. and Partimag S.A., which was made effective on February 21, 2008, considering the base date of December 31, 2007. The shareholders of Magnesita S.A. received shares of Magnesita Refratários S.A. In the case of Partimag S.A., a wholly-owned subsidiary of Magnesita Refratários S.A., the main assets of which consisted of its ownership interest in Magnesita S.A., the merger did not generate the issuance of shares.

Merger of Wholly-Owned Subsidiaries

On April 30, 2008, at the Extraordinary General Meeting, the shareholders approved the merger into the Company of the following subsidiaries:

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- Magnesita Service Ltda;
- Risa Refratários e Isolantes Ltda;
- Risa Materiais Cerâmicos Ltda;
- Refratec Produtos Eletrofundidos Ltda;
- Ikera Indústria e Comércio Ltda;
- Refratec Participações Ltda; e
- São José Administração de Matérias Primas Ltda.

These merger transactions did not result in an increase in the capital of the Company, since it already held all the capital quotas of the merged companies. Thus, there were no changes in the consolidated financial position of the Company in connection with these merger transactions.

Acquisition of Insider

On April 25, 2008, the Company executed an agreement for the acquisition of all the capital quotas of Insider - Insumos Refratários para Siderurgia Ltda. (subsequently merged into the subsidiary MAG-Sé Participações Ltda.), a company that manufactures high-tech monolithical and premolded refractories, which is based in the City of Coronel Fabriciano, State of Minas Gerais. The agreed acquisition for R\$ 55 million was concluded on October 30, 2008, at the total restated value of R\$ 57.4 million, according to the contractual conditions.

Acquisition of LWB Group

On September 7, 2008, the Company executed with Rearden L. Holdings 2 S.A.R.L., a company of Rhône Group, agreements to acquire ownership of all shares of the LWB Group ("LWB"), leader in the segment of dolomitic refractories, with industrial operations in North America, Europe and Asia.

On November 5, 2008, the transaction closing date, the shareholders of LWB received from the Company the amount of R\$ 785.4 million: a portion corresponding to R\$ 297.8 million in cash and the remaining part, equivalent to R\$ 487.6 million, through 23,457,778 common shares issued by the Company, which constitute 10.97% of its total capital. To calculate the amount of the transaction mentioned above, R\$ 20.79 was considered the value per share of the Company.

The Company's shareholders agreement was amended to enable the inclusion of Rhône Group with 9.14% of the Company's shares and providing for participation in the Board of Directors through one member.

Thus, Magnesita Refratários S.A., a listed company registered in the BOVESPA's "New Market", became, along with its subsidiaries, a manufacturer of magnesian and dolomitic refractories with plants located in South America, North America, Europe and Asia.

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Production Plants

In addition to the plant located in Contagem, State of Minas Gerais (MG), Brazil, the Company has plants for the production of refractory materials through the following subsidiaries:

- MAG-Sé Participações Ltda. - Brazil
- Refractorios Argentinos S.A.I.C.y M - Argentina
- LWB Refractories Company - United States
- LWB Refractories GmbH - Germany
- LWB Refractories S.C.S. - France
- LCH Resource (Anhui) Co. Ltd. - China
- Shanxi LWB Taigang Refractories Co. Ltd. - China
- Sinterco S.A. - Belgium

In addition to these, the Company has other direct and indirect subsidiaries that are part of the consolidated quarterly information, including holding, commercial, mining or non-operating companies.

2 Presentation of the Quarterly Information and Significant Accounting Practices

(a) Presentation of the quarterly information

This quarterly information was approved by the Board of Directors on May 14, 2010.

The quarterly information (parent company and consolidated) was prepared and is presented in accordance with accounting practices adopted in Brazil, in compliance with the requirements of Brazilian Corporation Legislation and the Brazilian Securities Commission (CVM). These accounting practices correspond to the standards and technical guidances which were in effect for the financial statements for the year ended December 31,2009, that will be different from those that will be used to prepare the financial statements at December 31,2010, as described in item 2 (b) below.

Pursuant to CVM Resolution 603, of November 10, 2009, public corporations are allowed to present their quarterly information (ITR) forms during 2010 in accordance with the accounting standards in effect up to December 31, 2009. In this event, it will be necessary for the companies to disclose this fact in the respective Note and resubmit the ITRs for 2010, as well as those for 2009, for comparison purposes, also adjusted to the 2010 standards, upon the presentation of the financial statements for the year starting January 1, 2010.

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The preparation of quarterly information requires the use of estimates to record certain assets, liabilities and other transactions. Therefore, the Company's quarterly information includes estimates related to the selection of the useful lives of property, plant and equipment, provisions for contingent liabilities, income tax and other similar liabilities. The actual results may differ from those estimated.

(b) Standards and interpretations of standards in effect in 2010 not yet adopted

During 2009, within the process of convergence with international standards, the Brazilian Accounting Pronouncements Committee (CPC) issued several standards and interpretations of standards that change the accounting practices adopted in Brazil the application of which is mandatory for years beginning on or after January 1, 2010.

CVM, through its Resolution 603/09, extended to December 2010 the obligation to apply the CPC Pronouncements, Interpretations and Technical Guidance issued and approved by CVM in 2009, permitting public companies to present their ITR forms during 2010 in accordance with the accounting practices in effect up to December 31, 2009. In this event, it will be necessary for the companies to resubmit the ITR forms adjusted to the standards in effect in 2010, as well as those for 2009, presented for comparison purposes, also adjusted to the 2010 standards, upon the presentation of the financial statements for the year starting January 1, 2010.

Accordingly, the Company decided to present the ITR form for the quarter ended March 31, 2010 in accordance with the accounting practices in effect up to December 31, 2009, as it is currently analyzing the potential effects arising from the application of the new CPC Pronouncements, in view of the complexity of the calculations and definition of guidelines related to these new accounting practices.

According to the Company's management, the following are the pronouncements and interpretations of standards that may have a more significant impact on the financial statements for 2010, as well as on those for 2009 presented for comparison purposes:

(i) Pronouncements

CPC 22 - Segment Information

To comply with the provisions of this CPC, the Company is analyzing the best way to disclose its financial information per segment.

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CPC 27 - Property, Plant and Equipment

To comply with the provisions of this CPC, the Company is hiring specialized consulting firms to review the useful lives of the main property, plant and equipment items, which may generate depreciation rates that are different from those currently practiced.

CPC 34 - Exploration for and Evaluation of Mineral Resources

To comply with the provisions of this CPC, the Company is analyzing with specialists the understanding that its mineral exploration does not accumulate environmental liabilities to terminate the mineral exploration.

CPC 37 - First-time Adoption of International Financial Reporting Standards

The Company is analyzing the requirements of this CPC and expects to adopt, in 2010, the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), as required by the Brazilian Securities Commission (CVM).

CPC 38 - Financial Instruments: Recognition and Measurement

This pronouncement regulates the recognition and measurement of operations carried out with financial instruments (including derivatives), and should be applied to all types of financial instruments, except for some which are stated in the pronouncement itself. It defines, among other, the following terms (i) derivatives, (ii) categories of financial instruments, (iii) financial guarantee contract, (iv) amortized cost of a financial asset or liability, (v) effective interest rate method, (vi) fair value and (vii) built-in derivative.

CPC 39 - Financial Instruments: Presentation

CPC 40 - Financial Instruments: Disclosure

This pronouncement requires that companies present evidence in their financial statements which allows users to assess the significance of the financial instruments for the entity's performance and financial position; the nature and extent of the risks arising from financial instruments to which the entity is exposed; and the manner in which the entity manages these risks.

The Company is analyzing the requirements of these CPC's, especially with respect to the possible existence of embedded derivatives in agreements entered into with third parties.

(ii) Interpretations

ICPC 10 - Clarifications of CPC 27 and CPC 28

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This addresses matters related to the first-time adoption of Technical Pronouncements CPC 27 - Property, Plant and Equipment, CPC 28 - Investment Property, CPC 37 - First-time Adoption of International Financial Reporting Standards and CPC 43 - First-time Adoption of Technical Pronouncements CPC 15 to 40. Among other matters, it addresses the issue of the use of the depreciation rates established in tax law without considering the practice of (i) mandatory periodic review of useful life and (ii) determining the net book value, which are fundamental to define the amount to be depreciated pursuant to Technical Pronouncement CPC 27.

3 Consolidation Criteria

The consolidated quarterly information and the consolidated financial statements at March 31, 2010 and December 31, 2009, respectively, include those of the Parent Company and the following subsidiaries:

	3/31/2010	12/31/2009
Cerâmica São Caetano Ltda.	100	100
Iliama Participações S.L. and its subsidiary	100	100
LWB Island Company Ltd. and its subsidiaries (LWB)	100	100
Magnesita Grundstucks Beteiligungs GmbH	100	100
Magnesita Refractories Corporation	100	100
MAG-Sé Participações Ltda.	100	100
MAG-Tec Ltda.	100	100
Massambaba Mineração Ltda	100	100
MSA Agropecuária Ltda.	100	100
RASA - Refractarios Argentinos S.A.I.CyM and its subsidiary	100	100
Refractarios Magnesita Colombia S.A.	100	100
Refractarios Magnesita del Peru S.A.C.	100	100
Refractarios Magnesita Uruguay S.A.	100	100

The fiscal years of the direct and indirect subsidiaries coincide with those of the Parent Company, and the accounting policies were applied on a standardized basis in the consolidated companies.

The quarterly information of subsidiaries operating abroad are converted into Reais (R\$) in conformity with the guidelines of Technical Pronouncement CPC 02 (R1) - Effects of Changes in the Foreign Exchange Rates and Conversion of the Financial Statements, as follows:

- (i) Assets and liabilities based on the closing rate at the balance sheet date.

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- (ii) Changes in shareholders' equity for the year considering the rates in force at the dates when they occurred; and the opening shareholders' equity of each balance sheet is represented by the closing shareholders' equity of the previous year, according to the conversion effective at that date.
- (iii) Income and expenses of the statement of operations at the average rates for the period.
- (iv) The foreign exchange variations related to items (i), (ii) and (iii) mentioned above are recognized in the specific account of shareholders' equity "carrying value adjustment".

The process of consolidating the direct and indirect subsidiaries consists of the summation of the balances of the accounts of assets, liabilities, income and expenses, according to the nature of each balance, complemented by the following eliminations:

- (i) equity interests, reserves and accumulated results between companies;
- (ii) current account balances and other asset and/or liability intercompany balances including unrealized results; and
- (iii) identification of minority interest.

The reconciliation of Shareholders' Equity and the Result for the quarter between the consolidated and parent company is as follows:

	Shareholders' equity		Result for the year	
	3/31/2010	12/31/2009	1 st Q/10	1 st Q/09
Consolidated	2,200,613	2,219,692	14,597	(61,923)
Unrealized profits in inventories	1,071	641	430	(100)
Parent company	2,201,684	2,220,333	15,027	(62,023)

4 Description of the Significant Accounting Practices Adopted

The significant accounting practices adopted are as follows:

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(a) Determination of net income (loss)

Net income (loss) is determined on the accrual basis of accounting and considers the earnings, charges and monetary variations based on official indices applicable to assets and liabilities. Income tax and social contribution are deducted from the results and deferred taxes were recognized on income tax and social contribution tax loss carryforwards as well as temporary differences, at the rates in effect for income tax and social contribution, to the extent their realization is probable.

