

Interim Financial Statements

Magnesita Refratários S.A.

March 31, 2013

MAGNESITA POSTS REVENUE OF R\$618 MILLION, WITH EBITDA OF R\$116 MILLION IN 1Q13

Contagem, Brazil – May 9, 2013 – Magnesita Refratários S.A. (BM&FBOVESPA, Novo Mercado: MAGG3) announces today its results for the first quarter of 2013 (1Q13). The Company's consolidated operating and financial information, except where otherwise stated, is presented in thousands of Reais, pursuant to the Brazilian Corporate Law.

1Q13 HIGHLIGHTS

- **Refractories for the steel sector:** Growth of 4.0% in sales volume vs 4Q12, with the highlight being South America, where volumes grew by 3.8%, despite a 5.5% decline in steel production, and North America, where volumes increased by 7.3%, compared to growth of 1.0% in steel production;
- **Refractories for the industrial sector:** Growth of 4.2% in sales vs 1Q12, reaching a 19.4% share of total refractories revenues;
- **Gross Margin:** Reached 33.5% in 1Q13 compared to 29.5% in 4Q12 and 29.9% in 1Q12. The improvement was driven mainly by the higher sales volume with a greater dilution of fixed costs, as well as gains from productivity initiatives, including the expansion project of our Brumado (Brazil) Mine;
- **EBITDA:** R\$116.1 million, reaching the highest level since 3Q11, with an 18.8% margin.
- **Leverage:** Reduction of net leverage to 2.7x LTM EBITDA;
- **Minerals:** Environmental Installation License for the graphite project in Almenara (Minas Gerais state) granted.

SUBSEQUENT EVENTS

- **Acquisition of Refractory Plant in Dalian, China:** This acquisition will increase Magnesita's production capacity of mag-carbon refractory bricks in order to better serve geographies and segments where Magnesita has a marginal presence today;
- **Acquisition of a controlling stake in Reframec:** This acquisition strengthens Magnesita's leadership in one of its core markets, refractory solutions for the industrial segment in South America, as it extends significantly its service offerings for non-steel customers.

KEY INDICATORS

In R\$ million	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Net Revenues	617,9	611,1	606,9	1,1%	1,8%
Gross Profit	207,2	180,3	181,7	14,9%	14,1%
Gross Margin (%)	33,5%	29,5%	29,9%	402 bp	360 bp
EBIT	87,1	52,8	61,7	65,2%	41,1%
EBITDA	116,1	82,7	87,6	40,4%	32,6%
EBITDA Margin (%)	18,8%	13,5%	14,4%	526 bp	437 bp
Net Income	26,3	0,0	28,3	n/a	-7,1%
Net Margin (%)	4,3%	0,0%	4,7%	426 bp	-41 bp
CAPEX	-23,5	-77,5	-55,7	-69,7%	-57,8%
Operating Cash Flow	16,8	97,4	74,5	-82,8%	-77,5%
Net Debt	1.058,8	1.058,2	968,0	0,1%	9,4%
Net Debt/EBITDA	2,73x	2,94x	2,30x	-7,3%	18,6%

1Q13 Results Conference Call

May 10, 2013 at 10 a.m. (Brasília) – 9 a.m. US EST – in English
May 10, 2013 at 11:30 a.m. (Brasília) – 10:30 a.m. US EST - in Portuguese

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Message from the CEO

"The macroeconomic scenario of 1Q13 echoed the main trends observed in 2H12, with the performance of the global economy still weaker than expected. European steel production (EU-27) declined by 5.7% compared to 1Q12, although it grew 4.3% compared to 4Q12. In Brazil, despite the fact that industrial production has shown signs of recovery in the first months of 2013, there continues to be a lack of confidence from the industrial sector and a slow recovery of investments. Steel production was down 6.7% and 5.3% compared to 1Q12 and 4Q12, respectively, below market forecasts for the sector. The U.S. market exhibited signs of improvement, with industrial production up 5% YoY. Steel production grew 2.5% over 4Q12, although it was 8.6% lower compared to 1Q12, indicating a possible reduction in inventories during the period.

Despite the weak performance of steel production in our core markets and the weakness in the global economy, the results of the first quarter once again demonstrate the resilience of our business model and reflect the positive impact of our internal initiatives. We ended the quarter with sales of R\$618 million, up 1% compared to 4Q12 and 2% over 1Q12.

Total refractory sales volume was up 7% compared to 4Q12, driven by market share gains in the steel industry and seasonal growth in sales to the industrial segment. A 4% increase in refractory sales volumes to steelmakers contributed to this performance, despite a decline in steel production in Brazil and marginal growth in Europe and the U.S., highlighting our market share gains in our key markets during the quarter.

Our performance in industrial segments continues to improve, with sales volume up 4% over 1Q12, demonstrating our continued success in diversifying our business beyond steel clients. The net revenue of R\$108.6 million in 1Q13 was the highest ever obtained by Magnesita in this segment in a single quarter.

We expanded our gross and operating (EBITDA) margins, mostly due to the dilution of fixed costs resulting from an increase in sales volumes, coupled with productivity gains and cost optimization projects, such as the Brumado Mine expansion. EBITDA reached R\$116 million with a margin of 18.8%, compared to R\$82.7 million in 4Q12 (13.5% margin) and R\$87.6 million in 1Q12 (14.4% margin). The increase in our cash generation reduced our net leverage to 2.7x LTM EBITDA, closer to our long-term objective of 2.0x to 2.5x EBITDA.

On the operational side, we continued to focus on the implementation of our new strategic vision. The two acquisitions announced after the close of the quarter support three of our four strategic pillars.

The acquisition of a mag-carbon refractory plant in Dalian, China will allow us to be more competitive in markets where we have a marginal presence today and where we want to expand our sales selectively.

The acquisition of Reframec, the leader in Brazil in engineering, installation and maintenance services for refractories in the cement industry, further strengthens our leadership in South America. With this acquisition we will extend our service offerings for non-steel clients in the region.

Regarding the strategy for industrial minerals, during this quarter we progressed to another important milestone of the graphite project — obtaining the environmental installation license for the future Almenara Mine. Furthermore, we have other projects currently in preliminary stages and we expect to announce new mining initiatives to the market soon.

We are very optimistic about the first advances under our new strategic plan and we will continue to seek new opportunities, both for our refractory business as well as for industrial minerals.

Thank you."

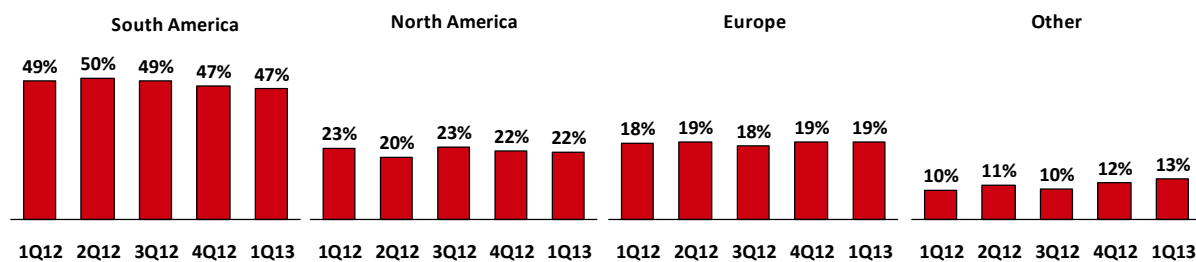
Octavio Pereira Lopes

CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

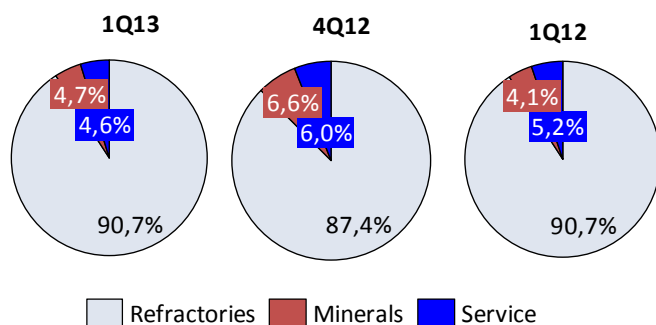
REVENUE AND VOLUME

Segment	Trimestre			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Refractory Solution					
Volume ('000 ton)	268,2	250,0	274,9	7,3%	-2,4%
Revenues (R\$ million)	560,5	534,0	550,4	5,0%	1,8%
Industrial Minerals					
Volume ('000 ton)	238,5	221,9	229,3	7,5%	4,0%
Revenues (R\$ million)	28,8	40,3	25,1	-28,4%	14,7%
Services					
Revenues (R\$ million)	28,6	36,9	31,3	-22,4%	-8,6%
TOTAL					
Revenues (R\$ million)	617,9	611,1	606,9	1,1%	1,8%

Sales Breakdown by Region – Client location



Consolidated Revenue Breakdown by Segment

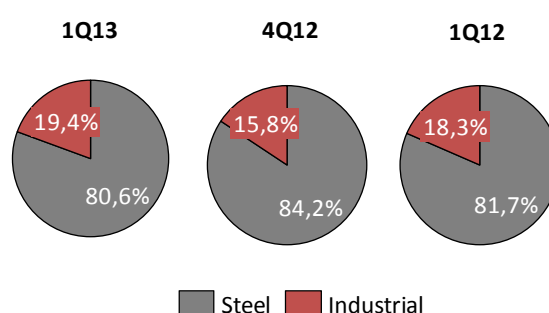


Results Analysis by Segment

Refractory solutions

Refractory Solution	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	268,2	250,0	274,9	7,3%	-2,4%
Revenues (R\$ million)	560,5	534,0	550,4	5,0%	1,8%

% of Refractory Revenue for Steel vs Industrial Sectors



Refractory Solutions – Steel Sector

Refractory Solution - Steel	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	225,9	217,2	234,2	4,0%	-3,6%
Revenues (R\$ million)	451,9	449,7	449,8	0,5%	0,5%

Despite the weak performance of the steel industry in Magnesita's main markets, which were below market forecasts for the sector in 2013, sales revenues in 1Q13 exceeded 4Q12 and 1Q12 by 0.5%. This performance compares positively with the growth in steel production for the same periods, demonstrating that Magnesita continues to gain market share, on average, in its core markets.

We would like to highlight that sales in South America grew 3.8% versus 4Q12, while steel production declined 7.8% over the same period. Another highlight was the 7.3% increase in North American sales, where steel production was up by only 1.0%.

Despite the 4.0% growth in consolidated volumes QoQ, revenues were practically stable QoQ due to changes in sales mix and the depreciation of the dollar (-2.9%) and the euro (-1.3%) against the Brazilian real during 1Q13.

Compared to 1Q12, the increase in sales to South America also was noteworthy with a 6.7% expansion in the volume sold, while steel production fell 7.8% YoY. In the other core regions, the sales volume declined QoQ due to an 8.6% reduction in steel production in the United States and a 5.7% decline in Europe (UE-27).

Consolidated volume was 3.6% lower, but revenues grew 0.5%, explained mainly by the appreciation of the Dollar (+12.9%) and the Euro (+13.7%) against the Real during the period.

Refractory Solutions – Industrial

Refractory Solution - Industrial	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	42,3	32,8	40,6	29,0%	4,2%
Revenues (R\$ million)	108,6	84,3	100,7	28,8%	7,8%

1st quarters usually present the strongest sales to the industrial segment because of the scheduled shutdowns for maintenance in equipments during the South American rainy season and the peak of winter in the northern hemisphere. The seasonal effect explains most of the 29.0% growth in sales volume and 28.8% increase in revenue compared to 4Q12. Sales revenues for this segment represented 19.4% of total refractory sales during the quarter, reaching R\$108.6 million — an absolute record in Magnesita's history.

In comparison with 1Q12, the highlights were 10.4% volume growth in North America and 24.7% volume growth in Europe. Consolidated volumes increased by 4.2% YoY, which reflects Magnesita's continuous efforts to diversify its sales into other segments outside of steelmaking, with revenues rising by 7.8% due to the increase in volumes and the positive exchange rate effects.

Industrial Minerals

Industrial Minerals	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	238,5	221,9	229,3	7,5%	4,0%
Revenues (R\$ million)	28,8	40,3	25,1	-28,4%	14,7%

Revenues from industrial mineral sales during the quarter were R\$28.8 million, 28.4% lower than in 4Q12 and 14.7% higher than 1Q12. In comparison with 4Q12, the result is explained mainly by higher magnesite sinter sales during that quarter.

Compared to 1Q12, the increase in revenue was primarily derived from a higher volume of minerals sold in North America and Europe, on top of the exchange rate effect of sales in Dollars and Euros.

In 1Q13, international market prices of magnesite sinter (DBM) remained lower than the trend; therefore, we have continued to maintain inventories of this mineral approximately 30,000 tons higher than our usual inventory level.

Services

Services	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Revenues (R\$ million)	28,6	36,9	31,3	-22,4%	-8,6%

The decline in service revenues compared to 1Q12 continues to reflect Magnesita's strategic decision to focus on higher value added services and on services directly linked to refractory installation and maintenance.

GROSS PROFIT AND MARGIN

Consolidated

Consolidated	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Revenues (R\$ million)	617,9	611,1	606,9	1,1%	1,8%
Gross Profit (R\$ million)	207,2	180,3	181,7	14,9%	14,1%
Gross Margin (%)	33,5%	29,5%	29,9%	402 bp	360 bp

By segment

Refractory solutions

Refractory Solution	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	268,2	250,0	274,9	7,3%	-2,4%
Revenues (R\$ million)	560,5	534,0	550,4	5,0%	1,8%
Gross Profit (R\$ million)	192,4	158,3	169,6	21,5%	13,5%
Gross Margin (%)	34,3%	29,7%	30,8%	468 bp	352 bp

The gross margin of refractory solutions reached 34.3% during the quarter. Compared to 4Q12, this increase came mainly from a greater dilution of fixed costs due to a 7.3% expansion in sales volume, as well as a higher share of sales to the industrial sector, where margins are higher. Finally, contributing to the expansion of the margin was the full impact of Brumado Mine expansion.

The increase in gross margin when compared to 1Q12 also stems from a higher volume of sales to the industrial sector, as well as the impact of cost reduction and productivity gains over the course of 2012, including the Brumado Mine expansion. The effect of the exchange rate depreciation also contributed to the higher margin, as the Company has greater revenues than costs in foreign currencies.

Industrial minerals

Industrial Minerals	Quarter			Variação %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Volume ('000 ton)	238,5	221,9	229,3	7,5%	4,0%
Revenues (R\$ million)	28,8	40,3	25,1	-28,4%	14,7%
Gross Profit (R\$ million)	11,3	16,6	10,4	-32,2%	8,2%
Gross Margin (%)	39,0%	41,2%	41,4%	-218 bp	-236 bp

The margin for minerals closed the quarter at 39.0%, compared to 41.2% in 4Q12 and 41.4% in 1Q12. The reduction in the margin reflects lower sales of higher value added minerals such as magnesite sinter and talc during 1Q13.

Services

Services	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Revenues (R\$ million)	28,6	36,9	31,3	-22,4%	-8,6%
Gross Profit (R\$ million)	3,6	5,4	1,7	-34,5%	106,5%
Gross Margin (%)	12,4%	14,7%	5,5%	-230 bp	693 bp

Although margins declined when compared to 4Q12, due to higher spot sales during that quarter, gross margin in 1Q13 stood at 12.4%, a satisfactory level when compared to margins at the beginning of 2012, reflecting, as previously mentioned, Magnesita's decision to focus on higher-value added and higher-margin services as well as on services directly linked to refractory installation and maintenance

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

Consolidated	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Revenues (R\$ million)	617,9	611,1	606,9	1,1%	1,8%
G&A	-53,3	-58,0	-49,5	-8,1%	7,8%
% of G&A on revenues	8,6%	9,5%	8,1%	-86 bp	48 bp

G&A expenses in 1Q13 were positively impacted by an adjustment related to the provision for variable compensation referring to 2012 fiscal year. Excluding this adjustment, G&A expenses in 1Q13 would have been closer to that of 4Q12.

EBITDA

EBITDA Conciliation (R\$ million)	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Operational Profit (EBIT)	87,1	52,8	61,7	65,2%	41,1%
Depreciation/Amortization	29,0	30,0	25,8	-3,3%	12,4%
EBITDA	116,1	82,7	87,6	40,4%	32,6%
EBITDA Margin	18,8%	13,5%	14,4%	526 bp	437 bp

EBITDA during the quarter reached R\$116.1 million, with an 18.8% margin. Compared to 4Q12 (EBITDA of R\$90.2 million, 14.8% margin, excluding non-recurring expenses) and to 1Q12, the increase is mainly explained by the growth of gross profit in the refractory segment and by lower G&A expense levels.

FINANCIAL INCOME/EXPENSES

Consolidated	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	(a/b)	(a/c)
Financial Income	1,4	18,9	22,2	-92,7%	-93,8%
Forex variation on assets	-5,6	10,1	7,6	N/A	N/A
Income from financial investments	6,1	7,5	14,1	-18,7%	-56,7%
Other income	0,9	1,3	0,5	-30,4%	72,3%
Financial Expenses	-39,1	-49,3	-38,8	-20,6%	0,9%
Forex variation on liabilities	-1,1	-10,6	4,2	-89,7%	N/A
Interest on loans	-37,1	-38,3	-39,8	-3,1%	-6,8%
Other expenses	-0,9	-0,4	-3,1	152,4%	-71,1%
Net Financial Result	-37,7	-30,4	-16,5	24,2%	128,1%

During the quarter, net financial results were an expense of R\$37.7 million. This outcome was mainly due to the interest on our international bonds and, to a lesser extent, the negative impact of the non-cash exchange rate variation on foreign currency-denominated assets.

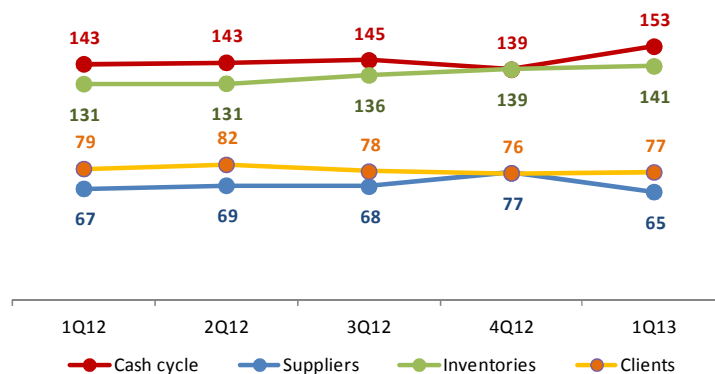
NET INCOME

Net income in 1Q13 totaled R\$26.3 million, as compared to R\$0.0 million in 4Q12 and R\$28.3 million in 1Q12, in line with the higher operating profits during the quarter.

In 1Q13, the company provisioned R\$23.1 million for income tax and social contribution payments, although, as a result of tax credits for tax losses in previous periods and goodwill, tax cash disbursement will total R\$12.2 million.

WORKING CAPITAL

Cash conversion cycle¹ (in days)



¹LTM

The cash conversion cycle finished the quarter at 153 days, compared to 139 days the previous quarter and 143 days in 1Q12, due to higher raw materials inventories and a seasonally lower payment cycle in the first quarter.

DEBT

Magnesita's gross debt at the close of the year was R\$1,736.5 million, compared to R\$1,878.1 million in 4Q12. This reduction is explained by the Company's decision to prepay a portion of its debt, in an effort to achieve a better balance between gross debt and cash. Short-term portion of total debt was only 6.0% of total by the end of the quarter.

By 1Q13, Magnesita's perpetual bonds issued in April 2012 amounted to R\$507.9 million, or 29.2% of total debt and 48.0% of net debt.

The Company closed the quarter with cash and financial investments of R\$677.7 million, compared to R\$819.9 million at the end of 2012. The reduction in cash reflects the amortizations noted above.

Leverage as measured by Net Debt/LTM EBITDA closed the period at 2.7x, as compared to 2.9x in 4Q12. The reduction is explained by the higher EBITDA during the period. Excluding the perpetual bonds from total debt, net leverage would have been 1.4x. The Company believes that its leverage will be reduced over the coming quarters with the conclusion of investments in the Brumado expansion and higher operating cash flow.

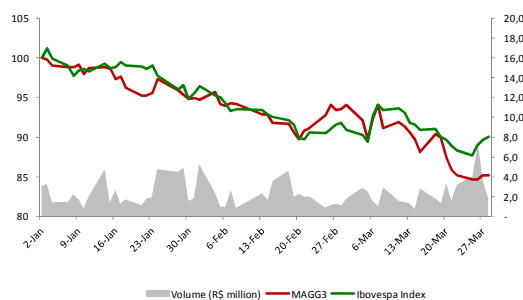
CAPITAL EXPENDITURES

Total CAPEX for 1Q13 amounted to R\$23.5 million, compared to R\$77.5 million in 4Q12 and R\$55.7 million in 1Q12. The reduction mainly was due to the conclusion of the Brumado expansion project. Of the total CAPEX in the quarter, R\$14.7 million was allocated to refurbishments, maintenance, system upgrades, environmental projects, IT projects and investments in clients; R\$1.7 million to productivity gain projects; and R\$7.1 million in the development of the new mining projects.

CAPITAL MARKETS

Magnesita's common shares (Novo Mercado: MAGG3) closed 1Q12 at R\$7.20, down 12.7% year-to-date. In the same period, the Ibovespa Index decreased by 7.6%, closing the period at 56,352 points. The average daily trading volume in the year was R\$2.3 million, with an average of 293 thousand shares traded daily.

Stock vs. Ibovespa in the year - (Dec/13=100)



Disclaimer

All statements contained herein concerning business prospects, expected operating and financial results and references to the Company's potential for growth are simply forecasts and were based on the expectations and estimates of Management with regard to the Company's future performance. Even though the Company believes these forecasts are based on reasonable assumptions, it does not guarantee that they will materialize. The expectations and estimates on which the Company's future prospects are based are highly dependent on the behavior of the market, Brazil's political and economic situation, current and future regulations, international industry and markets and, consequently, are subject to changes beyond the control of the Company and its Management. The Company is not obliged to posting updates or reviews of the expectations, estimates and forecasts contained herein due to future events or information.

IFRS 11 – Joint arrangement

The Company applied, from 2013 fiscal year, IFRS 11 - "Joint Arrangements" issued in May 2011, and included as an amendment to the text of the CPC 19 (R2) - "Joint Venture". Thus, the method of proportionate consolidation is no longer permitted, the Company ceased to consolidate jointly controlled Krosaki Magnesite Refractories LLC (United States). Additionally, from January 1st, 2013, holdings in Krosaki Magnesite Refractories LLC (40%) are being accounted by the equity method. For comparison purposes, the balance sheet of December 31, 2012 and March 31, 2012 were adjusted in the Quarterly Information Form

(“Formulário ITR”) considering the change of accounting practice. In the 1Q13 Earnings Release, the Company has decided not to make changes in the quarters of 2012 to not impact the reports and analysis already disclosed to the market.

About Magnesita Refratários S.A.

Magnesita Refratários S.A. is a publicly-held company, with shares traded on the BM&FBovespa’s Novo Mercado in Brazil and through Level 1 ADRs in the U.S., dedicated to mining, producing and trading an extensive line of refractory materials and industrial minerals. Its products are used mainly by the steel, cement and glass industries. Its industrial activities started in 1940, shortly after magnesite deposits were discovered in Brumado, Brazil. At present, it operates 28 industrial and mining plants: sixteen in Brazil, three in Germany, three in China, one in the United States, two in France, one in Belgium, one in Taiwan and one in Argentina, with a capacity to produce over 1.6 million tons per year of refractories. The Company is the market leader in Brazil and South America and sold to over 70 countries in 2012.

Mission

Provide integrated solutions in refractories and industrial minerals, offering unparalleled services and value to our customers through long term relationships

Vision

Be the best provider of refractories solutions and industrial minerals, leveraging and developing our minerals base.