Sales revenue is recognized when the significant risks and benefits of ownership of goods are transferred to the purchaser. The Company's criterion of revenue recognition, therefore, is the date on which the product is delivered to the purchaser.

In certain cases, based on specific contractual provisions, the Company supplies the products on the industrial consignment basis, billing for such products in accordance with the customer's production events.

Income from services rendered is recognized based on the stage of execution of the services at the balance sheet date, providing that all the costs related to the services can be reliably measured.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and short-term investments with high liquidity and immaterial risk of change in value (Note 5).

(c) Financial instruments

Classification and measurement

The Company classifies its financial assets as measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when first recorded.

Financial assets measured at fair value through profit or loss

These are financial assets held for active and frequent trading. Derivatives are also classified as held for trading, unless they have been designated as hedge instruments. These assets are classified as current assets. Gains or losses arising from the changes in fair value of financial

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assets measured at fair value through profit or loss are recorded in the statement of operations in "financial result" in the period they occur.

Loans and receivables

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. The Company's loans and receivables comprise loans granted to related companies, trade accounts receivable, other accounts receivable and cash and cash equivalents, except for short-term investments. Loans and receivables are recorded at amortized cost, based on the effective interest rate method.

Fair value

Fair values of investments with publicly-available quotations are based on current purchase prices. For financial assets without an active market or public quotation, the Company determines fair value through valuation techniques, which use recent transactions with third parties, references to other substantially similar instruments, discounted cash flow analysis and option pricing models which preferentially use information from external sources rather than internally-generated data.

Derivative instruments and hedge activities

Initially, derivatives are recognized at fair value when the derivative agreement is signed and, are subsequently remeasured at fair value, with the changes in fair value included in the statements of operations, except when the derivative is designated as a cash flow hedge.

Although the Company uses derivatives for protection, it has not designated any instruments as hedges for accounting purposes.

(d) Trade accounts receivable and suppliers

These are initially stated at present value. The balances related to the foreign market are adjusted based on foreign exchange variations up to the balance sheet date.

(e) Allowance for doubtful accounts

Calculated in an amount considered sufficient to cover the risk of losses on amounts receivable, based on individual analyses by customer.

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(f) Inventories

These are stated at the lower of cost (production, average purchase or extraction) and net realizable amounts.

(g) Income tax and social contribution

Income tax and social contribution are provided for based on current legislation. The deferred tax assets are recognized on temporary differences, income tax and social contribution tax loss carryforwards, to the extent that their realization is probable. The currently defined tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes. Deferred tax liabilities relate to the sale of property, plant and equipment receivable in long-term installments, the realization for tax purposes of goodwill and the accelerated fiscal depreciation of the LWB companies.

(h) Goodwill on downstream merger, net of provision

With the merger into the Company of the holder of 10.97% of its capital, the goodwill arising from the acquisition of the related shares, recorded in intangible assets of the merged company, was reduced by a provision pursuant to CVM Instruction No. 349/01, and a special reserve was set up for this merger. The reserve will benefit all the shareholders when it is used for capital increase. The net balance of this goodwill represents the amount of the tax benefit expected from its amortization and is classified in non-current assets - long-term receivables.

(i) Investments

Investments in subsidiaries are accounted for by the equity method with the equity in the results of the investees, recognized in the statement of operations as operating income or expense. The foreign exchange variations of investments in subsidiaries abroad are recorded in the account "Carrying value adjustment", in the Company's shareholders' equity, and will be recorded in the statement of operations only when the investment is sold or written down as a loss.

To calculate equity in the results, unrealized gains or transactions between the Company and its subsidiaries are eliminated proportionately to the Company's interest; unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. When necessary, the accounting practices of the subsidiary and associated companies are altered to be consistent with the practices adopted by the Company.

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Other investments are presented at acquisition cost, indexed for inflation through December 31, 1995, net of provision for losses, when applicable.

(j) Property, plant and equipment

These are stated at cost of purchase or formation, net of depreciation calculated in accordance with the expected useful lives and depletion, based on the straight-line method, at the rates described in Note 7.

Repairs and maintenance costs are allocated to results during the period in which they are incurred. The cost of major renovations is included in the book value of the asset when it is probable that future economic benefits which exceed the performance standard initially evaluated for the existing asset will be obtained by the Company. Major renovations are depreciated over the remaining useful life of the related asset.

(k) Intangible assets

Goodwill or negative goodwill

Goodwill or negative goodwill on the acquisition of an investment is calculated as the difference between the purchase amount and book value of the shareholders' equity of the company acquired. Goodwill paid on the Company's acquisitions is supported by the expectations of future profitability, and up to December 31, 2008 was being amortized over periods of from 5 to 10 years (Note 8). As established in Technical Pronouncement CPC 13, starting from January 1, 2009, the goodwill based on the expectation of future profitability is no longer systematically amortized and is subject, as from that date, to annual tests of recoverability as described in Note 4(o).

The negative goodwill recorded by the merged subsidiary Partimag S.A. (Note 1), on the acquisition of Magnesita S.A shares, has not been amortized as there is no specific economic basis for amortization.

Software

Software licenses acquired and advisory services for their implementation are capitalized and amortized over their estimated useful lives (Note 8).

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(l) Contingent assets and provision for contingencies

The recognition, measurement and disclosure of the contingent assets and liabilities and legal obligations are carried out in accordance with the criteria defined in CVM Resolution 489/05 (Note 12):

- . Contingent assets - these are not recorded in the books, unless favorable unappealable court decisions characterize the gain as certain.
- . Provisions for contingencies - tax and social security - these are recorded considering the opinion of legal advisors, the nature of lawsuits, similarity to prior proceedings, complexity and positioning of the courts, whenever a loss is assessed as probable, an outflow of resources to settle the liabilities is probable, and the amounts involved can be calculated with sufficient certainty.

Tax and social security contingent liabilities classified as possible losses are not recorded but are disclosed in the financial statements, and those classified as remote losses do not need to be accrued or disclosed.
- . Provision for contingencies - labor - considers the outstanding lawsuits and the historical average of unfavorable outcomes.

(m) Post-employment liabilities

The liability related to the defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the market value of the assets of the plan, adjusted for actuarial gains or losses and costs of past service. The defined benefit obligation is calculated annually by independent actuaries (Note 15).

(n) Variable compensation program

The Company accrues its program of employee variable compensation in connection with the operating and financial goals disclosed to its employees and agreed with the workers' union, and the related expense was recorded as "General and administrative expenses" (Note 20).

As the goals are measured at the end of the year, the provisions in this quarterly information are accrued based on the partial performance determined at March 31, 2010.

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(o) Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed to identify evidence of impairment annually, and also whenever events or changes in circumstances indicate that the book value may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. In the event of loss, it is recognized at the amount by which the book value of the asset exceeds its recoverable value, which is the higher of the net sales price and the value in use of an asset. For evaluation purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(p) Provisions

Provisions are recognized when the Company has a legal or informal present obligation as a result of past events, it is probable that cash outflow is necessary to settle the obligation, and a reliable estimate of the amount can be made.

(q) Share-based remuneration

The Company offers to its executives share-based remuneration plans, to be settled in Company stock, according to which the Company receives services in consideration for stock purchase options. The fair value of options granted is recognized as an expense, during the period in which the right is obtained, i.e., the period during which specific vesting conditions must be met. At the date of the balance sheet, the Company revises the estimated number of options which will vest and, subsequently, recognizes the impact of the change in initial estimates, if any, in the statement of operations, with a corresponding entry to shareholders' equity, on a prospective basis.

(r) Borrowings

Borrowings are initially recognized at fair value, upon receipt of funds, net of transaction costs. Subsequently, the borrowings are presented at amortized cost, that is, plus charges and interest in proportion to the period elapsed ("pro rata temporis").

(s) Other assets and liabilities

These are stated at known or estimated amounts, plus or minus, when applicable, the corresponding charges and monetary restatements or provisions for loss. The advances from customers are stated at historical values. The amounts related to vacation payable to employees are accrued proportionately to the vesting period and include the corresponding social security charges.

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5 Cash and Cash Equivalents

The composition is as follows:

	Consolidated		Parent company	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Cash and banks	303,959	141,397	40,420	18,083
Marketable securities -				
Fixed-income	144,120	201,761	106,712	170,412
	<u>448,079</u>	<u>343,158</u>	<u>147,132</u>	<u>188,495</u>

The item "Cash and cash equivalents" includes at March 31, 2010, on consolidation, R\$ 3,663 (R\$ 1,369 at 12/31/2009) in local currency and R\$ 300,296 (R\$ 140,028 at 12/31/2009) in foreign currency, and represents deposits in bank current accounts. The "Marketable securities" were classified as trading securities and correspond to fixed income securities with earnings that approximate the variation of Interbank Deposit Certificates (CDI), and are available for immediate redemption. On consolidation, a part of these fixed income securities, amounting to R\$ 6,428 (R\$ 62,475 at 12/31/2009) are denominated in foreign currency, mainly the US dollar.

6 Investments in Subsidiaries

(a) Information on investments (Parent Company)

	At March 31, 2010			
	Unrealized profits	Investment in capital %	Adjusted net equity	Adjusted net income (loss)
Cerâmica São Caetano Ltda. Capital of R\$ 27,171 and 2,717,102,088 quotas (ii)	2,686	100	24,507	(138)
Iliama Participações S.L. Capital of 3 thousand EUROS and 3,010 quotas		100	(34,836)	(1,348)
LWB Island Company Ltd. Capital of 285,429 thousand EUROS and 1,286 quotas		100	811,590	(18,971)
Magnesita Grundstücks Beteiligungs GmbH Capital of 25 thousand EUROS and 1 quota		100	72	(27)
Magnesita Refractories Corporation Capital of US\$ 650 thousand and 1 quota		100	283	(146)
MAG-Sé Participações Ltda. Capital of R\$ 1,590 and 1,590,000 quotas		100	63,564	3,154
MAG-Tec Ltda. Capital of R\$ 200 and 800,000 quotas		100	245	0
Massambaba Mineração Ltda. Capital of R\$ 1,001 and 1,001,000 quotas (ii)		100	(3,422)	(88)
MSA Agropecuária Ltda. (i) Capital of R\$ 9,571 and 957,118,076 quotas (ii)		34.2	750	0

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	Unrealized profits	Investment in capital %	At March 31, 2010	
			Investment in:	
			Adjusted net equity	Adjusted net income (loss)
RASA - Refractorios Argentinos S.A. I. C. y M. Capital of ARS 1,000 thousand and 1,000,000 shares		100	19,699	885
Refractários Magnesita Colômbia S.A. Capital of COP 11,673,200 thousand and 1,167,320,000 quotas		100	4,807	1,878
Refractários Magnesita Del Peru S.A.C. Capital of PEN 1 thousand and 1,000 quotas		100	(1,753)	185
Refractários Magnesita Uruguay S.A. Capital of UYU 450 thousand and 450,000 quotas		100	95	15
Total in 2010 (1 st quarter)	2,686		885,601	(14,601)
Total in 2009 (year)	2,686		912,834	(76,115)

- (i) The total interest of the Company, directly and indirectly is 100%. The indirect interest is held through Cerâmica São Caetano Ltda.
- (ii) Companies merged on April 28, 2010.

(b) Change in investments

Changes in the investment accounts during the 1st quarter of 2010 were as follows:

	Parent company	
	3/31/2010	12/31/2009
Balance of the beginning of the year	914,241	852,925
Capital increase in subsidiary (i)	11,250	329,098
Equity in the results of subsidiaries	(14,601)	(76,115)
Dividends received	-	(5,000)
Exchange variation of investments (ii)	(23,882)	(186,552)
Disposal of other investments	-	(115)
Balance at the end of the year	887,008	914,241

- (i) In 2009 it refers to capital increase in the subsidiary LWB, with the objective of prepayment of part of the loan from the JP Morgan bank (Note 10). In 2010 it refers to capital increase in subsidiaries Refractorios Magnesita Colombia and Magnesita Refractories Corporation.
- (ii) Exchange variation of investments recognized in shareholders' equity (Note 4 (i)).

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(c) Related-party transactions (Parent Company)

Balances and transactions

The main balances receivable and payable at March 31, 2010 and the main transactions carried out during the 1st quarter of 2010, such as sales, purchases of services and products and dividends received, involving the Company's subsidiaries, were as follows:

	Balances		Transactions	
	Accounts receivable	Suppliers	Credits (Debts)	Sales Purchase of products
Cerâmica São Caetano Ltda.	-	-	(1,956)	-
MAG-Sé Participações Ltda.	151	383	(861)	466
RASA - Refractários Argentinos S.A. I. C. y M.	16,283	-	533	3,579
Iliama Participações S.L.	11,382	-	-	-
Refractários Magnesita Uruguay S.A.	173	-	-	-
Refractários Magnesita Colômbia S.A.	7,604	-	-	3,257
Refractários Magnesita Del Peru S.A.C.	2,625	-	-	965
Refractários Magnesita Chile.	1,015	-	-	430
Massambaba Mineração Ltda.	-	-	3,679	-
LWB companies	12,311	-	1,521	12,973
MSA Agropecuária Ltda.	-	-	(2,507)	-
Total at March 31, 2010	51,544	383	409	21,670
At December 31, 2009	64,532	476	321	93,175

Credits refer to loans to subsidiaries for their operating needs, with no remuneration.

The purchases and sales of products and services between the parent company and its subsidiaries are transacted under conditions agreed by the parties. Considering that the percentage interest of the Company in its subsidiaries is 100%, they are eliminated in the consolidated financial statements.

Remuneration of the key management personnel

The compensation of the members of the Board of Directors and of the Executive Board in the 1st quarter of 2010 corresponded to R\$ 1,692 (R\$ 1,234 in the 1st quarter of 2009). In addition, the fair value of the stock options granted in the amount of R\$ 1,237 (R\$ 899 in the 1st quarter of 2009) is recorded in the statement of income.

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7 Property, Plant and Equipment

	Consolidated				Parent company				Annual depreciation rates %
	3/31/2010		12/31/2009		3/31/2010		12/31/2009		
	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net	
Land	58,079	-	58,079	58,929	10,761	-	10,761	10,761	Based on volume
Mineral deposits	37,308	(3,236)	34,072	33,690	9,132	(1,648)	7,484	7,600	
Buildings and improvements	411,022	(137,232)	273,790	280,064	142,103	(83,499)	58,604	58,402	2.5 to10
Machinery, facilities and equipment including IT	955,971	(552,341)	403,630	402,070	654,956	(420,540)	234,416	221,661	4 to 33
Transportation equipment	15,345	(13,041)	2,304	2,482	12,150	(10,774)	1,376	1,530	4 to 33
Furniture and fixtures and others	43,697	(17,422)	26,275	25,623	17,724	(9,051)	8,673	8,038	4 to 33
Construction in progress	82,579	-	82,579	105,932	54,875	-	54,875	78,434	
Total property, plant and equipment	<u>1,604,001</u>	<u>(723,272)</u>	<u>880,729</u>	<u>908,790</u>	<u>901,701</u>	<u>(525,512)</u>	<u>376,189</u>	<u>386,426</u>	

The changes in property, plant and equipment accounts were as follows:

	Consolidated	Parent company
At December 31, 2009	908,790	386,426
Additions	5,166	3,202
Disposals	(41)	(6)
Depreciation	(28,480)	(13,433)
Exchange variation (assets abroad)	(4,706)	-
At March 31, 2010	<u>880,729</u>	<u>376,189</u>

8 Intangible Assets

	Consolidated				Parent company				Annual amortization rate %
	3/31/2010		12/31/2009		3/31/2010		12/31/2009		
	Cost	Accumulated amortization	Net	Net	Cost	Accumulated amortization	Net	Net	
Software and other	31,756	(22,030)	9,726	10,321	29,402	(20,600)	8,802	9,285	20
Goodwill on acquisition of investments (i)									
Magnesita S.A.	1,316,509	(272,855)	1,043,654	1,043,654	1,316,509	(272,855)	1,043,654	1,043,654	
LWB (ii)	1,066,363	(2,602)	1,063,761	1,090,831	307,280	(2,602)	304,678	315,929	
Insider - Insumos Refratários para Siderurgia Ltda.	40,536	(699)	39,837	39,837	-	-	-	-	
Total intangible assets	<u>2,455,164</u>	<u>(298,186)</u>	<u>2,156,978</u>	<u>2,184,643</u>	<u>1,653,191</u>	<u>(296,057)</u>	<u>1,357,134</u>	<u>1,368,868</u>	

- (i) The goodwill paid on the acquisition of investments is supported by the expected future profitability and was tested at December 31, 2009 for indications of impairment. The impairment tests were carried out considering the following assumptions: (a) the method currently used by the Company to manage its operations (by geographic regions) and, consequently, the goodwill; (b) evaluation, based on the value in use, of the group of cash generating units; (c) preparation of the discounted cash flow at present value based on assumptions in line with the current market conditions; and (d) future projections in conformity with the Company's business plan. These tests did not indicate any decrease in the recoverable value of goodwill.
- (ii) In the consolidated, includes the amount of R\$ 759,085 (R\$ 774,902 at 12/31/2009) for goodwill presented in the financial statements of LWB, prior to the acquisition by the Company.

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The changes recorded in the intangible asset accounts were the following:

	<u>Consolidated</u>	<u>Parent company</u>
December 31, 2009	2,184,643	1,368,868
Additions	375	349
Exchange variation (i)	(27,143)	(11,251)
Amortization	(897)	(832)
March 31, 2010	<u>2,156,978</u>	<u>1,357,134</u>

(i) As required by CPC 02, (R1) the goodwill arising from the expectation of future profitability paid on the LWB acquisition is expressed in the functional currency of LWB (Euro), as is the goodwill recorded in the LWB financial statements prior to its acquisition by the Company.

9 Salaries, Provisions and Social Contributions

	<u>Consolidated</u>		<u>Parent company</u>	
	<u>3/31/2010</u>	<u>12/31/2009</u>	<u>3/31/2010</u>	<u>12/31/2009</u>
Provision for vacation pay and payroll charges	18,113	17,313	17,723	17,117
Provision for 13 th salary and payroll charges	3,363		3,360	-
Salaries payable	15,795	17,156	2,645	3,457
Rescissions payable	14,887	22,115	-	-
Provision for bonus and charges	31,093	29,213	23,832	17,600
Social charges payable	4,923	4,829	3,217	3,006
FGTS(*) payable	1,006	1,294	1,006	1,293
Other social charges payable	3,113	3,559	601	304
	<u>92,293</u>	<u>95,479</u>	<u>52,384</u>	<u>42,777</u>

(*) Government Severance Indemnity Fund for Employees (FGTS)

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10 Loans and Financing

	Currency	Annual average interest rate	Consolidated		Parent company	
			3/31/2010	12/31/2009	3/31/2010	12/31/2009
Export credit note	R\$	CDI+2.39%	984,604	1,019,843	984,604	1,019,843
(-) Unamortized transaction costs		-	(9,067)	(8,355)	(9,067)	(8,355)
Import financing	US\$	7.00%	4,595	5,671	4,595	5,671
Property, plant and equipment financing						
In local currency	R\$	TJLP+2.05%	800	833	800	833
Leasing	R\$	CDI	998	1,124	768	878
Advances on export invoices						
In foreign currency	US\$	6.05%	154,357	229,001	154,357	229,001
Senior Export Facility						
JP Morgan	US\$	Libor+5.0%		528,563	-	-
(-) Unamortized transaction costs				(21,423)	-	-
Other	US\$	7.25%	14,385	14,428	-	-
Other	€	6.67%	19,295	12,745	-	-
			<u>1,169,967</u>	<u>1,782,430</u>	<u>1,136,057</u>	<u>1,247,871</u>
		Current	<u>464,163</u>	<u>363,653</u>	<u>446,419</u>	<u>346,704</u>
		Non-current	<u>705,804</u>	<u>1,418,777</u>	<u>689,638</u>	<u>901,167</u>

(a) Export credit note

The Company carries out export credit note transactions with the following characteristics:

- Creditor: Banco Bradesco S.A.
- Term: 5 years
- Grace period: 2 years
- Annual interest: CDI + 2.75% (up to 08/14/2009, CDI + 1.39%; from 08/15/2009 to 02/10/2010, CDI + 4.0%)
- Creditor: Banco Itaú BBA S.A.
- Term: 5 years
- Grace period: 2 years
- Annual interest: CDI + 4.0% (up to 08/14/2009, CDI + 1.39%)

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In April 2010, the Company renegotiated the Banco Itaú BBA S.A. export credit note in the amount of R\$ 804,553. The annual interest rate went down from CDI + 4.0% to CDI + 2.75% and the principal is now payable in 3 equal installments maturing in February 2013, March 2014 and March 2015. The interest payable up to the date of the renegotiation was postponed to March 2011.

The unamortized transaction costs correspond to the commission paid upon the renegotiation of the contracts and will be amortized over their terms.

During the first quarter of 2010, the Company contracted two export credit notes with Banco do Brasil S.A. in the amounts of R\$ 19,000 and R\$ 25,000, with the following characteristics:

- Creditor: Banco do Brasil S.A.
- Term: 2 years
- Annual interest: CDI + 1.6%

- Creditor: Banco do Brasil S.A.
- Term: 3 years
- Annual interest: CDI + 1.95%

The annual financial covenants are as follows:

	<u>Net Debt/Ebitda</u>	<u>Ebitda/Net Financial Expense</u>
1Q 2010	5.5	1.50
2Q 2010	5.0	1.75
3Q 2010	4.5	1.75
4Q 2010	4.5	2.00
1Q 2011	4.0	2.00
2Q 2011 onwards	3.5	2.00

At March 31, 2010 the Company was in compliance with the requirements.

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(b) Advances on export invoices

Advances on export invoices refer to future exports of the Company, and were obtained from financial institutions. For these transactions, on Consolidation and in the Parent Company, export trade notes have not yet been provided as guarantee at March 31, 2010. The creditors are the Banks: Bradesco, Banco do Brasil, Santander, HSBC, Itaú and Safra.

(c) Senior Export Facility (JP Morgan)

The Company prepaid this financing using the funds obtained from the issue of debt securities (Note 11).