Values

- ✓ Customer
- ✓ People
- ✓ Meritocracy
- ✓ Ethics
- ✓ Profit
- ✓ Management and Method
- ✓ Agility and Transparency
- ✓ Respect for Safety, Environment and Communities

APPENDIX I – CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R\$ million)	03/31/2013	12/31/2012	03/31/2012
ASSETS			
Current	2.023,0	2.150,9	1.951,8
Cash and cash equivalents	677,7	819,9	667,0
Accounts receivable	522,4	516,2	509,3
Inventories	658,1	654,3	580,9
Recoverable taxes	117,8	111,7	99,6
Others	47,0	48,7	94,9
Long term	3.484,8	3.532,6	3.274,3
Deferred income and social contribution taxes	17,7	18,0	45,1
Legal deposits	20,7	18,3	14,6
Others	23,7	17,6	81,7
Investments	72,5	68,1	1,5
Property, plant and equipment	1.064,2	1.083,2	920,3
Intangibles	2.286,1	2.327,4	2.211,1
Total Assets	5.507,7	5.683,5	5.226,1
LIABILITIES			
Current	668,8	708,9	618,4
Suppliers	303,3	359,4	298,5
Loans	105,0	128,4	90,8
Salaries and social charges	102,7	94,7	99,6
Taxes and contributions	67,1	49,3	62,5
Others	90,7	77,0	67,1
Long term liabilities	2.042,8	2.163,7	1.929,0
Loans	1.631,5	1.749,7	1.544,3
Deferred tax and contributions	36,4	25,5	85,8
Severance payment	294,9	305,9	219,5
Provision for contingencies	64,0	66,6	63,2
Others	16,1	15,9	16,2
Shareholder's equity	2.796,2	2.810,9	2.678,7
Capital	2.528,1	2.528,1	2.528,1
Capital and revenue reserves	247,8	246,1	235,5
Profit reserves	88,1	88,1	34,1
Retained earnings (losses)	25,5	0,0	27,9
Other comprehensive income	-112,3	-68,9	-162,5
Shares buyback	-2,4	-1,1	0,0
Non- controlling interests	21,4	18,6	15,5
Total liabilities and Shareholder's equity	5.507,7	5.683,5	5.226,1
Total number of shares outstanding ('000)	292,0	292,0	292,0
Book Value Per Share	9,58	9,63	9,17

APPENDIX II – CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R\$ million)	Quarter			Var. %	
	1Q13 (a)	4Q12 (b)	1Q12 (c)	a/b	a/c
Net operating revenues	617,9	611,1	606,9	1,1%	1,8%
Cost of goods sold	-410,7	-430,7	-425,2	-4,7%	-3,4%
Gross Profit	207,2	180,3	181,7	14,9%	14,1%
Gross margin (%)	33,5%	29,5%	29,9%	402pb	360pb
Selling expenses	-69,0	-72,8	-65,9	-5,3%	4,6%
General and administrative expenses	-53,3	-58,0	-49,5	-8,1%	7,8%
Other operating income (expenses)	2,2	3,3	-4,5	-32,5%	-148,4%
Operating profit (EBIT)	87,1	52,8	61,7	65,2%	41,1%
Operating margin (%)	14,1%	8,6%	10,2%	547pb	393pb
Financial income (expenses)	-31,0	-29,8	-28,3	3,9%	9,4%
Currency variation, net	-6,7	-0,5	11,8	1187,5%	-156,8%
Income before income tax and social contrib.	49,4	22,4	45,2	120,7%	9,3%
Income tax and social contribution	-23,1	-22,4	-16,9	3,2%	36,7%
Net income (losses)	26,3	0,0	28,3	<i>n/a</i>	-7,1%
Net margin (%)	4,3%	0,0%	4,7%	426pb	-41pb
Earning per share (R\$)	0,09	0,00	0,10	<i>n/a</i>	-7,1%
Depreciation/amortization	29,0	30,0	25,8	-3,3%	12,3%
EBITDA	116,1	82,7	87,6	40,4%	32,6%
EBITDA Margin (%)	18,8%	13,5%	14,4%	526pb	437pb

APPENDIX III - CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R\$'000)	1Q13	4Q12	1Q12
Cash flows from operating activities:			
Net income (losses)	26,3	0,0	28,3
Adjustments			
Charges and monetary/exchange variations, net	22,1	1,0	26,6
Depreciation and amortization	29,0	27,7	24,1
Intangible amortization	0,0	2,3	1,7
Impairment	0,0	0,0	0,0
Deferred income tax and social contribution	10,9	17,2	6,7
Derivativos - fair value swap	-10,7	9,7	11,4
Stock Option	1,7	7,4	1,6
Minority interests	-0,9	-7,3	0,4
	78,6	58,1	100,8
Change in assets and liabilities			
Accounts receivable	-26,6	10,9	2,5
Inventories	-17,3	-10,8	19,3
Taxes recoverable	-7,9	0,2	4,8
Account receivable – law suit	0,0	0,0	0,0
Suppliers	-36,2	33,4	-51,2
Accrued taxes	19,1	-2,9	8,5
Dividends/Interests on equity payable	0,0	0,0	0,0
Others	7,2	8,5	-10,1
	-61,8	39,3	-26,3
Net cash provided from used in operating activities	16,8	97,4	74,5
Cash flows from investing activities:			
Securities and other investments	-13,2	39,6	-11,3
Disposal of property, plant and equipment	3,6	1,4	1,1
Additions of fixed, investments and intangible assets	-23,3	-79,0	-54,2
Net cash provided from (used in) investing activities	-32,9	-38,0	-64,3
Cash flows from financing activities			
New loans and financing	0,2	31,7	9,6
Payment of loans and financing	-105,0	4,8	-38,6
Payment of loans and financing - interest	-26,1	-46,4	-82,7
Shares issue costs/goodwill due to shares issue	0,0	0,0	-0,4
Capital increase	0,0	0,0	0,0
Buyback	-1,3	-1,1	0,0
Net cash provided from (used in) financing activities	-132,2	-11,1	-112,0
Increase (decrease) in cash and cash equivalents	-148,4	48,3	-101,8
Forex variations – opening balance	-7,1	4,0	-1,6
Opening balance of cash and cash equivalents	797,2	767,6	770,5
Closing balance - cash and equivalents	641,8	819,9	667,0

APPENDIX IV – DEBT (R\$ million)

Type	Short term			Long term			Total		
	03/31/2012	12/31/2012	03/31/2013	03/31/2012	12/31/2012	03/31/2013	03/31/2012	12/31/2012	03/31/2013
Bonds (Reg. 144A)	0,0	0,0	0,0	710,5	799,5	788,9	710,5	799,5	788,9
Export credit notes	47,0	44,9	39,3	688,0	787,4	698,9	735,0	832,3	738,2
Advance	12,8	47,4	47,1	118,4	86,5	85,3	131,2	133,9	132,4
Fixed assets financing	0,4	0,8	0,9	0,2	47,4	47,4	0,5	48,2	48,2
Import financing	3,0	4,4	4,4	0,0	0,0	0,0	3,0	4,4	4,4
Others	27,7	30,9	13,4	27,2	29,0	11,0	54,9	59,8	24,4
Total	90,8	128,4	105,0	1.544,3	1.749,7	1.631,5	1.635,1	1.878,1	1.736,5
Share %	5,6%	6,8%	6,0%	94,4%	93,2%	94,0%	100,0%	100,0%	100,0%
Cash+investments							667,0	819,9	677,7
Net Debt							968,0	1.058,2	1.058,8

APPENDIX V - SHAREHOLDING STRUCTURE – 3/31/2013

Shareholders	COMMON SHARES	%
Controlling Block		
Alumina Holdings LLC (GP Investments)	88,654,796	30.4%
MAG Fundo de Invest. em Participações (GP Investments)	9,537,978	3.3%
GPCP4 Fundo de Invest. em Participações (GP Investments)	1,138,301	0.4%
Rearden L Holdings 3 S.À R.L (RHONE)	21,019,595	7.2%
Total Controlling Block	120,350,670	41.2%
Other Shareholders	171,631,264	58.8%
Total	291,981,934	100.00%

APPENDIX VI – GROSS PROFIT BY SEGMENT

Segment	1Q12	2Q12	3Q12	4Q12	1Q13
Refractory solutions					
Volume (ton)	274.857	283.471	252.475	250.034	268.183
Revenues (R\$ '000)	550.433	566.861	535.150	533.953	560.473
Gross Profit (R\$ '000)	169.552	183.638	165.941	158.323	192.399
Gross Margin (%)	30,8%	32,4%	31,0%	29,7%	34,3%
Minerals					
Volume (ton)	229.319	212.894	169.290	221.909	238.545
Revenues (R\$ '000)	25.144	33.965	30.318	40.266	28.847
Gross Profit (R\$ '000)	10.405	14.840	13.638	16.590	11.256
Gross Margin (%)	41,4%	43,7%	45,0%	41,2%	39,0%
Service					
Revenues (R\$ '000)	31.277	36.809	42.671	36.873	28.597
Gross Profit (R\$ '000)	1.723	3.169	5.947	5.436	3.558
Gross Margin (%)	5,5%	8,6%	13,9%	14,7%	12,4%
Total					
Revenues (R\$ '000)	606.853	637.635	608.139	611.092	617.916
Gross Profit (R\$ '000)	181.680	201.646	185.527	180.349	207.213
Gross Margin (%)	29,9%	31,6%	30,5%	29,5%	33,5%

Magnesita Refratários S.A.

Interim Financial Statements

March 31, 2013

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A free translation from Portuguese into English of Independent Auditor's Review Report on quarterly information prepared in accordance with accounting practices adopted in Brazil

Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers of
Magnesita Refratários S.A.
Contagem - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Magnesita Refratários S.A., contained in the Quarterly Information Form (ITR) as at March 31, 2013, and the related income statements and statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month period then ended, including the explanatory notes.

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

Scope of Review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410-Review of Interim Financial Information Performed by the Independent Auditor of the Entity and *ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity*). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and, accordingly, did not allow us to obtain assurance that we are aware of all significant matters that may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on individual interim financial statements

Based on our review, we are not aware of any fact that leads us to believe that the individual interim financial statements included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of interim financial information (ITR) and stated in accordance standards established by Brazilian Securities and Exchange Commission (CVM) Brazil's SEC (CVM).

Conclusion on consolidated interim financial information

Based on our review, we are not aware of any fact that leads us to believe that the consolidated interim accounting information included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 21 34 applicable to the preparation of quarterly financial information (ITR), and stated in accordance with standards established by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Interim financial information reviewed by other independent auditor

The review of individual and consolidated interim financial information for the period ended March 31, 2012, originally prepared prior to the adjustments described in Notes 3.2 has been conducted under the responsibility of other independent auditors, who have issued an unmodified review report dated May 10, 2012. As part of our review of interim financial information for the quarter ended March 31, 2013, we have reviewed the corresponding adjustments amounts of the interim financial information of 2012 and we are not aware of any fact that leads us to believe that such adjustments were not properly carried out, in all material aspects. We were not engaged to audit, review or apply any other procedures on the Company's interim financial information for the quarter ended March 31, 2012 and; therefore, we do not express an opinion on such overall interim financial information.

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2013, prepared under the responsibility of the Company management, whose presentation in the interim financial information is required by rules issued by the CVM applicable to preparation of the Interim Financial Information (ITR), and treated as supplementary information by IFRS, under which the presentation of SVA is not required. This interim financial information has been subject to the same review procedures previously described and, based on our review, we are not aware of any fact that leads us to believe that it has not been fairly prepared, in all material respects, according to the overall individual and consolidated interim financial information.

Belo Horizonte, May 6, 2013.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC 2SP015199/O-6 "F" - MG

Rogério Xavier Magalhães
Accountant CRC-1MG080613/O-1

A free translation from Portuguese into English of the quarterly information prepared in accordance with accounting practices adopted in Brazil

Magnesita Refratários S.A.

Individual financial information - Balance sheet - Assets

Year ended March 31, 2013

(In thousands of reais)

Account description	03/31/2013	12/31/2012
Total assets	4,124,516	4,263,568
Current assets	1,140,783	1,254,596
Cash and cash equivalents	402,101	542,583
Short-term investments	35,918	22,710
Short-term investments at fair value	35,918	22,710
Trading securities	35,918	22,710
Accounts receivable	364,390	363,765
Customers	355,035	346,740
Domestic customers	166,833	152,759
Foreign customers	163,750	173,203
Unbilled measurements	24,452	20,778
Other accounts receivable	9,355	17,025
Property sale credit	9,355	17,025
Inventories	267,183	261,059
Biological assets	-	-
Taxes recoverable	63,623	56,900
Current taxes recoverable	63,623	56,900
Taxes on recoverable profit	14,412	11,755
Other taxes recoverable	49,211	45,145
Prepaid expenses	3,284	-
Other current assets	4,284	7,579
Other	4,284	7,579
Noncurrent assets	2,983,733	3,008,972
Long-term receivables	58,929	51,817
Accounts receivable	6,696	1,323
Other accounts receivable	6,696	1,323
Receivables from related parties	20,572	20,933
Receivables from subsidiaries	20,572	20,933
Other noncurrent assets	31,661	29,561
Judicial deposits	14,706	13,277
Other	16,955	16,284
Investments	1,249,950	1,284,506
Equity interests	1,182,460	1,217,016
Investments in subsidiaries	1,181,895	1,216,396
Interest in jointly controlled entities	-	-
Other equity interests	565	620
Investment properties	67,490	67,490
Property, plant and equipment	597,909	594,157
Property, plant and equipment in use	343,691	356,893
Construction in progress	254,218	237,264
Intangible asset	1,076,945	1,078,492
Intangible assets	1,076,945	1,078,492
Software and other	33,291	34,838
Goodwill	1,043,654	1,043,654
Deferred charges	-	-

Magnesita Refratários S.A.

Individual financial information - Balance sheet - Liabilities

Year ended March 31, 2013

(In thousands of reais)

Account description	03/31/2013	12/31/2012
Total liabilities	4,124,516	4,263,568
Current liabilities	340,984	373,153
Labor and social charges	64,027	62,357
Social obligations	30,131	27,446
Labor obligations	33,896	34,911
Trade accounts payable	144,613	164,084
Domestic suppliers	121,214	150,761
Foreign suppliers	23,399	13,323
Tax obligations	19,932	19,564
Federal tax obligations	10,803	13,139
Income and social contribution taxes payable	548	1,788
Other federal tax liabilities	10,255	11,351
State tax liabilities	8,799	5,922
Local tax liabilities	330	503
Loans and financing	60,326	85,088
Loans and financing	60,326	85,088
Local currency	3,042	18,522
Foreign currency	57,284	66,566
Other liabilities	52,086	42,060
Other	52,086	42,060
Dividends and interest on equity capital payable	16,900	16,900
Obligations with assignment of right of use	267	1,067
Other liabilities	34,919	24,093
Noncurrent liabilities	1,008,773	1,098,159
Loans and financing	831,368	927,930
Loans and financing	831,368	927,930
Local currency	247,374	330,547
Foreign currency	583,994	597,383
Other liabilities	100,888	103,352
Other	100,888	103,352
Post-employment obligations	100,888	103,352
Deferred taxes	12,556	307
Deferred income and social contribution taxes	12,556	307
Provisions	63,961	66,570
Tax and social security provisions – civil and labor contingencies	63,961	66,570
Tax provisions	38,429	40,578
Social security and labor provisions	25,405	25,865
Provisions for employee benefits	-	-
Civil provisions	127	127
Equity	2,774,759	2,792,256
Paid-in capital	2,528,146	2,528,146
Capital reserve	245,366	244,926
Goodwill on share issue	(17,226)	(17,226)
Special reserve of goodwill received in merger	88,874	88,874
Disposal of subscription warrants	-	-
Options granted	30,830	29,112
Treasury stock	(2,412)	(1,134)
Future capital contribution	-	-
Special reserve Law 8200/91	5,973	5,973
Reserve for share issue	139,327	139,327
Revaluation reserve	-	-
Income reserve	88,060	88,060
Legal reserve	5,518	5,518
Retained profits reserve	82,542	82,542
Accumulated gains/ losses	25,462	-
Cumulative translation adjustments	(109,347)	(71,948)
Other comprehensive income	(2,928)	3,072

Magnesita Refratários S.A.

Individual financial information / Income Statement

Year ended March 31, 2013

(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Revenue from sale of products and/or services	312,536	287,302
Cost of goods sold and/or services rendered	(205,202)	(195,226)
Gross profit	107,334	92,076
Operating income/expenses	(56,781)	(53,066)
Selling expenses	(26,711)	(30,718)
General and administrative expenses	(35,473)	(33,078)
Losses due to non-recoverability of assets	-	-
Other operating expenses	4,995	1,820
Other operating expenses	(3,052)	(5,357)
Equity pick-up	3,460	14,267
Income before financial income (expenses) and taxes	50,553	39,010
Financial income (expenses), net	(12,842)	(3,406)
Financial income (expenses)	(1,278)	18,683
Monetary and foreign exchange variation gains	(7,360)	4,799
Short-term investment yield	5,530	13,418
Other revenues	552	466
Financial expenses	(11,564)	(22,089)
Monetary and foreign exchange variation losses	7,741	4,758
Interest on loans	(18,739)	(25,874)
Other expenses	(566)	(973)
Income before income taxes	37,711	35,604
Income and social contribution taxes	(12,249)	(7,690)
Current	-	-
Deferred	(12,249)	(7,690)
Net income from continuing operations	25,462	27,914
Net income from discontinued operations	-	-
Net income/loss on discontinued operations	-	-
Net income/loss on assets of discontinued operations	-	-
Income/ loss for the period	25,462	27,914
Earnings per share - (reais / share)	-	-
Basic earnings per share	-	-
Common shares	0,09	0,10
Diluted earnings per share	-	-
Common shares	0,08	0,09

Magnesita Refratários S.A.

Individual financial information / Statement of comprehensive income
Year ended March 31, 2013
(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Net income for the period	25,462	27,914
Other comprehensive income	(43,399)	(4,218)
Actuarial evaluation with retirement benefits	-	-
Exchange variation of subsidiaries located abroad	(37,399)	(4,218)
Net gains – fair value	(6,000)	-
Comprehensive income for the period	(17,937)	23,696

Magnesita Refratários S.A.

Individual financial information - Cash flow statements
 Year ended March 31, 2013
 (In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Net cash from operating activities	16,567	79,511
Cash from operations	58,277	57,712
Net income for the year	25,462	27,914
Interest charges	17,110	25,796
Monetary and foreign exchange variations, net	(8,270)	(3,002)
Depreciation and amortization	11,921	10,337
Amortization of intangible assets	1,547	1,659
Equity pick-up	(3,460)	(14,267)
Deferred income and social contribution taxes	12,249	7,690
Stock options	1,718	1,585
Changes in assets and liabilities	(41,710)	21,799
Trade accounts receivable	(8,294)	43,425
Inventories	(6,124)	(3,175)
Taxes recoverable	(6,724)	(527)
Credit due to sale of PP&E	-	-
Trade accounts payable	(19,471)	(19,085)
Suppliers	369	3,503
Other	(1,466)	(2,342)
Net cash from investing activities	(26,530)	(71,118)
Sale of PP&E, investments and intangible assets	2,351	467
Addition of PP&E and intangible assets	(15,673)	(47,093)
Paid-in capital in subsidiary	-	(13,224)
Marketable securities	(13,208)	(11,268)
Net cash from financing activities	(130,519)	(85,512)
Inflow of loans and financing	-	5,898
Payments of loans and financing	(103,452)	(36,514)
Payment of interest on loans and financing	(25,789)	(54,500)
Treasury stock	(1,278)	-
Share issuance expenses	-	(396)
Foreign exchange variation of Cash and cash equivalents	-	-
Increase/(decrease) in cash and cash equivalents	(140,482)	(77,119)
Opening cash and cash equivalents balance	542,583	595,498
Closing cash and cash equivalents balance	402,101	518,379

Magnesita Refratários S.A.

Individual financial information – Statement of changes in equity
 Year ended March 31, 2013
 (In thousands of reais)

Account description	Paid-in capital	Reserves of Capital, stock options granted and treasury stock	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
Opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256
Prior year adjustments	-	-	-	-	-	-
Adjusted opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256
Capital transactions with shareholders	-	440	-	-	-	440
Capital increase	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
Recognized options granted	-	1,718	-	-	-	1,718
Acquired treasury stock	-	(1,278)	-	-	-	(1,278)
Shares in treasury stock - sold	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest on equity	-	-	-	-	-	-
Total comprehensive income	-	-	-	25,462	(43,399)	(17,937)
Net income for the period	-	-	-	25,462	-	25,462
Other comprehensive income	-	-	-	-	(43,399)	(43,399)
Financial instrument Adjustments	-	-	-	-	-	-
Taxes on Financial instrument Adjustments	-	-	-	-	-	-
Equity pick-up on comprehensive income – Subsidiaries and affiliates	-	-	-	-	-	-
Adjustments of Translation for the period	-	-	-	-	-	-
Taxes on Adjustments of Translation for the period	-	-	-	-	-	-
Exchange variation on foreign investments	-	-	-	-	(37,399)	(37,399)
Net gains – fair value	-	-	-	-	(6,000)	(6,000)
Reclassification into P&L	-	-	-	-	-	-
Adjustment of Financial instruments	-	-	-	-	-	-
Internal changes in equity	-	-	-	-	-	-
Recognition of reserves	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-
Taxes on the realization of revaluation reserve	-	-	-	-	-	-
Closing balances	2,528,146	245,366	88,060	25,462	(112,275)	2,774,759

Magnesita Refratários S.A.

Individual financial information – Statement of changes in equity
 Year ended March 31, 2012
 (In thousands of reais)

Account description	Paid-in capital	Reserves of capital, stock options granted and treasury stock	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
Opening balances	2,528,146	234,326	34,130	-	(158,271)	2,638,331
Prior year adjustments	-	-	-	-	-	-
Adjusted opening balances	2,528,146	234,326	34,130	-	(158,271)	2,638,331
Capital transactions with shareholders	-	1,189	-	-	-	1,189
Capital increase	-	-	-	-	-	-
Share issuance expenses	-	(396)	-	-	-	(396)
Recognized options granted	-	1,585	-	-	-	1,585
Acquired treasury stock	-	-	-	-	-	-
Shares in treasury stock - sold	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest on equity	-	-	-	-	-	-
Total comprehensive income	-	-	-	27,914	(4,218)	23,696
Net income for the period	-	-	-	27,914	-	27,914
Other comprehensive income	-	-	-	-	(4,218)	(4,218)
Financial instrument Adjustments	-	-	-	-	-	-
Taxes on Financial instrument Adjustments	-	-	-	-	-	-
Equity pick-up on comprehensive income – Subsidiaries and affiliates	-	-	-	-	-	-
Adjustments of Translation for the period	-	-	-	-	-	-
Taxes on Adjustments of Translation for the period	-	-	-	-	-	-
Exchange variation on foreign investments	-	-	-	-	(4,218)	(4,218)
Reclassification into P&L	-	-	-	-	-	-
Financial instrument Adjustments	-	-	-	-	-	-
Internal changes in equity	-	-	-	-	-	-
Recognition of reserves	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-
Taxes on the realization of revaluation reserve	-	-	-	-	-	-
Closing balances	2,528,146	235,515	34,130	27,914	(162,489)	2,663,216

Magnesita Refratários S.A.