(d) Maturities

At March 31, 2010, long-term maturity is as follows:

	<u>Consolidated</u>	<u>Parent company</u>
2011	3,626	1,228
2012	283,260	280,574
2013	322,112	319,025
2014	46,871	44,321
2015	49,935	44,490
	<u>705,804</u>	<u>689,638</u>

11 Long-term Debt Securities (Consolidated)

During the 1st quarter of 2010, the Company issued US\$ 400 million in debt securities denominated in US dollars, through its wholly-owned subsidiary Rearden G Holdings Eins GmbH ("Rearden"). These securities are unsecured and unsubordinated obligations of Rearden and are fully and unconditionally guaranteed by the Company, through subsidiary Mag-Sé Participações Ltda. and by other Company subsidiaries located abroad.

These debt securities have the following characteristics:

- Term: maturity in 2020
- Annual interest rate: 7.875%, paid semi-annually

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The transaction costs of R\$ 20,710 correspond to expenses incurred in issuing the debt securities and will be amortized based on the internal rate of return (IRR), as per CPC08 and final maturity in 2020.

12 Provision for Contingencies

The Company and its subsidiaries are parties in lawsuits and administrative proceedings in various courts and government entities, resulting from the normal course of its operations, involving mainly tax matters, in addition to labor and social security aspects. The provisions for contingencies are determined based on the analysis of pending lawsuits, assessments and evaluations of risk. The composition is as follows:

	Consolidated		Parent company	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Tax - Provision	77,788	87,702	77,776	87,691
Tax - Judicial deposit	(4,711)	(4,711)	(4,711)	(4,711)
Labor - Provision	22,922	25,333	19,362	21,773
Labor - Judicial deposit	(321)	(321)	(321)	(321)
Social Security - Provision	1,851	1,814	1,851	1,814
	<u>97,529</u>	<u>109,817</u>	<u>93,957</u>	<u>106,246</u>
Current - Provision	942	942	942	942
Current - Judicial deposit	(942)	(942)	(942)	(942)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Non-current - Provision	101,619	113,907	98,047	110,336
Non-current - Judicial deposit	(4,090)	(4,090)	(4,090)	(4,090)
	<u>97,529</u>	<u>109,817</u>	<u>93,957</u>	<u>106,246</u>

The changes in provisions in the 1st quarter of 2010 are as follows:

	Consolidated	Parent company
At December 31, 2009	109,817	106,246
Additions	1,695	1,695
Disposals	(11,085)	(11,085)
Monetary restatement	(2,898)	(2,899)
At March 31, 2010	<u>97,529</u>	<u>93,957</u>

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The Company's management, based on information provided by its legal advisors, recorded provisions at amounts considered sufficient to cover probable unfavorable outcomes for the lawsuits in progress, classified between short and long-term, in accordance with the expectation of their conclusion, as stated above.

At March 31, 2010 and December 31, 2009, the Company and its subsidiaries do not have significant tax and social security lawsuits involving risks of unfavorable outcome classified by management as possible (for which there is no provision), based on the evaluation of its legal advisors.

Magnesita S.A., a merged company, received tax assessment notices from the social security authorities (INSS), in the total amount of R\$ 26,677 restated up to June 30, 2008, related to certain matters for which it was considered necessary to record provisions, restated up to June 30, 2008, in the amount of R\$ 17,970. These tax assessment notices were issued without observing the five-year statute of limitations period. On June 12, 2008 the Federal Supreme Court (STF) issued the "Stare Decisis" No. 8, determining the five-year statute of limitations, and declaring the unconstitutionality of articles 45 and 46 of Law 8212/91. Considering this fact and the opinion of the lawyers who are defending these tax assessment notices, the Company reversed the provisions corresponding to the periods which were confirmed to be lapsed. The corresponding judicial deposits, not yet returned to the Company, were transferred to Non-current - Long-term receivables.

In 2006, a decision favorable to Magnesita S.A. was handed down on the lawsuit in which Magnesita S.A. was claiming its right to the full inflation indexation of the Eletrobrás compulsory loans, for which no appeal can be made regarding its merit. Eletrobrás was sentenced to pay an amount established in an expert appraisal report, as well as to deliver shares of its issuance to Magnesita S.A.. Later, the Company filed a collection suit against Eletrobrás in order to receive the amounts related to the unappealable decision, and part of the amount claimed by the Company, of approximately R\$ 8,100, was recognized by Eletrobrás and recorded in the Company's financial statements for 2006. The collection lawsuit of the amount not recognized by Eletrobrás continued, and a judicial deposit of R\$ 69,687 was made in August 2007 by Eletrobrás. In the fourth quarter of 2009, based on the opinion of its legal advisors, the Company requested the release of the judicial deposit under the understanding that the term for Eletrobrás to appeal against the collection execution had expired. In January 2010, the Company obtained a favorable decision at the second judicial level with respect to the release of the judicial deposit, whose chances of reversal through new appeals, already filed by Eletrobrás (presently awaiting the court's decision), are considered minimal by its legal advisors. Accordingly the Company decided to record the restated amount of R\$ 65,189, net of lawyers costs, in the result for 2009, in "Other operating income (expenses), net", and "Receivables - Eletrobrás" in current assets.

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For the labor lawsuits, the Company's management adopts the criterion of making provisions for all the outstanding lawsuits for amounts estimated as probable unfavorable outcomes, based on average losses over the last three years.

13 Income Tax and Social Contribution

(a) Deferred Income Tax Assets

The Company recognizes, in long-term receivables, deferred tax assets referring to income tax (25%) and social contribution (9%) on temporary differences and tax loss carryforwards, the realization of which does not exceed the expected future taxable income. Deferred tax assets on temporary differences, by nature, are as follows:

	Consolidated		Parent company	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Deferred taxes on temporary differences				
Provision for losses in permanent assets	890	890	890	890
Provision for contingencies	25,631	26,875	24,553	25,797
Post-employment liabilities	49,194	48,784	7,840	7,328
Provision for bonus	8,103	5,984	8,103	5,984
Other	16,652	14,841	3,054	2,436
	<u>100,470</u>	<u>97,374</u>	<u>44,440</u>	<u>42,435</u>
Deferred taxes on income tax and social contribution tax loss carryforwards	<u>130,631</u>	<u>116,315</u>	<u>130,631</u>	<u>115,123</u>
Total deferred tax assets	<u><u>231,101</u></u>	<u><u>213,689</u></u>	<u><u>175,071</u></u>	<u><u>157,558</u></u>

The realization of the deferred income tax and social contribution tax credits is subject to future events that will make the provisions deductible, in conformity with current tax legislation, as well as the generation of future taxable income.

Management estimates indicate that the provision for permanent assets should be realized over the next 3 (three) years. The provision related to the payment of bonuses will be realized during the next year. The provisions for contingencies should be realized in the next ten years, in accordance with the nature of the lawsuits in progress. The provision for post-employment obligations will be realized as the benefits are paid from the Fund for Supplementary Retirement and Pensions.

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The estimates of future results, combined with the history of their operations, indicate that the Company and its subsidiaries will generate future taxable income in an amount sufficient to absorb the deferred taxes. The estimates of future taxable income include assumptions related to the performance of the Company, its market and the economy. Actual results may differ from those estimates.

The recorded deferred tax assets are supported by a technical study, carried out in compliance with CVM Instruction 371/02, which was approved by the Audit Committee on March 3, 2010.

(b) Reconciliation of the income tax and social contribution expense

	Consolidated		Parent company	
	1Q/10	1Q/09	1Q/10	1Q/09
Income (loss) before taxes, net of management profit sharing	21,248	(71,567)	23,199	(62,509)
Standard rate - %	34%	34%	34%	34%
Tax benefit at the combined standard rate	(7,224)	24,333	(7,888)	21,253
Tax and contribution on				
Recognition/reversal of contingent provision	804	(346)	804	(346)
Equity in the results of investees	-	-	(4,964)	(16,412)
Recognition of tax credits on tax losses	-	-	-	-
Effect of different rates of subsidiaries located in other jurisdictions	(1,275)	(4,107)	-	-
Effect of the rule of limitation of interest deductibility in Germany	(3,329)	(3,488)	-	-
Other permanent differences, net	4,295	(6,748)	3,876	(4,009)
Effective credit (expense)	(6,729)	9,644	(8,172)	486
Current credit (expense)	(745)	(4,827)	125	(345)
Deferred credit (expense)	(5,984)	14,471	(8,297)	831

(c) Deferred taxes - non-current liabilities

Stated as follows:

	Consolidated		Parent company	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Deferred taxes on real estate profit	18,166	18,707	18,166	18,707
Deferred taxes on fiscal amortization of goodwill (i)	135,142	108,113	135,142	108,113
Social Contribution on Net Income (CSLL) on tax incentives	2,662	3,340	2,662	3,340
Deferred taxes on accelerated fiscal depreciation	58,949	61,363	-	-
	214,919	191,523	155,970	130,160

- (i) As from January 1, 2009, the goodwill attributable to expectation of future profitability is no longer amortized, according to CPC 13 technical pronouncement. The Company has been recognizing under the terms of MP 449/08 (converted into Law 11941/09), through the Transitional Tax Regime the fiscal amortization of this goodwill. The tax effect of this amortization required the recognition of deferred income tax and social contribution, recorded in non-current liabilities.

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14 Shareholders' Equity

(a) Capital

At March 31, 2010 the Company's capital is R\$ 2,386,032, represented by 257,954,378 common shares, nominative and with no par value.

(b) Dividends

Shareholders are entitled to a minimum dividend corresponding to 25% of net income for the year, adjusted in conformity with the Corporation Law and the Company's by-laws, observing all the provisions therein stipulated.

(c) Capital reserves

- Special reserve - Law 8200/91 - this refers to the additional price-level indexation adjustments in 1991, related to the merged balance of the subsidiary Magnesita S.A. in conformity with Law No. 8200/91. This reserve may be used to increase capital or absorb accumulated losses.
- Special reserve of goodwill on the merger of the shareholder of Magnesita Refratários S.A. This corresponds to the goodwill, net of the provision set up under CVM Instruction No. 349/01. When this reserve is used for capital increase, the shares will be distributed to all the shareholders.
- Stock options granted: represents the value of the Company's stock options granted to Management in conformity with CPC 10/2008.

(d) Revenue reserves

- Reinvestment reserve - received upon merger of the subsidiary Magnesita S.A.

(e) Carrying value adjustment

Represents the exchange variation of investment in subsidiaries abroad, in conformity with Law No. 11638/07, net of tax effects if applicable.

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15 Supplementary Retirement and Pension Plan

Parent company

The Company sponsors Magnus Sociedade Previdenciária ("Magnus"), a not-for-profit civil entity, formed for the purpose of partially supplementing the retirement and pension allowances granted by the National Institute of Social Security (INSS).

On July 27, 2009, the Supplementary Retirement and Pension Secretariat (SPC), approved changes in the regulation of the Magnus Benefit Plan and the Company started offering its employees a Defined Contribution (CD) benefit plan with contributions by the sponsor and the participant. The CD plan allows to build their supplementary retirement funds, with transparency and at low cost for the participants. In addition, there are no risks arising from the actuarial liability, since the benefit to be granted will depend on the accumulated contributions and future profitability of the fund.

The employees contributions vary from 0.7% to 5.925% of the salaries and the sponsor contributions vary from 1.30% to 8,875% in accordance with the salary and the age of the participant. For 2010 the estimated costs to fund the Defined Contribution Plan is R\$ 6,026 and will be appropriated to cost of products sold and services rendered, selling expenses or general and administrative expenses in accordance with the participants allocation in the Company structure. At March 31, 2010 Magnus had 5,644 active participants (December 31, 2009 - 4,806).

As regards the Defined Benefit Plan, Magnus adopts the financial capitalization system for retirement benefits. The costing plan, which is defined on an actuarial basis, is maintained exclusively through contributions of the sponsors and includes only the former employees that already enjoyed this benefit at the date of approval of the new Defined Contribution Plan.

At March 31, 2010, Magnus had 232 retired participants and pensioners (December 31, 2009 - 229) and 633 awaiting the deferred benefit (December 31, 2009 - 1,271).

In accordance with CVM Resolution 371/01, an independent actuary (Mercer) carried out the actuarial valuation of the defined benefit plan in 2009 using the projected unit credit method to determine the present value of the obligations.

This liability, which corresponds to the beneficiaries of the Defined Benefit Plan, was recognized by the sponsor in long-term liabilities - post-employment liabilities, with the deferred gains or losses being recognized in accordance with the referred to CVM Resolution and its effects at December 31, 2009 were as follows:

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06.01 - Notes to the Quarterly Information
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	Parent company			
	Present value of liabilities	Fair value of assets	Net value of unrecognized gains or (losses)	Recognized liability
At December 31, 2009	(184,437)	143,438	19,446	(21,553)

The Defined Benefit Plan's actuarial costs calculated for 2010 are as follows:

	3/31/2010
Current service costs	(340)
Interest cost	(19,911)
Earnings from plan assets	14,233
Contributions from former employees	46
Cost of amortization of actuarial losses	(54)
	(6,026)

The costs for 2010 are recorded proportionally in the first three months, and appropriated to results in other operating expenses. These costs, considering the procedures defined by CVM Resolution 371, represented R\$ 1,507 in the three-month period ended March 31, 2010.

The following main assumptions were adopted in the calculation of the plan's liability in 2009:

Actuarial assumptions	
Economic	
Discount rate	11.29% p.a.
Return on investments	10.49% p.a.
Salary increases	6.60% p.a.
Benefit adjustment	4.50% p.a.
Capacity factor	100.00%
Inflation	4.50% p.a.
Demographic	
General mortality	AT- 1983
Disability	RRB - 1983
Turnover	Magnus experience
Probability of entry into retirement	1 st payable

LWB Group

In the case of the LWB Group, its subsidiaries maintain retirement plans for their employees, and their actuarial liabilities, recognized in the consolidated quarterly information at March 31, 2010, are as follows:

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Description	Region			
	Europe	United States	China	Total
Defined benefit plan	96,267	77,944	-	174,211
Premium for length of service	3,489	-	-	3,489
Early retirement plan	-	-	26,277	26,277
At March 31, 2010	<u>99,756</u>	<u>77,944</u>	<u>26,277</u>	<u>203,977</u>
At December 31, 2009	<u>104,499</u>	<u>77,141</u>	<u>25,990</u>	<u>207,630</u>

Defined Contribution Plans

LWB Group operates a defined contribution plan in the United States named "Thrift Savings Plan (401K)" with the objective of encouraging its employees to build their supplementary retirement fund over the years. All the employees of LWB USA are eligible to participate in the plan. There is another defined contribution plan of a less significant amount for the employees located in the United Kingdom.

The total cost incurred for these plans was R\$ 584 in the 1st quarter of 2010 (R\$ 645 in the 1st quarter of 2009) calculated at the rates defined in the respective rules. Of this total amount, R\$ 219 were recorded in the costs of products sold, R\$ 149 in selling expenses and R\$ 216 in administrative expenses (1st quarter of 2009: R\$ 202, R\$ 170 and R\$ 273, respectively).

Defined Benefit Plans

The LWB Group also maintains defined benefit plans in Europe and in the United States, the liabilities of which are calculated under the projected unit credit method by an independent actuary, as follows:

	Europe		United States	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Present value of actuarial liability	(96,267)	(100,879)	(240,091)	(234,336)
Fair value of assets	-	-	166,039	161,087
Unrecognized actuarial gains/losses	-	-	(3,892)	(3,892)
Actuarial liability	<u>(96,267)</u>	<u>(100,879)</u>	<u>(77,944)</u>	<u>(77,141)</u>

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	Europe		Region	
			United States	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Active participants	457	457	645	645
Beneficiaries	1,182	1,182	854	579
Participants dismissed but eligible for the Plan	324	324	370	370
Economic actuarial assumptions:				
Discount rate	5% p.a.	5% p.a.	6.2% p.a.	6.2% p.a.
Return on investments	-	-	8.25% p.a.	8.25% p.a.
Salary growth	2.50% p.a.	2.50% p.a.	3.50% p.a.	3.50% p.a.
Adjustment of benefits	1.75% p.a.	1.75% p.a.	-	-
Inflation	-	-	2.25% p.a.	2.25% p.a.

The total cost incurred for these plans was R\$ 1,032 in the 1st quarter of 2010 (R\$ 1,558 in the 1st quarter of 2009). Of this amount, R\$ 535 were recorded in cost of products sold, R\$ 230 in selling expenses and R\$ 267 in administrative expenses (1st quarter of 2009 - R\$ 765, R\$ 307 and R\$ 486, respectively).

Early Retirement Plan

In 2007 the LWB Group restructured the activities of its subsidiary in China, and 222 employees were dismissed. These employees are entitled to a benefit proportional to their compensation until they reach the age stipulated for official retirement. This liability was calculated by external actuaries and is part of the actuarial liabilities of the Group.

16 Stock Option Plan

In conformity with its Articles of Incorporation, the Company has a stock option plan approved at a General Meeting of Shareholders with the objective of enabling the participation of executives in the process of development of the Company in the medium and long term. This plan is managed by the Board of Directors or, at their discretion, by a committee that will approve the stock option programs. These options will represent at most 6% of the total number of shares.

The options granted will ensure to the holders the right to acquire shares over five years as from the date of grant, at 20% of the number granted each year, and the condition for exercising the option is to maintain an employment relationship with the Company until the time of exercising the option. The shares acquired cannot be transferred during the first year.

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The number of stock options and their corresponding weighted average prices for the year are presented below:

	3/31/2010		12/31/2009	
	Number (thousand)	Average price (R\$)	Number (thousand)	Average price (R\$)
Outstanding at the beginning	9,166	3.47	4,506	3.61
Granted during the period			4,660	3.72
Balance of options	9,166	3.47	9,166	3.67
Adjustment of probability	77.8%		77.8%	
Number to be accounted for on the accrual basis	7,131	3.47	7,131	3.67

The amount to be recorded on the accrual basis, considering a five-year term for exercising the options, adjusted for probability, amounts to R\$ 24,746. In 2010, R\$ 1,237 (R\$ 899 at 3/31/2009) were recorded, totaling R\$ 6,716 in a specific shareholders' equity account.

The model and the assumptions adopted for calculating the fair value are as follows:

- Model used: Black-Scholes-Merton
- Annual volatility: historical volatility based on periods of the same duration as the option calculated up to the date of grant.
- Effective rate of interest: 8.15% p.a.
- Spot value: value of the Company's share at the date of grant.
- Strike: as stipulated in the stock option plan (R\$ 10.00).
- Term: average term of options.
- Dividend: 1.2% on the market value of the share.

17 Other Operating Income (Expenses), Net

	Consolidated		Parent company	
	1 st Q/10	1 st Q /09	1 st Q /10	1 st Q /09
Labor indemnities	(426)	(1,959)	-	(1,595)
Sundry indemnities	(74)	-	(74)	-
Provision for contingencies	(1,857)	(1,508)	(1,857)	(1,403)
Judicial recovery of taxes	105	-	105	-
Reversal of provisions	7,870	-	7,870	-
Assignment of rights of payroll processing	-	-	-	-
	800	800	800	800

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	Consolidated		Parent company	
	<u>1st Q/10</u>	<u>1st Q /09</u>	<u>1st Q /10</u>	<u>1st Q /09</u>
Restructuring expenditure	(1,170)	(7,425)	-	-
Income from sale of property, plant and equipment	12	3,150	12	2,952
Disposal of sale of property, plant and equipment	(60)	(1,571)	(60)	(1,571)
Net gains on real estate project (i)	9,244	7,010	9,244	7,010
Benefits to employees (Magnus)	(1,507)	-	(1,507)	-
Other, net	(206)	(1,705)	(181)	560
	<u>12,731</u>	<u>(3,208)</u>	<u>14,352</u>	<u>6,753</u>

- (i) Refers to the sale of assets related to real estate ventures as part of the Company strategy to identify and sell non-operating assets, in order to reinvest the funds obtained from this process in the Company's core business. The sales were for payments in installments and the balances receivable are subject to monetary restatement and interest, according to indices negotiated case by case.

18 Financial Instruments

(a) Identification of financial instruments

The financial instruments of the Company and its subsidiaries are recorded in asset and liability accounts at March 31, 2010 and December 31, 2009. The Company adopts a responsible policy for the management of its financial assets and liabilities, which is systematically monitored by the Board of Directors. This policy aims to: (i) maintain the desired liquidity, (ii) define the level of concentration of its operations, and (iii) control the level of exposure to the financial market risks. The Company carries out transactions with derivatives seeking always to protect its financial liabilities and reduce its foreign exchange exposure, so as to prevent the mismatching between currencies and to reduce the volatility in its cash flows. The Company does not carry out transactions with derivatives for speculative purposes.

The book values of the main financial instruments are compared to the market or realization values, as follows:

- Marketable securities - the rates and terms are substantially compatible with those practiced in the market.
- Trade accounts receivable - the values recorded approximate the realization values.

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- Investments - the subsidiaries do not have quotas or shares traded in the market, and their activities are substantially complementary to the parent company's business.
- Loans and financing - the rates and terms of the operations are substantially compatible with those practiced in the market and, according to management's evaluation, the book values approximate the market values.

(b) Credit risk

The Company's sales policy is subordinated to the credit rules determined by management, which seek to minimize possible problems resulting from customers' default. The risk is also minimized by the quality of the customers in the domestic market, mainly in the steel and cement sector, as well as insurance and export letters of credit. The Company records an allowance for doubtful accounts to cover the credit risk.

(c) Interest rate risk

The interest rates on loans and financing are based on CDI and Libor (Note 10). The interest rates contracted on the financial investments are based on CDI (Note 5).

Based on management's assessment, the future variation in these floating interest rates will not generate effects that the Company's business cannot support.

(d) Foreign exchange rate risk

The net exposure of Company and its subsidiaries to foreign exchange fluctuations, arising mainly from the US dollar, is as follows:

	Consolidated - 3/31/2010		
	In thousands R\$		
	US\$	€	Other currencies
Assets and liabilities in foreign currency			
Cash and banks	59,508	221,787	19,001
Marketable securities	6,140	-	288
Accounts receivable, net of allowance for doubtful accounts	89,056	126,511	24,578
Suppliers	(37,896)	(56,335)	(18,624)
Loans and financing	(173,337)	(19,295)	-
Issue of debt securities	(691,703)	-	-
Other net monetary liabilities abroad	(79,683)	(168,934)	(27,405)
	<u>(827,915)</u>	<u>103,734</u>	<u>(2,162)</u>

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The US dollar-denominated loan is backed by transactions carried out in the United States and Europe, in addition to exports of the Parent Company in this currency. Therefore, management considers that the exchange variation risk is mitigated by these operations.