Individual financial information / Statement of Value Added

Year ended March 31, 2013

(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Revenues	416,582	418,904
Sales of goods, products and services	395,909	368,907
Other revenues	3,699	1,313
Revenues related to Construction of own assets	16,974	48,710
Set up/Reversal of credits - allowance for doubtful accounts	-	(26)
Inputs purchased from third parties	(278,651)	(290,112)
Cost of Products, Goods, Services Sold	(201,663)	(181,333)
Materials, electricity, third party services and other	(76,988)	(108,779)
Loss/recovery of amounts receivable	-	-
Other	-	-
Gross value added	137,931	128,792
Retentions	(13,467)	(11,996)
Depreciation, amortization and depletion	(13,467)	(11,996)
Other	-	-
Net value added produced	124,464	116,796
Value added received in transfer	2,182	32,950
Equity pick-up	3,460	14,267
Financial income (expenses)	(1,278)	18,683
Other	-	-
Total value added to be distributed	126,646	149,746
Distribution of value added	126,646	149,746
Personnel	65,598	87,458
Direct compensation	-	-
Benefits	-	-
Unemployment Compensation Fund (FGTS)	-	-
Other	-	-
Taxes, charges and contributions	21,257	7,690
Federal	-	-
State	-	-
Municipal	-	-
Debt remuneration	14,329	26,684
Interest	18,739	25,874
Rent	2,765	4,595
Other	(7,175)	(3,785)
Equity remuneration	25,462	27,914
Interest on equity	-	-
Dividends	-	-
Retained profit/loss for the period	25,462	27,914
Other	-	-

Magnesita Refratários S.A.

Consolidated financial information / Balance sheet - Assets

Year ended March 31, 2013

(In thousands of reais)

Account description	Current quarter 03/31/2013	Previous quarter 12/31/2012
Total assets	5,507,737	5,664,540
Current assets	2,022,977	2,128,944
Cash and cash equivalents	641,799	796,739
Short-term investments	35,918	22,710
Short-term investments at fair value	35,918	22,710
Trading securities	35,918	22,710
Accounts receivable	531,721	527,721
Customers	522,366	510,696
Domestic customers	172,340	158,014
Foreign customers	333,798	343,369
Provision for credit risk	(8,224)	(11,465)
Unbilled measurements	24,452	20,778
Other accounts receivable	9,355	17,025
Property sale credit	9,355	17,025
Inventories	658,088	638,430
Taxes recoverable	117,809	111,660
Current taxes recoverable	117,809	111,660
Taxes on recoverable profit	42,031	47,061
Other taxes recoverable	75,778	64,599
Prepaid expenses	10,757	-
Other current assets	26,885	31,684
Other	26,885	31,684
Noncurrent assets	3,484,760	3,535,596
Long-term receivables	61,977	53,870
Accounts receivable	6,696	1,323
Other accounts receivable	6,696	1,323
Deferred taxes	17,660	17,996
Deferred income and social contribution taxes	17,660	17,996
Other noncurrent assets	37,621	34,551
Judicial deposits	20,666	18,267
Other	16,955	16,284
Investments	72,450	71,816
Equity interests	4,960	4,326
Interest in affiliates	-	-
Other equity interests	4,960	4,326
Investment properties	67,490	67,490
Property, plant and equipment	1,064,199	1,082,495
Property, plant and equipment in use	786,868	817,113
Leased PP&E	-	-
Construction in progress	277,331	265,382
Intangible assets	2,286,134	2,327,415
Intangible assets	36,603	38,122
Concession agreement	-	-
Goodwill	2,249,531	2,289,293

Magnesita Refratários S.A.

Consolidated financial information / Balance sheet - Liabilities
 Year ended March 31, 2013
 (In thousands of reais)

Account description	Current quarter 03/31/2013	Previous quarter 12/31/2012
Total liabilities and equity	5,507,737	5,664,540
Current liabilities	668,793	689,942
Labor and social charges	102,730	94,743
Social obligations	35,958	33,367
Labor obligations	66,772	61,376
Suppliers	303,280	347,941
Domestic suppliers	118,944	149,798
Foreign suppliers	184,336	198,143
Tax obligations	67,052	49,300
Federal tax obligations	49,398	42,466
Income and social contribution taxes payable	27,991	21,828
Other federal tax liabilities	21,407	20,638
State tax liabilities	17,321	6,319
Local tax liabilities	333	515
Loans and financing	105,030	121,037
Loans and financing	105,030	121,037
Local currency	3,042	18,522
Foreign currency	101,988	102,515
Debentures	-	-
Bank financing through lease agreement	-	-
Other liabilities	90,701	76,921
Other	90,701	76,921
Dividends and interest on equity capital payable	16,922	16,922
Obligations with assignment of right of use	267	1,067
Other liabilities	73,512	58,932
Noncurrent liabilities	2,042,773	2,163,739
Loans and financing	842,561	950,247
Loans and financing	842,561	950,247
Local currency	247,374	330,547
Foreign currency	595,187	619,700
Other liabilities	1,099,868	1,121,362
Other	1,099,868	1,121,362
Bonds	788,923	799,491
Post-employment obligations	294,873	305,939
Other liabilities	16,072	15,932
Deferred taxes	36,371	25,548
Deferred income and social contribution taxes	36,371	25,548
Provisions	63,973	66,582
Tax and social security provisions – civil and labor contingencies	63,973	66,582
Tax provisions	38,441	40,590
Social security and labor provisions	25,405	25,865
Provisions for employee benefits	-	-
Civil provisions	127	127
Consolidated equity	2,796,171	2,810,859
Paid-in capital	2,528,146	2,528,146
Capital reserve	245,366	244,926
Special reserve of goodwill received in merger	88,874	88,874
Disposal of subscription warrants	-	-
Options granted	30,830	29,112
Treasury stock	(2,412)	(1,134)
Future capital contribution	-	-
Special reserve Law 8200/91	5,973	5,973
Reserve - Share issue	139,327	139,327
Share issuance expenses	(17,226)	(17,226)
Revaluation reserve	-	-
Income reserve	88,060	88,060
Legal reserve	5,518	5,518
Retained profits reserve	82,542	82,542
Accumulated gains/ losses	25,462	-
Equity adjustments	-	-
Cumulative translation adjustments	(109,347)	(71,948)
Other comprehensive income	(2,928)	3,072
Noncontrolling interest	21,412	18,603

Magnesita Refratários S.A.

Consolidated financial information / Income statement

Year ended March 31, 2013

(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Revenue from sale of products and/or services	617,916	599,445
Cost of goods sold and/or services rendered	(410,703)	(419,253)
Gross profit	207,213	180,192
Operating income/expenses	(120,088)	(118,465)
Selling expenses	(68,957)	(65,200)
General and administrative expenses	(53,326)	(49,416)
Losses due to non-recoverability of assets	-	-
Other operating expenses	12,584	6,409
Other operating expenses	(10,389)	(10,945)
Equity pick-up	-	687
Income before financial income (expenses) and taxes	87,125	61,727
Financial income (expenses), net	(37,714)	(16,519)
Financial income (expenses)	1,379	22,219
Monetary and foreign exchange variation gains	(5,613)	7,622
Short-term investment yield	6,101	14,080
Other revenues	891	517
Financial expenses	(39,093)	(38,738)
Monetary and foreign exchange variation losses	(1,095)	4,183
Interest on loans	(37,092)	(39,805)
Other expenses	(906)	(3,116)
Income before income taxes	49,411	45,208
Income and social contribution taxes	(23,094)	(16,891)
Current	(12,166)	(10,233)
Deferred	(10,928)	(6,658)
Net income from continuing operations	26,317	28,317
Net income from discontinued operations	-	-
Net income/loss on discontinued operations	-	-
Net income/loss on assets of discontinued operations	-	-
Consolidated income/loss for the period	26,317	28,317
Attributed to shareholders of parent company	25,462	27,914
Attributed to noncontrolling shareholders	855	403
Earnings per share - (reais / share)	-	-
Basic earnings per share	-	-
Common shares	0,09	0,10
Diluted earnings per share	-	-
Common shares	0,08	0,09

Magnesita Refratários S.A.

Consolidated financial information / Statement of comprehensive income
Year ended March 31, 2013
(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Consolidated net income for the period	26,317	28,317
Other comprehensive income	(41,445)	(3,944)
Exchange variation of subsidiaries located abroad	(35,445)	(3,944)
Net gains – fair value	(6,000)	-
Consolidated comprehensive income for the period	(15,128)	24,373
Attributed to shareholders of parent company	(17,937)	23,696
Attributed to noncontrolling shareholders	2,809	677

Magnesita Refratários S.A.

Consolidated financial information - Cash flow statement

Year ended March 31, 2013

(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Net cash from operating activities	17,287	74,537
Cash from operations	78,601	100,815
Net income for the year	26,317	28,317
Monetary and foreign exchange variations, net	(11,193)	(36,871)
Interest charges	33,319	63,490
Depreciation and depletion	27,392	24,132
Amortization of intangible assets	1,632	1,696
Deferred income and social contribution taxes	10,928	6,658
Stock options	1,718	1,585
Noncontrolling interest	(855)	403
Derivative instruments – fair value - swap	(10,657)	11,405
Changes in assets and liabilities	(61,314)	(26,278)
Trade accounts receivable	(26,632)	2,466
Inventories	(17,350)	19,250
Taxes recoverable	(7,880)	4,823
Suppliers	(36,247)	(51,246)
Taxes payable	19,107	8,535
Other	7,688	(10,106)
Other	-	-
Net cash from investing activities	(32,918)	(64,298)
Sale of PP&E, investments and intangible assets	3,622	1,133
Additions of PP&E and intangible assets	(23,332)	(54,163)
Marketable securities	(13,208)	(11,268)
Net cash from financing activities	(132,229)	(112,021)
Inflow of loans and financing	150	9,642
Payments of loans and financing	(105,020)	(38,599)
Payment of interest on loans and financing	(26,081)	(82,669)
Treasury stock	(1,278)	-
Share issuance expenses	-	(395)
Foreign exchange variation of Cash and cash equivalents	(7,080)	(1,642)
Increase/(decrease) in cash and cash equivalents	(154,940)	(103,424)
Opening cash and cash equivalents balance	796,739	770,466
Closing cash and cash equivalents balance	641,799	667,042

Magnesita Refratários S.A.

Consolidated financial information – Statement of changes in equity
 Year ended March 31, 2013
 (In thousands of reais)

Account description	Paid-in capital	Reserves of capital, stock options granted and treasury stock	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interest	Consolidated equity
Opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256	18,603	2,810,859
Prior year adjustments	-	-	-	-	-	-	-	-
Adjusted opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256	18,603	2,810,859
Capital transactions with shareholders	-	440	-	-	-	440	-	440
Capital increase	-	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-	-
Recognized options granted	-	1,718	-	-	-	1,718	-	1,718
Acquired treasury stock	-	(1,278)	-	-	-	(1,278)	-	(1,278)
Shares in treasury stock - sold	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest on equity	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	25,462	(43,399)	(17,937)	2,809	(15,128)
Net income for the period	-	-	-	25,462	-	25,462	855	26,317
Other comprehensive income	-	-	-	-	(43,399)	(43,399)	1,954	(41,445)
Financial instrument Adjustments	-	-	-	-	-	-	-	-
Taxes on Financial instrument Adjustments	-	-	-	-	-	-	-	-
Equity pick-up on comprehensive income – affiliates	-	-	-	-	-	-	-	-
Adjustments of Translation for the period	-	-	-	-	-	-	-	-
Taxes on Adjustments of Translation for the period	-	-	-	-	-	-	-	-
Exchange variation on foreign investments	-	-	-	-	(37,399)	(37,399)	1,954	(35,445)
Net gains – fair value	-	-	-	-	(6,000)	(6,000)	-	(6,000)
Reclassification into P&L	-	-	-	-	-	-	-	-
Financial instrument Adjustments	-	-	-	-	-	-	-	-
Internal changes in equity	-	-	-	-	-	-	-	-
Recognition of reserves	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-	-	-
Taxes on the realization of revaluation reserve	-	-	-	-	-	-	-	-
Closing balances	2,528,146	245,366	88,060	25,462	(112,275)	2,774,759	21,412	2,796,171

Magnesita Refratários S.A.