Additionally, the Company has subsidiaries abroad with non-monetary assets, mainly in Euros and U.S. Dollars, in an amount equivalent to R\$ 1,501,511, any future devaluation of which will not affect cash.

(e) Derivatives

The Company does not have outstanding derivative transactions at March 31, 2010. The Company does not enter into transactions with derivatives for speculative purposes, nor does it usually settle these transactions before maturity.

LWB has entered into certain currency-related Non Deliverable Forward (NDF) contracts for purposes of hedging against exchange rate risk in connection with the acquisition of raw materials, as follows:

Description	Maturity ranges Month/year	LWB - 3/31/2010	
		Notional value	Fair value - R\$
Exchange rate hedge (NDF):			
<u>United States</u>	29.07.2010		
Assets		Euro 888	3
Liabilities		US\$ 1,200	
<u>Belgium</u>	31.08.2010		
Assets		Euro 1,673	262
Liabilities		US\$ 4,069	

Chart of sensitivity analysis

The sensitivity analysis was prepared based on available quoted financial market information which was used to calculate the future value of operations. This analysis considers the following risks:

(1) Derivative contracts of LWB for Exchange risk on purchase of raw material. In this case management considered as "probable scenario" the fair value of contracts at March 31, 2010. In addition, scenarios II and III were calculated as deterioration of rates at 25% and 50% respectively, on the probable scenario, considering these hypotheses for the settlement date of the operation. This analysis has the following position:

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Instrument	Risk	LWB Gain (Loss) (R\$)		
		Scenario I (probable)	Scenario II	Scenario III
NDF				
United States	Devaluation of Euro against US dollar	3	(196)	(788)
Belgium	Devaluation of Euro against US dollar	262	(1,271)	(3,278)

(2) Risk of interest rates: we considered as probable scenario the estimation of the Brazilian Central Bank for CDI and Libor rates in 2010. Additionally, scenarios II and III were calculated with deterioration of CDI and Libor rates at 25% and 50%, respectively, on the probable scenario, considering these hypotheses for 2010. This situation would result in the following financial expenses for the Company in 2010, considering the floating part of the interest rate:

Instrument	Risk	Financial expense (R\$)		
		Scenario I (probable)	Scenario II	Scenario III
Export credit note	CDI	96,336	115,117	133,795

According to management evaluation, the future changes in the floating interest rates will not generate effects that cannot be supported by the Company business.

19 Insurance

The Company and its subsidiaries maintain insurance policies to cover operating risks, comprising industrial facilities, machinery and inventories. This coverage insures loss of profits, risk of fires, floods and other events, as follows at March 31:

	Consolidated		Parent company	
	3/31/2010	12/31/2009	3/31/2010	12/31/2009
Asset amounts insured	2,723,269	2,742,269	1,591,786	1,610,786
Loss of profits	1,282,387	1,282,387	587,512	587,512
Civil liability	276,188	261,188	25,000	10,000

The Company also maintains management civil liability insurance, credit insurance, group life insurance for employees, transportation insurance, employee accident insurance and employee travel insurance.

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20 Variable Compensation Program

The Company and its subsidiaries maintain a variable compensation program (PRV) for employees who meet the criteria agreed with the workers' union and participate in a program for the achievement of goals set by the Company. The amounts scheduled for payment in 2010 and 2011 are recorded in the Provision for bonus and charges as described in Note 9.

21 Subsequent events

Merger of wholly owned subsidiaries

At the General Shareholders' Meeting held on April 27, 2010, the shareholders approved the merger of the following subsidiaries:

- Cerâmica São Caetano Ltda.
- MSA Agropecuária Ltda.
- Massambaba Mineração S.A.

These subsidiaries no longer maintained their operating activities and were inactive. These mergers do not involve increase in the Company's capital since it already held the totally of the capital quotas of the merged companies. Accordingly, the Company's consolidated financial position did not change as a result of these mergers.

Creation of joint venture

As widely announced to the market, at the end of April 2010, Magnesita and Krosaki Harima Inc. signed an agreement for the creation of a joint venture with 40% and 60% interests, respectively. The new company will manufacture and market flow control refractory products for steel producers in the United States, Canada and Mexico, allowing the two participant companies to share technology, products and manufacturing facilities in North America. The joint venture will provide flow control products and solutions of prime quality, adding superior operating efficiencies, international quality standards and significant cost reductions in steel manufacturing.

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The joint venture will combine Krosaki's leading market position in refractory manufacturing technology geared towards the steel flow control continuous casting technology with the Company's innovative Cost per Performance (CPC) business model, based on the supply of refractory solutions recently introduced by Magnesita in North America with a high growth potential in this market. This combination will allow Krosaki USA to expand its market share in flow control products in North America and, regarding Magnesita, to consolidate its leadership in providing a comprehensive model of refractory solutions.

* * *

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07.01 - Comments on Company Performance During the Quarter

Comments on the Company performance during the quarter are presented in Schedule 12.01 - Comments on Consolidated Performance during the Quarter.

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12.01 - Comments on Consolidated Performance During the Quarter

MAIN INDICATORS

Indicator	Quarter			Change %	
	1Q10 (a)	4Q09 (b)	1Q09 (c)	(a/b)	(a/c)
Net operating revenues (R\$ thousand)	565,915	537,711	451,000	5.2	25.5
Net revenues in the domestic market (%)	45.9	46.7	38.8	-	-
Net revenues in the overseas market (%)	54.1	53.3	61.2	-	-
Gross profit (R\$ thousand)	196,170	183,612	129,349	6.8	51.7
Gross margin (%)	34.7	34.1	28.7	-	-
Operating income - EBIT (R\$ thousand)	93,754	108,886	10,863	(13.9)	763.1
EBITDA (R\$ thousand)	123,131	138,821	44,430	(11.3)	177.1
EBITDA Margin (%)	21.8	25.8	9.9	-	-
Net income (R\$ thousand)	14,597	20,060	(61,923)	(27.2)	(123.6)
Net debt (R\$ thousand)	1,413,591	1,414,787	2,103,771	(0.1)	(32.8)
Shareholders' equity (R\$ thousand)	2,200,613	2,219,692	2,019,889	(0.9)	8.9
CAPEX (R\$ million)	5.6	16.1	10.6	(65.2)	(47.2)

CPP - Cost per Performance

Focused on the expansion of our operations through the exclusive CPP model, the Company in 1Q10 signed two new contracts in the steel segment: Novacero, in Ecuador and Gerdau Casterville, in the United States. The replication of this model in other markets, which offers a closer and customized relationship with customers at the same time that it adds value to both parties, is part of the Company's strategic plan and already represents 31% of the net revenues from sales of refractories to the steel industry.

EBITDA

The rebound of economic activity in North America and Europe made it possible for the units outside South America to post stronger recovery during the period. The net revenues of these units grew by 16.5% compared to 4Q09. This performance, coupled with the South American units, led to Magnesita recording an EBITDA of R\$ 123.1 million, representing 21.8% of net revenues.

Net Debt

Through its wholly owned subsidiary based in Germany, Rearden G Holdings EINS GmbH, the Company issued US\$ 400.0 million in bonds maturing in 2020 carrying an interest rate of 7.875% p.a., with semi-annual payments. In addition to this transaction, following Magnesita's better credit rating and improvements in the financial markets, the maturities of two financing lines, representing 50.0% of the total debt, were extended and the interest rates reduced.

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12.01 - Comments on Consolidated Performance During the Quarter

OPERATING PERFORMANCE

Net Revenues

Net revenues totaled **R\$ 565.9 million** in 1Q10, an increase of 5.2% compared to those in 4Q09, of R\$ 537.7 million. The domestic market contributed with 45.9% of 1Q10 net revenues, compared to 46.7% in the previous quarter.

The increase in the share of sales overseas, which was 54.1% in 1Q10 compared to 53.3% in 4Q09, reflects the recovery of the markets serviced by the North American and European units and the continuing improvements of our operation in China.

The steel industry, with worldwide production growing 4.4% during the quarter, represented 84.0% of refractory revenues versus 88.7% in 4Q09. There is an indication that the carbon steel mills were operating in Europe at 80% of total capacity and in United States at 70%, whereas stainless steel producers were operating at 75% in Europe and close to 100% in the United States. The share of cement sales as a percentage of total sales rose 2.9 percentage points, reaching 11.7% in 1Q10. The prospect is for continued growth in this segment in South America for growth remain sluggish in the United States and Europe, except for the impact of specific projects, such as highway projects (government incentives to counteract the crisis) in some regions, as well as seasonal effects.

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12.01 - Comments on Consolidated Performance During the Quarter

Net Revenues - R\$ '000

Products/Market	Quarter			Change %	
	1Q10 (a)	4Q09 (b)	1Q09 (c)	(a/b)	(a/c)
Domestic Market	259,994	250,954	174,884	3.6	48.7
Refractories - Units in SA	217,545	206,766	142,468	5.2	52.7
Magnesite – Sinter	502	1,270	2,189	(60.5)	(77.1)
Other Minerals (*)	10,555	12,708	8,373	(16.9)	26.1
Services	31,392	30,209	21,853	3.9	43.6
Overseas Market	305,921	286,757	276,117	6.7	10.8
Refractories - Units in SA	35,385	43,932	42,648	(19.5)	(17.0)
Refractories - Others Units	253,758	219,095	222,828	15.8	13.9
Magnesite - Sinter	6,327	16,483	1,081	(61.6)	485.3
Dolomite - Sinter	3,119	1,924	3,257	62.1	(4.2)
Other Minerals (*)	4,774	3,371	5,815	41.6	(17.9)
Other products (**)	2,558	1,952	470	31.0	443.9
Services	-	-	17	-	-
Total	565,915	537,711	451,000	5.2	25.5
Refractories	506,688	469,793	407,945	7.9	24.2
Magnesite/Dolomite	9,948	19,677	6,527	(49.4)	52.4
Other Minerals (*)	15,329	16,079	14,188	(4.7)	8.0
Other products (**)	2,558	1,952	470	31.0	443.9
Services	31,392	30,209	21,870	3.9	43.5

Note: SA = South America.

(*) "Other minerals" correspond to chromite, talc and magnesium oxide, etc.

(**) "Other products" corresponds to by products sold by units outside SA.

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12.01 - Comments on Consolidated Performance During the Quarter

Sales Volume (tonnes)

Products/Market	Quarter			Change %	
	1Q10 (a)	4Q09 (b)	1Q09 (c)	(a/b)	(a/c)
Domestic Market	96,945	102,717	70,043	(5.6)	38.4
Refractories - Units in SA	80,079	77,547	52,890	3.3	51.4
Magnesite - Sinter	522	1,059	1,830	(50.7)	(71.5)
Other Minerals (*)	16,344	24,111	15,323	(32.2)	6.7
Overseas Market	330,972	437,547	291,271	(24.4)	13.6
Refractories - Units in SA	16,987	19,959	16,305	(14.9)	4.2
Refractories - Other Units	161,120	141,173	111,554	14.1	44.4
Magnesite - Sinter	13,929	31,089	858	(55.2)	1.523.4
Dolomite - Sinter	12,048	7,923	7,961	52.1	51.3
Other Minerals (*)	125,114	234,731	153,990	(46.7)	(18.8)
Other products (**)	1,774	2,672	602	(33.6)	194.6
Total	427,917	540,264	361,314	(20.8)	18.4
Refractories	258,186	238,679	180,749	8.2	42.8
Magnesite/Dolomite	26,499	40,071	10,649	(33.9)	148.8
Other Minerals (*)	141,458	258,842	169,313	(45.3)	(16.5)
Other products (**)	1,774	2,672	602	(33.6)	194.6

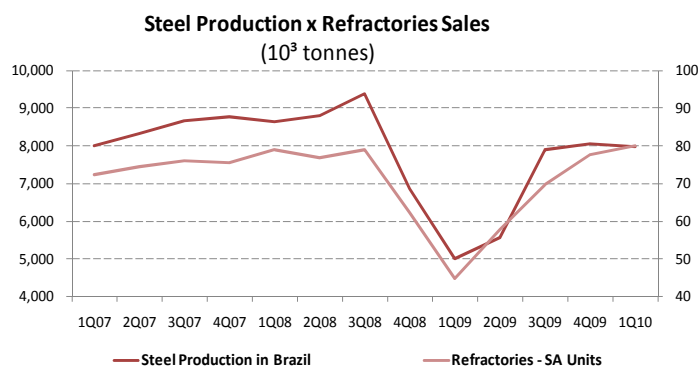
Note: SA = South America.

(*) "Other minerals" correspond to chromite, talc and magnesium oxide, etc.

(**) "Other products" corresponds to byproducts sold by LWB's units.

Domestic Market (DM)

The Brazilian steel market, according to preliminary data published by the Brazilian Steel Institute, maintained in 1Q10 the same production level seen in the two previous quarters, of about 8.0 million metric tons. Thus, crude steel production in 1Q10 rose 60.5% compared to 1Q09.



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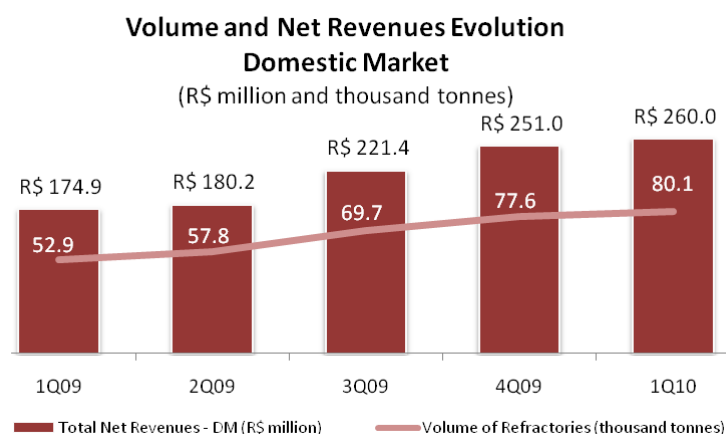
12.01 - Comments on Consolidated Performance During the Quarter

The indications for the cement industry, although numbers for the quarter have not yet been published, are that production has remained at the same levels seen during the course of 2009, in view of the high growth in this sector, in large part impacted by the infrastructure work involving the Growth Acceleration Program (PAC) and the "My House, My Life" housing program.

In 1Q10, the volume of **refractory products** totaled 80,079 metric tons, a level already higher than the pre-crisis numbers. Compared to 4Q09, growth was 3.3% and these products contributed R\$ 217.5 million in revenues, representing a 5.2% increase over 4Q09 and 52.7% versus 1Q09.

Concerning the **minerals segment**, in the comparison with 4Q09 there was a reduction in sales volumes of 32.2%, with a R\$ 2.2 million impact on net revenues. The variation basically was due to lower chromite sales. As a result, revenues from this segment were 16.9% lower than registered in 4Q09, totaling R\$ 10.6 million, compared to R\$ 12.7 million the previous quarter. In the comparison with the same quarter of 2009, when revenues totaled R\$ 8.4 million, the increase was 26.1%.

In the **services segment**, whose activities focus on refractory maintenance and mechanical services for steel industry customers, net revenues amounted to R\$ 31.4 million during the quarter, 3.9% higher than net revenues in 4Q09. This growth was achieved as a result of higher demand from the steel industry, which for its part led to the hiring of new employees to carry out the services, contributing substantially to the additional 561 headcount at the end of the quarter.



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There was an improvement in refractory sales and increase in the volume of services related to these products. Net revenues in the DM increased 3.6% over 4Q09, totaling **R\$ 260.0 million** for the quarter, which was still under the average per quarter of R\$ 275.5 million in the first nine months of 2008 (pre-crisis), but well over the R\$ 174.9 million in 1Q09.

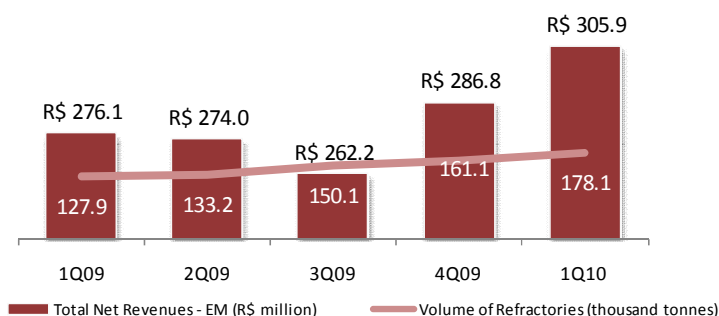
The DM product mix, taking into consideration a more macro level of detail and using 4Q09 as a base of comparison, remained unchanged. The share of total net revenues from refractories for the domestic market increased by 1.3 percentage points. On the other hand, the sales of magnesite sinter and other minerals altogether recorded a 1.3 percentage point decline in share. The share of services rendered for Brazilian customers remained unchanged at 12.1%.

Overseas Market (OM)

In 1Q10, the units in North America and Europe, whose recovery was slower than the recovery in Brazil, contributed to a significant increase in sales of refractory products (+14.1%), raising total EM revenues to R\$ 305.9 million, 6.7% higher than those reported in 4Q09.

Volume and Net Revenues Evolution Exports Market

(R\$ million and thousand tonnes)



In order to exclude exchange rate effects on the European currency (which devalued 4.0% over the quarter against the *Real*) and the U.S. currency (which, to the contrary, strengthened by 2.3%), it is important to analyze the performance of these units in Euros. Thus, a stronger increase can be seen in the U.S. units, up 35.0%, followed by the Asian units, with an increase of 28.0% and Europe, up by 11%, both compared to 4Q09. It is also evident that, except for the European units, the others are posting revenues higher than the levels registered through September 2008 (pre-crisis). In *Reais*, the units outside

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South America reported net revenues of R\$ 263.1 million, resulting in 16.5% and 13.6% increases, respectively, compared to 4Q09 and 1Q09.

With respect to **refractory** products, the South American units reported revenues of R\$ 35.4 million through OM sales, an amount that was 19.5% and 17.0% lower than in 4Q09 and 1Q09, respectively. The lower revenues compared to 4Q09 mainly came about as a result of smaller volumes (-14.9%) and, in comparison with 1Q09, when the volume was practically the same, the change came about principally because of a higher exchange rate (US\$1.00 = R\$2.31) during that period, generating higher revenues in *Reais*. For this product line, the best performance was in the cement segment, which although it represents a smaller portion of refractory sales revenues (11.7%), grew 48.4% over 4Q09, although this was 26.1% lower than realized in 1Q09.

In terms of total volume destined for the international market, there was a 24.4% decline, mostly explained by the reduction of magnesite sinter (earmarked for the Company's own consumption) and other minerals. As a result, the product mix was enhanced with a greater share of refractory products.

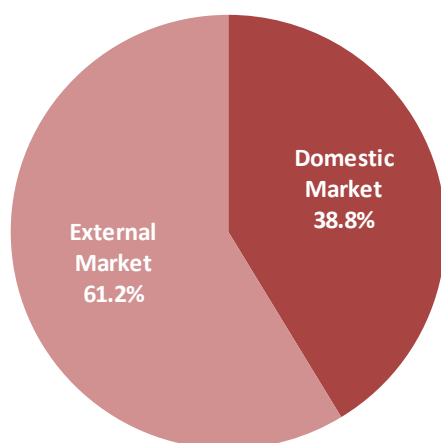
Magnesita keeps seeking to replicate the CPP (Cost per Performance) business model in the other countries in which it operates at the same time as it consolidates its activities in Brazil. In this context, it was possible to expand this model to the Novacero steel mill in Ecuador and to Gerdau Cartersville in the United States. At the end of the quarter, CPP contracts represented 31% of net revenues from sales of refractories to the steel industry, up 4.0 percentage points over the position on December 31, 2009.

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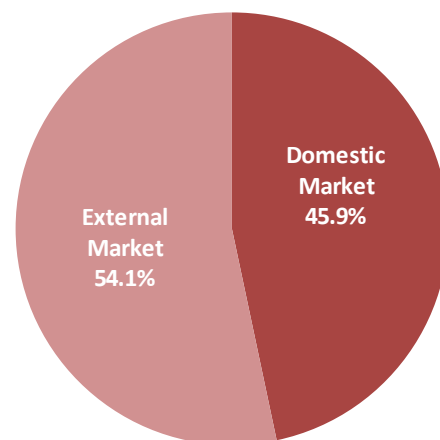
12.01 - Comments on Consolidated Performance During the Quarter

**BREAKDOWN OF NET SALES REVENUES
 IN THE DOMESTIC AND OVERSEAS MARKETS**

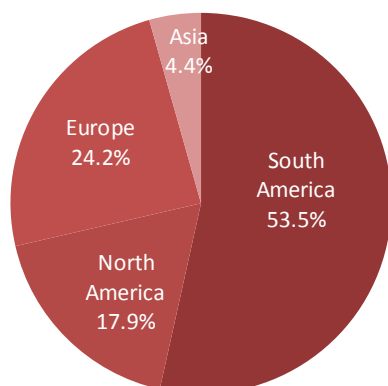
1Q09



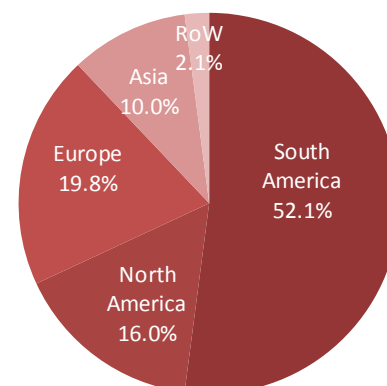
1Q10



**TOTAL NET REVENUES
 PER OPERATING LOCATION - 1Q10**



**TOTAL NET REVENUES
 PER CUSTOMER LOCATION - 1Q10**



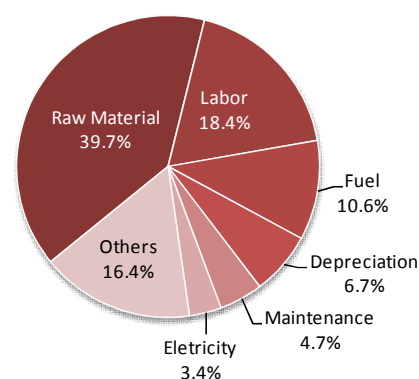
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COSTS

In 1Q10, the Cost of Goods Sold (COGS) totaled R\$ 369.7 million, 4.4% higher than in 4Q09, accompanying the 5.2% increase in revenues during this period. Compared to 1Q09, the increase was 15.0%, because during that period the impact of the crisis was stronger. Taking into consideration only the South American units, the COGS totaled R\$ 183.6 million in 1Q10 compared to R\$ 188.7 million in 4Q09, in line with the 2.7% reduction in net revenues. The 1Q10 costs included high turnover of employees, mostly in the South American units. The increase in headcount during the first quarter was almost entirely related to production and services needed to meet growing demand. At first, this contingent of new professionals could lead to a loss of efficiency in production activities, taking into consideration the need for training in each position, the safety-related aspects along with the progress in their individual learning curves, negatively impacting the COGS.