Consolidated financial information – Statement of changes in equity
 Year ended March 31, 2012
 (In thousands of reais)

Account description	Paid-in capital	Reserves of capital, stock options granted and treasury stock	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interest	Consolidated equity
Opening balances	2,528,146	234,326	34,130	-	(158,271)	2,638,331	14,830	2,653,161
Prior year adjustments	-	-	-	-	-	-	-	-
Adjusted opening balances	2,528,146	234,326	34,130	-	(158,271)	2,638,331	14,830	2,653,161
Capital transactions with shareholders	-	1,189	-	-	-	1,189	-	1,189
Capital increase	-	-	-	-	-	-	-	-
Share issuance expenses	-	(396)	-	-	-	(396)	-	(396)
Recognized options granted	-	1,585	-	-	-	1,585	-	1,585
Acquired treasury stock	-	-	-	-	-	-	-	-
Shares in treasury stock - sold	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Interest on equity	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	27,914	(4,218)	23,696	677	24,373
Net income for the period	-	-	-	27,914	-	27,914	403	28,317
Other comprehensive income	-	-	-	-	(4,218)	(4,218)	274	(3,944)
Financial instrument Adjustments	-	-	-	-	-	-	-	-
Taxes on Financial instrument Adjustments	-	-	-	-	-	-	-	-
Equity pick-up on comprehensive income – affiliates	-	-	-	-	-	-	-	-
Adjustments of Translation for the period	-	-	-	-	-	-	-	-
Taxes on Adjustments of Translation for the period	-	-	-	-	-	-	-	-
Foreign exchange variation on foreign investments	-	-	-	-	(4,218)	(4,218)	274	(3,944)
Reclassification into P&L	-	-	-	-	-	-	-	-
Financial instrument Adjustments	-	-	-	-	-	-	-	-
Internal changes in equity	-	-	-	-	-	-	-	-
Recognition of reserves	-	-	-	-	-	-	-	-
Realization of revaluation reserve	-	-	-	-	-	-	-	-
Taxes on the realization of revaluation reserve	-	-	-	-	-	-	-	-
Closing balances	2,528,146	235,515	34,130	27,914	(162,489)	2,663,216	15,507	2,678,723

Magnesita Refratários S.A.

Consolidated financial information / Statements of value added
Year ended March 31, 2013
(In thousands of reais)

Account description	YTD 01/01/2013 to 03/31/2013	YTD 01/01/2012 to 03/31/2012
Revenues	725,090	733,804
Sales of goods, products and services	704,417	683,807
Other revenues	3,699	1,313
Revenues related to Construction of own assets	16,974	48,710
Set up/Reversal of allowance for doubtful accounts	-	(26)
Inputs purchased from third parties	(486,342)	(511,058)
Cost of Products, Goods, Services Sold	(349,761)	(350,543)
Materials, electricity, third party services and other	(136,581)	(160,515)
Loss/recovery of amounts receivable	-	-
Other	-	-
Gross value added	238,748	222,746
Retentions	(29,023)	(25,828)
Depreciation, amortization and depletion	(29,023)	(25,828)
Other	-	-
Net value added produced	209,725	196,918
Value added received in transfer	1,379	22,906
Equity pick-up	-	687
Financial income (expenses)	1,379	22,219
Other	-	-
Total value added to be distributed	211,104	219,824
Distribution of value added	211,104	219,824
Personnel	108,284	131,304
Direct compensation	-	-
Benefits	-	-
FGTS	-	-
Other	-	-
Taxes, charges and contributions	34,392	16,787
Federal	-	-
State	-	-
Municipal	-	-
Debt remuneration	42,111	43,416
Interest	37,092	39,805
Rent	3,018	4,681
Other	2,001	(1,070)
Equity remuneration	26,317	28,317
Interest on equity	-	-
Dividend	-	-
Retained profit/loss for the period	26,317	27,914
Noncontrolling interest in retained profits	-	403
Other	-	-

Magnesita Refratários S.A.

Notes to interim financial information
March 31, 2013
(In thousands of reais)

1 Operations

Magnesita Refratários S.A. (“Company” or “Magnesita”), controlled through investment vehicles of GP Investments, Ltd. and Grupo Rhône, is a company listed in the “Novo Mercado” of BM&F BOVESPA and whose business purpose, in conjunction with its subsidiaries located in South America, North America, Europe and Asia, is to manufacture refractory products, which are essential for processes performed under high temperatures. The Company products are basically made of magnesite or dolomite and are available in a wide range of forms, such as: bricks, masses, mortars and concrete. Taking advantage of its synergy with customers, the Company provides services of refractory assembly and maintenance. It also operates in the segment of processing and trading industrial minerals, such as talc, caustic magnesia and sinter of magnesite.

In addition to the plant located in Contagem, State of Minas Gerais, Brazil (Company headquarters), the Company owns plants, which manufacture refractory materials, through the following subsidiaries and joint arrangements:

- Magnesita Insider Refratários Ltda. - Brazil
- Refratarios Argentinos S.A.I.C.yM – Argentina
- Magnesita Refractories Company – United States
- Magnesita Refractories GmbH – Germany
- Magnesita Refractories S.C.S. – France
- Magnesita Resource (Anhui) Co. Ltd. - China
- Shanxi LWB Taigang Refractories Company Ltd. – China
- Sinterco S.A. - Belgium
- Krosaki Magnesita Refractories LLC – United States
- Magnesita Envoy Asia Ltd. - Taiwan

Additionally, the Company has other direct and indirect subsidiaries and jointly controlled entities, holdings and trading companies, engaged in mining or nonoperating, which comprise the consolidated financial statements (“Magnesita Group” or “Group”).

2 Approval of quarterly financial information

This quarterly information was approved by the Company’s Board of Directors on May 9, 2013

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

3 Summary of significant accounting practices

The Company's quarterly financial information for the three-month period ended March 31, 2013 was prepared in accordance with accounting practices adopted in Brazil, which comprise the rules set forth by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements, interpretations and guidance of the Brazilian FASB (CPC), approved by CVM ("BR GAAP") and the Brazilian Corporation Law. In addition, quarterly consolidated financial information have also been prepared and are being presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Company's quarterly information have been prepared in accordance with the accounting pronouncement CPC 21 (R1) – Interim financial statements – Revised (Company and consolidated) and IAS 34 - Interim Financial Reporting (consolidated). These interim financial information should be read jointly with the Company's financial statements for the year ended December 31, 2012.

Accounting practices in this interim financial information are consistent with the practices described in Note 3 of the Company's financial statements for the year ended December 31, 2012, filed with the CVM, except with regard to accounting practice of Joint Arrangements described in Note 3.2. We highlight that there were no significant changes in our accounting practices after December 31, 2012.

The accounting policies were uniformly applied in the presented period, unless otherwise stated.

3.1 Basis of preparation and presentation of quarterly information

The Company and consolidated quarterly financial information were prepared considering the historical cost as basis of value and adjusted to reflect the fair value of certain financial assets and liabilities (including derivative instruments) measured at fair value.

The individual financial statements present the evaluation of investments in subsidiaries by the equity method, according to the Brazilian legislation in force. Thus, these individual financial statements are not considered to be in accordance with the IFRS, which require the evaluation of these investments in the Company's separate financial statements at fair value or cost of acquisition.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

3 Summary of significant accounting practices (Continued)

3.1 Basis of preparation and presentation of quarterly information (Continued)

The preparation of the quarterly information requires the use of certain critical accounting estimates and also requires Company's management to exercise its judgment in the adoption process of accounting practices. Those areas requiring higher judgment level and complexity, as well as the areas in which the assumptions and estimates are significant for the financial statements are disclosed in Note 4.

The consolidated quarterly information at March 31, 2013 was prepared in accordance with the subsidiaries presented at December 31, 2012, since there was no change in the corporate structure of the Group.

3.2 Standards, amendments and interpretations

In the quarter ended March 31, 2013, no new standards, amendments and interpretations of standards were issued, in addition to those of the Company's financial statements at year ended December 31, 2012 disclosed in Note 3.19. In addition, no changes in relation to expected and disclosed impacts were observed in these financial statements that could affect the interim financial statements of such period.

The Company adopted, as from 2013, the IFRS 11 – “Joint Arrangements”, issued in May 2011, and included as an amendment of CPC 19 (R2) “Joint arrangements”. Thus, since the proportionate consolidation method is no longer allowed, the Company ceased to consolidate the jointly controlled entity, Krosaki Magnesita Refractories LLC (United States). Additionally, the 40% interest in Krosaki Magnesita Refractories LLC has been accounted for by the equity method, as from January 1, 2013. For comparison purposes, the balances at December 31, 2012 and March 31, 2012 have been adjusted observing the change of accounting practice.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

3 Summary of significant accounting practices (Continued)

3.2 Standards, amendments and interpretations (Continued)

Investments in subsidiaries

The Company has 40% interest in Krosaki Magnesita Refractories LLC (United States). According to the CPC 19 - Joint Venture (IAS 31 Interest in Joint Ventures, prior to the transition to IFRS 11), the Company's interest in Krosaki was classified as joint venture. In addition, interest in Company's assets, liabilities, income and expenses were proportionally consolidated in the consolidated financial statements. After the adoption of IFRS 11, the Company has determined its interest to be a joint venture and, thus, investments were accounted for by the equity method. The effects of the adoption of IFRS 11 and CPC 19 R2 are described below:

Impact on equity balances	12/31/2012
Addition of investment in joint arrangements	3,698
Decrease in cash and cash equivalents	(496)
Decrease in trade accounts receivable	(5,551)
Decrease in inventories	(15,860)
Decrease in property, plant and equipment	(716)
Decrease in loans and financing	7,361
Decrease in suppliers and general contractors	11,460
Decrease in other current liabilities	104
Net impact	<u>-</u>
Impact on profit or loss (P&L)	03/31/2012
Decrease in net operating income	(7,408)
Decrease in cost of goods sold	<u>5,921</u>
Decrease in gross profit	(1,487)
Decrease in sales expenses	740
Decrease in administrative expenses	39
Decrease in other operating expenses	3
Equity pick-up	<u>687</u>
Decrease in P&L before financial income (expenses) and taxes	(18)
Decrease in financial income (expenses), net	<u>18</u>
Impact on net income	<u>-</u>

The impact on cash flow statements and statement of value added in the interim financial statements were insignificant.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

4 Significant accounting estimates and judgments

The significant accounting judgments and estimates used in the preparation of this interim financial information are continuously evaluated and presented no changes with respect to those described in Note 4 of the Company's financial statements for the year ended December 31, 2012 filed with CVM. During the period ended March 31, 2013, no evidence of impairment was identified that would require the Company to redo the impairment test.

5 Financial risk management

5.1 Financial risk factors

a. Liquidity risk

The excess of cash kept by operational entities, in addition to the balance required for the management of current capital, is managed by the Treasury. The treasury invests the excess of cash in checking accounts bearing interests, time deposits, short-term deposits and marketable securities, by choosing instruments with suitable maturity or liquidity to provide sufficient margin as determined by the above-mentioned estimates. At March 31, 2013, Magnesita Group held R\$218,682 (R\$481,992 at December 31, 2012) in marketable securities with expectation of readily cash generation to administrate liquidity risk.

b. Market risk

(i) *Currency risk*

Magnesita Group operates internationally and is exposed to currency risk arising from exposure to certain currencies, mainly with respect to US dollar, yen and euro. The currency risk arises from assets and liabilities recognized and net investments in operations carried out abroad.