COGS Breakdown - 1Q10



In the other units, the COGS totaled R\$ 186.1 million in 1Q10, compared to R\$ 165.4 million in 4Q09, an increase of 12.5%. However, this change was lower than the increase in net revenues of 16.5% for the period, denoting gains in efficiency and profitability due to the increase in the scale of production, as well as more effective cost management.

SELLING AND ADMINISTRATIVE EXPENSES

Selling expenses corresponded to 10.8% of net revenues in 1Q10 compared to 9.4% the previous quarter. They totaled R\$ 61.1 million, with a 21.0% increase over 4Q09 and 17.1% higher than the expenses posted in 1Q09. Higher freighting expenses were recorded in the South American units; as a result, the relative share of those expenses in net revenues from those units rose by 2.1 percentage points in relation to 4Q09.

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Administrative expenses came to R\$ 54.1 million versus R\$ 52.0 million in 4Q09. The 4.0% increase resulted from higher costs in the European and US units, which also had to bear the burden of measures designed to reduce costs and adapt those units to the structural model adopted in the other ones.

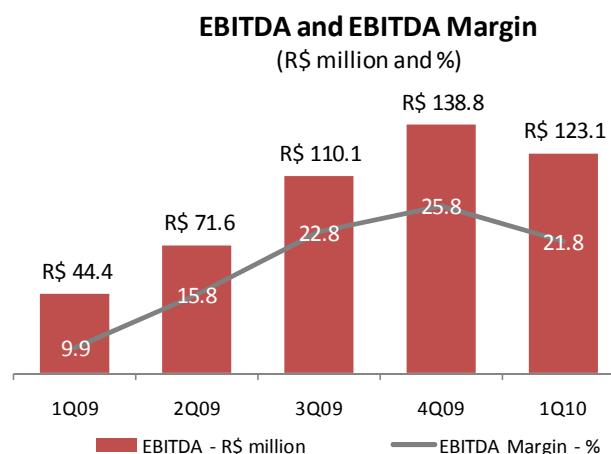
OTHER OPERATING INCOME (EXPENSES)

The other operating income and expenses account totaled R\$ 12.7 million income in 1Q10, mainly because of the sale of real estate in São Caetano do Sul, São Paulo, in the amount of R\$ 9.2 million. After the sale of the larger portion of this property in 2008, the Company decided to sell the remaining portion in separate plots, resulting in higher income per m². These sales could extend over the next couple of quarters, in view of the successful sales campaign connected with the project. In addition, there was an R\$ 7.9 million reversal of tax provisions. Further details of this item can be found in Explanatory Note 17 to the Review Report of Independent Accountants (ITR).

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) totaled R\$ 123.1 million in 1Q10, with a 21.8% margin, 177.1% higher than 1Q09, when EBITDA was R\$ 44.4 million with a 9.9% margin.

Compared to 4Q09, 1Q10 EBITDA was 11.3% lower, and the EBITDA margin was down 4.0 percentage points in comparison with the 25.8% margin recorded in the previous quarter.



It is worth noting that 4Q09's EBITDA reflected the positive impact of a number of non-recurring items, which when excluded would result in total pro-forma EBITDA of R\$ 123.0 million with a 22.9% margin. In 1Q10, there were also some extraordinary items that should also be adjusted. Thus, excluding the positive effect of R\$ 17.1 million related to the reversal of fiscal provisions and the net gain from the sale of the landsites in São

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Caetano, coupled with the negative impact in the amount of R\$ 4.5 million related to restructuring expenses, benefits paid to employees, and provision for contingencies, the result is an adjusted EBITDA of R\$ 110.5 million, representing 19.5% of net revenues. However, it is worth noting that, of the R\$ 17.1 million gains registered in the quarter, R\$9.2 million refers to the sale of the property, the sale of the remaining property will result in the continuation of this effect during the coming quarters, since the portion sold up to the close of the quarter accounts for less than 50% of the total area available for sale.

When the adjusted EBITDA margin of 4Q09 (22.9%) and 1Q10 (19.5%) are compared, from the 3.4 percentage-point drop, 1.4 percentage point result from the increase in commercial expenses, and the remainder was due to several factors, such as the greater contribution from the units outside South America, whose margins are improving but are still lower than the margins in South America. In addition, the margins of the units outside South America are impacted by various new CPP contracts, which show lower profitability during the initial cycle of the contracts.

The pro-forma EBITDA in 1Q10 reflects, on one hand, the excellent sales performance, and on the other, the increase in selling and administrative expenses. Through a stricter discipline and use of management tools adopted by the Company, the most impacted areas have already been identified and specific actions are being implemented aimed at reducing commercial expenses, particularly those related to freight and logistics, as well as reducing administrative expenses.

FINANCIAL RESULT

The net financial result of the quarter, including monetary and exchange variations, was a R\$ 72.5 million net expense. The net monetary and exchange variations generated an accounting expense of R\$ 7.8 million, R\$ 4.4 million lower than registered in 4Q09. Net financial expenses totaled R\$ 64.7 million, compared to R\$ 57.3 million in 4Q09 and R\$ 52.0 million in 1Q09. The increase of R\$ 7.4 million in comparison to the previous period is explained, for the most part by the increase in interest rates contracted for export credit notes from Itau-Unibanco and Banco Bradesco; and for the Senior Export Notes from JP Morgan as of the second half of 2009, when it renegotiated the financial covenants.

In March 2010, the Company issued long-term bonds under 144A/S rules, in the amount of US\$400.0 million. Of these, US\$ 300.0 million was used to pay off the Company's debt relating to the "Senior Export Facility Agreement" that had been signed with J.P. Morgan Chase Bank, N.A. on September 16, 2009 for the LWB acquisition. Thus, on March 31, 2010 net debt was R\$ 1,413.6 million, with no significant change regarding the closing

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figures for 2009, although there was a reduction totaling R\$ 690.2 million compared to the balance of R\$ 2,103.8 million registered on March 31, 2009.

The advance payment of the JP Morgan debt also contributed to higher financial expenses in the quarter since the expenses on the transaction, totaling about €8.0 million, which had been capitalized, had to be recognized in their entirety immediately in the results.

Some 47.5% (R\$ 884.3 million) of the debt is denominated in foreign currency, which contains a natural hedge regarding net revenues from the overseas markets, which totaled R\$ 1,099.1 million in 2009. In terms of costs, the debt cost currently has an average interest rate of approximately 10.0% p.a.

Magnesita also successfully concluded in 1Q10 the renegotiation of Export Credit Notes (ECNs) with Banco Bradesco S.A. and Banco Itaú BBA S.A. (as successor to Unibanco - União dos Bancos Brasileiros S.A.), financial instruments that, today, represent approximately 50% of the total indebtedness of the Group. As a result of the Company's improved credit risk, a reduction in applicable interest rates was negotiated. For both of the debts, the spread was reduced 4.00% to 2.75% per year over the CDI daily rate. Changes were also made to the repayment schedules. The Bradesco ECNs repayments, originally four annual installments of R\$ 33.3 million as of 2010, were renegotiated to three annual installments of R\$ 44.5 million, with the first due in 2013. The grace period of the Itaú-Unibanco ECN's was extended by two years. Therefore, the Company has no large payouts scheduled in its debt flow during the next two years, except for credit advance contracts (ACCs).

The recognition of these actions, coupled with the Company's operational improvements, led to the upgrade of the rating awarded by the Standard & Poors rating agency, which raised Magnesita to BB-, with a stable outlook.

NET INCOME

The Company's net income was R\$ 14.6 million in 1Q10, with the South American unit contributing R\$ 33.6 million and the other units posting a loss of R\$ 19.0 million.

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TAXES

During the quarter, a R\$ 6.7 million provision for Income Tax and Social Contributions was made, broken down as follows: South American units, R\$ 8.9 million expenses; and other units, R\$ 2.2 million credit.

At March 31, 2010, the tax base of amortized goodwill was R\$ 1,280.1 million on 03/31/10. The income of the Brazilian operations are deducted from the tax base for the purpose of the calculation of Income Tax and Social Contribution. There was no cash payment in relation to tax in 1Q10.

CAPITAL EXPENDITURES

In 1Q10, investments made by all Magnesita's units amounted to R\$ 5.6 million and were allocated to maintenance, process improvement, environment, safety and customer services. Of all the investments in the quarter, 67.7% were made in the South American units. The remainder is broken down as follows: Asia, 5.8%; Europe, 7.4%; and North America, 19.1%.

USE OF RECYCLED REFRACTORIES

Magnesita signed a partnership agreement with Siderúrgica Norte Brasil (Sinobras) to conduct a "refractory recycling after use" project. It is estimated that the Company will supply up to 500 metric tons/year of refractory materials for recycling. The project is only possible due to Magnesita's sustainable and innovative technology. The Company's commitment and initiative, with the cooperation of Sinobras, will contribute to the sustainable development of the Brazilian steel industry.

SUBSEQUENT EVENTS

As widely announced to the market, at the end of April 2010 Magnesita and Krosaki Harima Inc. signed an agreement for the creation of a joint venture, with 40% and 60% interests, respectively. The new company will manufacture and market flow control refractory products to steel producers in the United States, Canada and Mexico, allowing the two participant companies to share technology, products and manufacturing facilities in North America. The joint venture will provide flow control products and solutions of prime quality, adding superior operating efficiencies, international quality standards and significant cost reductions in steel manufacturing.

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The joint venture will combine Krosaki's leading market position in refractory manufacturing technology, geared towards the steel flow control continuous casting technology and its production capacity, with Magnesita's innovative Cost per Performance (CPP) business model, based on the supply of refractory solutions recently introduced by Magnesita in North America with a high growth potential in this market. This combination will allow Krosaki USA to expand its market share in flow control products in North America and, Magnesita, to consolidate its leadership in providing a comprehensive model of refractory solutions.

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(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Management and Stockholders
Magnesita Refratários S.A.

- 1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Magnesita Refratários S.A. and subsidiaries (parent company and consolidated), for the quarter ended March 31, 2010, comprising the balance sheets and the statements of operations, of changes in stockholders' equity and of cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the IBRACON- Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modification that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).

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- 4 As discussed in Note 2(b), the Brazilian Securities Commission (CVM) approved several accounting standards interpretations and opinions issued by the Brazilian Accounting Standards Committee (*Comitê de Pronunciamentos Técnicos - CPC*), effective as from 2010, which changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, management elected to present its Quarterly Information using the same accounting standards adopted in Brazil which were in effect at December 31, 2009. As required by the Resolution, the Company has explained in Note 2 (b) the reasons for not presenting a quantitative reconciliation of the expected effects on its stockholders' equity and the statement of operations in the financial statements to be presented as at and for the year ending December 31, 2010 and, instead, has presented a qualitative description of the expected changes.

Belo Horizonte, May 14, 2010

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" M

Aníbal Manoel Gonçalves de Oliveira
Contador CRC 1RJ056588/O "S" MG

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