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Notes to interim financial information (Continued)

March 31, 2013

(In thousands of reais)

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

e. Market risk (Continued)

(i) *Currency risk (Continued)*

The financial policy of Magnesita Group points out that derivative operations aim to reduce costs, reduce cash flow volatility, protect from currency exposure and avoid mismatch between currencies. As a preventive measure and to reduce the effects of exchange variation, the Management has adopted the policy of performing swap operations and having assets linked to foreign currency indexing. The accounting exposure in foreign currency is demonstrated below:

	Consolidated							
	In thousand of reais - R\$ 03/31/2013				In thousands of reais - R\$ 12/31/2012			
	USD	€	Other currencies	Total	USD	€	Other currencies	Total
Assets and liabilities in foreign currency								
Cash and banks	225,865	170,120	49,289	445,274	84,635	190,915	56,121	331,671
Marketable securities	9,675	12,915	-	22,590	-	-	972	972
Accounts receivable, net of credit risk provision	125,102	151,236	49,234	325,572	124,242	162,916	50,297	337,455
Trade accounts payable	(57,440)	(105,860)	(21,009)	(184,309)	(90,379)	(97,849)	(21,375)	(209,603)
Loans and financing	(681,023)	(25,599)	-	(706,622)	(648,991)	(34,455)	-	(683,446)
Issue of bonds	(788,923)	-	-	(788,923)	(799,491)	-	-	(799,491)
Derivative financial instruments	815	-	-	815	(10,431)	-	-	(10,431)
Other net monetary liabilities - abroad	(67,490)	(142,559)	(31,074)	(241,123)	(59,001)	(139,664)	(23,800)	(222,465)
Net foreign exchange exposure	(1,233,419)	60,253	46,440	(1,126,726)	(1,399,416)	81,863	62,215	(1,255,338)

The management seeks to mitigate currency risk exposure related to loans through transactions carried out in the United States and Europe. Additionally, it contracts derivative financial instruments operations to reduce this exposure.

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Notes to interim financial information (Continued)
 March 31, 2013
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5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

e. Market risk (Continued)

(i) Currency risk (Continued)

In the sensitivity analysis of currency risk, the management considered probable the scenario expected for the closing of the following year. Scenarios I and II were calculated with deterioration rates of 25% and 50%, respectively, on the probable scenario, considering these hypothesis for March 31, 2013.

This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
Currency risk exposure (U.S. dollar appreciation)	(1,233,419)	(1,233,419)	(1,233,419)
Dollar rate at 03/31/2013	2.0138	2.0138	2.0138
Currency risk exposure (translation into U.S. dollar)	(USD 612,483)	(USD 612,483)	(USD 612,483)
Foreign exchange rate estimated based on stress scenario	2.1000	2.6250	3.1500
Differences between taxes	0.0862	0.6112	1.1362
Effect on financial expense	(52,796)	(374,350)	(695,903)
Currency risk exposure (depreciation of Euro)	60,253	60,253	60,253
Euro rate at 03/31/2013	2.5853	2.5853	2.5853
Currency risk exposure (translation into Euro)	EUR 23,306	EUR 23,306	EUR 23,306
Foreign exchange rate estimated based on stress scenario	2.8833	3.6042	4.3250
Differences between taxes	0.2980	1.0189	1.7397
Effect on financial income	6,945	23,746	40,545

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

e. Market risk (Continued)

(ii) *Cash flow and fair value interest rate risk* (Continued)

In 2012 and 2013, the loans of the Magnesita Group at floating rates were kept in real and U.S. dollar.

Contracted interest rates for loans and financing and long-term bond in the current and noncurrent liabilities are demonstrated as below:

	Consolidated			
	03/31/2013	%	12/31/2012	%
Loans and financing				
Brazilian long-term interest rate (TJLP)	44	-	239	0.0
London Interbank Offered Rate (LIBOR)	105,995	6.1	107,530	5.7
Interbank Depository Certificates (CDI)	229,772	13.2	340,175	18.1
	335,811	19.3	447,944	23.8
Other loans not subject to interest rate risk				
Fixed-rate loans	580,063	33.4	585,796	31.6
Long-term bonds with fixed rates (Interest)	31,717	1.8	27,113	1.4
Long-term bonds with fixed rates (Principal)	788,923	45.5	799,491	42.6
Derivative financial instruments	-	-	10,431	0.6
	1,400,703	80.7	1,422,831	76.2
	1,736,514	100.0	1,870,775	100.0

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

e. Market risk (Continued)

(ii) *Cash flow and fair value interest rate risk* (Continued)

The interest rate risk related to short-term investments are shown below:

	Consolidated			
	03/31/2013	%	12/31/2012	%
CDI				
Bank deposit certificates (CDB) and repurchase agreements	182,764	84,5	459,282	95
Marketable securities	35,918	15,5	22,710	5
	218,682	100,0	481,992	100

The Company does not have derivative financial instruments for the management of risks related to loans and financing floating rates.

Interest rate risk exposure of Company's operations is as under:

	Consolidated			
	In thousands of reais - R\$ 03/31/2013			
	CDI	TJLP	LIBOR	Total
CDB and repurchase agreements - CDI and marketable securities	218,682	-	-	218,682
Export credit notes	(199,926)	-	-	(199,926)
Import financing	-	-	(4,357)	(4,357)
Advances on export invoices	(30,730)	-	(101,638)	(132,368)
PP&E financing	-	(44)	-	(44)
Liability exposure	(230,656)	(44)	(105,995)	(336,695)
Net exposure	(11,974)	(44)	(105,995)	(118,013)

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

e. Market risk (Continued)

(ii) *Cash flow and fair value interest rate risk* (Continued)

The following table demonstrates the incremental loss that would have been recognized in the profit or loss for the quarter ended March 31, 2013. In the sensitivity analysis of interest rate risk, the management considered probable the scenario expected for the closing of the following year. Scenarios I and II were calculated with deterioration rates of 25% and 50%, respectively, on the probable scenario, considering these hypothesis for March 31, 2013. This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
CDI risk exposure (increase of rates)	11,974	11,974	11,974
CDI rate accumulated at 03/31/2013	7.01%	7.01%	7.01%
Interest rate estimated based on stress scenario	8.18%	10.23%	12.28%
Differences between taxes	1.17%	3.22%	5.27%
Effect on financial expense	140	386	631
LIBOR risk exposure (increase of rates)	105,995	105,995	105,995
LIBOR accumulated at 03/31/2013	0.73%	0.73%	0.73%
Interest rate estimated based on stress scenario	0.76%	0.96%	1.15%
Differences between taxes	0.03%	0.23%	0.42%
Effect on financial expense	32	244	445
TJLP risk exposure (increase of rates)	44	44	44
TJLP rate accumulated at 03/31/2013	5.00%	5.00%	5.00%
Interest rate estimated based on stress scenario	5.00%	6.25%	7.50%
Differences between taxes	0.00%	1.25%	2.50%
Effect on financial expense	-	1	1

Other information related to the policy for the use of financial instruments, policy of financial risk management, credit risk, liquidity risk and market risk have not gone through significant changes in terms of those disclosed in Note 5 to the financial statements of December 31, 2012

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

5 Financial risk management (Continued)

5.2 Capital management

Debt indices on equity are described below:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Total loans and financing, long-term bond and derivative financial instruments	1,736,514	1,870,775	891,694	1,013,018
Deducted of: cash and cash equivalents and marketable securities	(677,717)	(819,449)	(438,019)	(565,293)
Total (A)	1,058,797	1,051,326	453,675	447,725
Total equity	2,796,171	2,810,859	2,774,759	2,792,256
Total (B)	3,854,968	3,862,185	3,228,434	3,239,981
(A) / (B)	27%	27%	14%	14%

No significant changes were observed in other information on capital management, in terms of those disclosed in Note 5 to the financial statements for year ended December 31, 2012.

5.3 Fair value estimate

It is assumed that the accounting balances of trade accounts receivable, deducted of valuation allowance, and trade accounts payable are close to their fair values due to their short term to maturity.

Magnesita Group's assets and liabilities measured at fair value through profit or loss include cash equivalents, marketable securities and derivative financial instruments, which are classified in level 2.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

6 Derivative financial instruments

The Company does not contract derivative operations with speculative purposes and does not settle them prior to respective maturities, on a regular basis.

The Company monitors the currency risks arising from its indebtedness in foreign currencies exceeding the volume of operations existing in these currencies. This monitoring also considers the evolution of foreign exchange rates, especially the U.S. dollar and the Euro, for decision making as to take out swap operations.

Description	Maturity Month/ year	Consolidated - 03/31/2013	
		Nominal amount	(In thousands) Fair value R\$
Protection of foreign exchange rates:			
Swap (Germany)	30/03/2015		
Long position		US\$ 150,000	
Short position		Euro 118,110	612
Non deliverable forward (NDF) (United Kingdom)	01/29/2010 to 12/31/2013		
Long position		GBP 4,340	
Short position		Euro 4,896	203

Magnesita Refratários S.A.

Notes to interim financial information (Continued)

March 31, 2013

(In thousands of reais)

7 Financial instruments by category

	Consolidated			Company		
	Financial assets measured at fair value through profit or loss	Loans and receivables	Total	Financial assets measured at fair value through profit or loss	Loans and receivables	Total
Assets						
March 31, 2013						
Cash and cash equivalents and marketable securities						
Cash and banks	459,035	-	459,035	263,929	-	263,929
CDB and repurchase agreements	182,764	-	182,764	138,172	-	138,172
Marketable securities	35,918	-	35,918	35,918	-	35,918
Trade accounts receivable	-	522,366	522,366	-	355,035	355,035
Other account receivable (less advanced payments)	-	16,051	16,051	-	16,051	16,051
Derivative financial instruments	815	-	815	-	-	-
Judicial deposits	-	20,666	20,666	-	14,706	14,706
	678,532	559,083	1,237,615	438,019	385,792	823,811
Assets						
December 31, 2012						
Cash and cash equivalents and marketable securities						
Cash and banks	337,457	-	337,457	126,984	-	126,984
CDB and repurchase agreements	459,282	-	459,282	415,599	-	415,599
Marketable securities	22,710	-	22,710	22,710	-	22,710
Trade accounts receivable	-	510,696	510,696	-	346,740	346,740
Other accounts receivable (less prepaid payments)	-	18,348	18,348	-	18,348	18,348
Judicial deposits	-	18,267	18,267	-	13,277	13,277
	819,449	547,311	1,366,760	565,293	378,365	943,658

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

7 Financial instruments by category (Continued)

	Consolidated	Company
	Non-trading financial liabilities	Non-trading financial liabilities
Liabilities		
March 31, 2013		
Loans and financing and bonds	1,736,514	891,694
Suppliers, general contractor and freights	303,280	144,613
	2,039,794	1,036,307

	Consolidated			Company
	Liabilities measured at fair value through profit or loss	Non-trading financial liabilities	Total	Non-trading financial liabilities
Liabilities				
December 31, 2012				
Loans and financing and bonds	-	1,860,344	1,860,344	1,013,018
Suppliers, general contractor and freights	-	347,941	347,941	164,084
Derivative financial instruments	10,431	-	10,431	-
	10,431	2,208,285	2,218,716	1,177,102

7.1 Fair value

	Consolidated - 03/31/2013	
	Book value	Fair value
Cash and banks	459,035	459,035
CDB, repurchase agreements and marketable securities	182,764	182,764
Marketable securities	35,918	35,918
Trade accounts receivable	522,366	522,366
Other account receivable (less advanced payments)	16,051	16,051
Derivative financial instruments	815	815
Judicial deposits	20,666	20,666
	1,237,615	1,237,615
Loans and financing and bonds	1,736,514	1,736,514
Suppliers, general contractor and freights	303,280	303,280
	2,039,794	2,039,794

Fair value of financial assets and liabilities is included in the value for which such instrument could be exchanged in a current transaction between parties willing to negotiate, and not in enforced sale or settlement.

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Notes to interim financial information (Continued)
March 31, 2013
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7 Financial instruments by category (Continued)

7.1 Fair value (Continued)

The fair value of negotiable bonus and securities is based on price quotations on the date of the interim financial information. The fair value of non-trading instruments of bank loans and other debts, of obligations under finance lease, as well as of other noncurrent financial liabilities is estimated through the discounted future cash flows at rates currently available for similar and remaining debts and maturities.

8 Credit quality of financial assets

The quality of financial assets' credit that are neither past due or impaired may be assessed by reference to external credit ratings (if any) or to historical information about counterparty default rates:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Trade accounts receivable				
Counterparties without external credit rating				
Group 1	321,069	330,666	310,315	286,307
Group 2	136,579	81,685	28,787	19,722
Group 3	72,942	109,810	15,933	40,711
Provision for impairment losses	(8,224)	(11,465)	-	-
Total trade accounts receivable	522,366	510,696	355,035	346,740
Checking account and short-term bank deposits				
AAA	459,035	337,457	263,929	126,984
Marketable securities				
AAA	192,099	421,792	147,508	378,109
BBB	26,583	60,200	26,582	60,200
Total cash and cash equivalents and marketable securities	677,717	819,449	438,019	565,293

- Group 1 - Large economic groups, whose risk of defaults is very low.
- Group 2 - Customer backed by top-tier financial institutions.
- Grupo 3 - Customers not backed by financial institution or with poor credit history.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

9 Cash and cash equivalents

Breakdown of the balance is as follows:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Cash and banks	459,035	337,457	263,929	126,984
Marketable securities				
Fixed-income transactions	182,764	459,282	138,172	415,599
	641,799	796,739	402,101	542,583

Consolidated "Cash and banks" at March 31, 2013 records R\$13,761 (R\$6,282 at 12/31/2012) in local currency and R\$445,274 (R\$331,671 at 12/31/2012-) in foreign currency and basically represents deposits in checking account. The "marketable securities" were classified as fair value through profit and loss and correspond to fixed-income transactions bearing interest close to the variation of CDI, and are immediately redeemable. Part of these fixed-income transactions in the consolidated, totaling R\$22,590 (R\$972 at 12/31/2012), is linked to foreign exchange variation, mainly U.S. dollar.

10 Trade accounts receivable

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Customers in reais	172,340	158,014	166,573	152,759
Customers in other currencies	333,798	343,369	44,055	63,056
Other receivables from subsidiaries	-	-	119,955	110,147
Provision for impairment losses	(8,224)	(11,465)	-	-
Trade notes receivable, net	497,914	489,918	330,583	325,962
Unbilled measurements	24,452	20,778	24,452	20,778
Trade accounts receivable	522,366	510,696	355,035	346,740

The accounts receivable does not qualify as financing and are initially evaluated and recorded at fair value.

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

10 Trade accounts receivable (Continued)

The aging list of trade notes receivable is as under:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Trade notes falling due:				
Up to 90 days	294,550	317,388	161,562	165,199
Over 90 days	75,701	53,418	78,857	58,922
Trade notes overdue:				
Up to 30 days	44,045	50,105	13,280	33,317
Over 30 days	91,842	80,472	76,884	68,524
(-) Provision for impairment losses	(8,224)	(11,465)	-	-
	<u>497,914</u>	<u>489,918</u>	<u>330,583</u>	<u>325,962</u>

The maximum exposure to credit risk at the reporting date of the interim financial information refers to the book value of each class of the above-mentioned accounts receivable.

Below follows the changes recorded under valuation allowance:

	Consolidated
At December 31, 2012	(11,465)
Additions	-
Write-offs	2,890
Foreign exchange variation	351
At March 31, 2013	<u>(8,224)</u>

11 Inventories

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Finished products	300,672	306,282	76,451	79,832
Work in process	38,772	39,079	26,118	26,577
Raw material	279,866	252,167	130,515	117,784
Storeroom (replacement material and other)	57,421	59,491	34,099	36,866
(-) Valuation allowance	(18,643)	(18,589)	-	-
	<u>658,088</u>	<u>638,430</u>	<u>267,183</u>	<u>261,059</u>

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

11 Inventories (Continued)

Below follows the changes recorded under valuation allowance:

	<u>Consolidated</u>
Balance at 12/31/2012	(18,589)
Additions	(765)
Write-offs	103
Foreign exchange variation	608
Balance at 03/31/2013	<u>(18,643)</u>

12 Other taxes recoverable

	Consolidated			
	03/31/2013		12/31/2012	
	Current	Noncurrent	Current	Noncurrent
Indirect taxes	64,390	16,955	52,457	16,284
Taxes on shipment of goods on consignment	5,179	-	6,612	-
Other	6,209	-	5,530	-
	<u>75,778</u>	<u>16,955</u>	<u>64,599</u>	<u>16,284</u>

	Company			
	03/31/2013		12/31/2012	
	Current	Noncurrent	Current	Noncurrent
Indirect taxes	44,075	16,955	38,530	16,284
Taxes on shipment of goods on consignment	5,092	-	6,501	-
Other	44	-	114	-
	<u>49,211</u>	<u>16,955</u>	<u>45,145</u>	<u>16,284</u>

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Notes to interim financial information (Continued)
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13 Income and social contribution taxes

(a) Tax credit

The Company recognizes in long-term assets the income (25%) and social contribution (9%) tax credits on temporary differences, income and social contribution tax losses, whose realization does not exceed the expected generation of future taxable profit. The tax credits, demonstrated by the nature of such temporary additions, comprise:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Tax credits on temporary differences				
Provision for permanent asset losses	193	193	193	193
Provision for litigation	16,741	16,760	16,741	16,760
Post-employment obligations	82,837	71,068	34,302	35,140
Provision for bonuses	10,314	8,530	10,314	8,530
Accelerated depreciation	1,013	3,402	-	-
Unrealized exchange losses on long-term bonds - Non-hedged position	-	9,154	-	-
Other	6,036	7,884	2,102	2,862
	117,134	116,991	63,652	63,485
Tax credits on IRPJ and CSLL losses	313,251	311,732	306,867	304,860
Tax credit due to incorporation of shareholders	50,777	53,324	50,777	53,324
Total tax credits	481,162	482,047	421,296	421,669

The realization of deferred income and social contribution tax credits depends on future events that will make provisions that gave rise to such events deductible, in accordance with tax legislation in force as well as the generation of future taxable income.

As a result, the estimate of the tax asset realization should not be taken as sole indicative of Magnesita's future profit or loss. Taxable profit considers variables, such as: tax incentives, permanent and temporary differences, thus having no direct correlation with the Company's net profit.

Projections of results available, combined with the history of its operations, indicate that the Company and its subsidiaries will obtain taxable profits in amounts sufficient to absorb such tax credit. The projections of future taxable profits consider estimates related, among others, to Company's performance, as well as to its market behavior and certain economic aspects. Actual amounts may differ from the estimates adopted.

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Notes to interim financial information (Continued)
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(In thousands of reais)

13 Income and social contribution taxes (Continued)

(a) Tax credit (Continued)

The management estimates that the realization of the deferred tax asset will be as shown below:

	Consolidated		Company	
	Book value	Present Value	Book value	Present Value
1 year	25,077	23,922	23,696	22,567
2 year	26,367	24,004	24,750	22,449
3 year	86,160	74,946	79,558	68,726
4 year	29,915	24,782	28,224	23,220
5 year	31,689	25,040	29,962	23,476
6 to 8 year	111,244	58,445	105,734	54,259
9 to 11 year	109,556	43,836	104,047	40,114
After 11 years	61,154	12,939	25,325	1,644
Balance at 12/31/2013	481,162	287,914	421,296	256,455

Tax credit from income and social contribution tax losses is generated especially from the amortization of goodwill on future profitability due to the acquisition of subsidiaries. Referred to goodwill will be amortizable by 2018 (R\$ 345,305), which provides a basis for the management's expectation to realize these credits.

It is important to stress that the tax credit recorded is supported by the technical study provided for in CVM Ruling No. 371/02.

The Group has R\$89,701 in tax losses generated in China. A deferred tax asset was not recognized in respect of such losses, since these cannot be used to offset taxable profits of other companies in the Group and have been generated in subsidiary with continued tax losses. Subsidiaries do not have taxable temporary differences or other tax planning opportunities available that can support the recognition of such losses as deferred taxes assets. Should the Group recognize all amounts net of the deferred tax assets the total thereof would come to R\$18,759.

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Notes to interim financial information (Continued)
 March 31, 2013
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13 Income and social contribution taxes (Continued)

(a) Tax credit (Continued)

The noncurrent liabilities break down as under:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Deferred taxes on tax amortization of goodwill (i)	420,899	408,310	408,780	396,904
Deferred taxes on accelerated tax depreciation	53,903	55,025	-	-
Deferred taxes on net gains of fair value	18,525	18,525	18,525	18,525
Other	6,547	7,739	6,547	6,547
	499.874	489.599	433.852	421.976

- (i) As from January 1, 2009, goodwill on expected future profitability ceased to be amortized in the Company's books, under Accounting Pronouncement CPC 13. The Company has been recognizing the tax amortization of this goodwill in accordance with Law No. 11,941/09, through the Transition Tax Regime (RTT). The tax effect of this amortization gave rise to the accounting of deferred income and social contribution.

(a) Reconciliation of IRPJ and CSLL expenses

	Consolidated		Company	
	03/31/2013	03/31/2012	03/31/2013	03/31/2012
Income (loss) before income and social contribution taxes	49,411	45,208	37,711	35,604
Combined statutory rate %	34%	34%	34%	34%
Tax benefit at statutory rate	(16,800)	(15,371)	(12,822)	(12,105)
Income and social contribution taxes on Equity pickup	-	-	1,176	4,851
Effect of different rates used by the Subsidiaries located in other jurisdictions	(2,802)	(1,212)	-	-
Effect of the limited liability deductibility rule in Germany	(2,515)	(642)	-	-
Other permanent differences, net	(977)	334	(603)	(436)
Income and social contribution tax expenses	(23,094)	(16,891)	(12,249)	(7,690)
Current	(12,166)	(10,233)	-	-
Deferred	(10,928)	(6,658)	(12,249)	(7,690)

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

13 Income and social contribution taxes (Continued)

(c) Reconciliation of deferred tax assets and liabilities, net

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Deferred tax asset	481,162	482,047	421,296	421,669
Deferred tax liabilities	(499,873)	(489,599)	(433,852)	(421,976)
Deferred tax assets (liabilities), net	(18,711)	(7,552)	(12,556)	(307)
Reflected in the balance sheet				
Assets	17,660	17,996	-	-
Liabilities	(36,371)	(25,548)	(12,556)	(307)
Net balance	(18,711)	(7,552)	(12,556)	(307)

(d) Changes of deferred tax assets and liabilities, net

	Consolidated	Company
Balance at December 31, 2012 – Assets (liabilities)	(7,552)	(307)
Revenue/ (expense of taxes recognized in P&L)	(10,928)	(12,249)
Foreign exchange variation	(231)	-
Balance at December 31, 2013 – Assets (liabilities)	(18,711)	(12,556)

14 Property sale credit

The Company sold urban and rural areas located in the municipality of São Caetano do Sul (approximately 195,938.06 sq.m) and in the region of Uberaba, state of Minas Gerais (approximately 2,266 hectares).

Such credit receivable are classified below:

	Company and Consolidated	
	03/31/2013	12/31/2012
Group 1	787	2,512
Group 2	15,264	15,836
	16,051	18,348
Current	9,355	17,025
Noncurrent	6,696	1,323

- Group 1 - Large economic groups, whose risk of defaults is very low.
- Group 2 - Customer backed by top-tier financial institutions.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)

March 31, 2013

(In thousands of reais)

15 Investment in subsidiaries and joint arrangements

(a) Information on investments

Book value - Company

	Equity interest %	Adjusted equity	Adjusted net income	Interest			Pre-tax Income (loss)
				Total assets	Liabilities	Net income	
Iliama II Trading (sole proprietorship company) Lda. Capital of 3 thousand EUROS and 3,010 units of interest	100	-	(116)	14,367	14,367	-	(114)
Magnesita Finance Ltd. (*) Capital of 285,429 thousand EUROS and 1,286 units of interest	100	704,172	(31)	1,369,486	511,733	-	(1,177)
Magnesita Grundstucks Beteiligungs GmbH Capital of 25 thousand EUROS and 1 unit of interest	100	415	-	448	33	-	-
Metal Data S.A. - Mineração e Metalurgia Capital of R\$382 thousand EUROS and 381,703 units of interest	50	2,885	236	6,039	840	2,635	780
Magnesita Insider Refratários Ltda. Capital of R\$1,590 thousand EUROS and 1,590,000 units of interest	100	90,028	1,692	101,209	11,181	6,737	2,516
MAG-Tec Ltda. Capital of R\$200 thousand EUROS and 800,000 units of interest	100	245	-	285	40	-	-
RASA - Refratarios Argentinos S.A. I. C. y M. Capital of ARS 1,000 thousand and 1,000,000 shares	100	9,531	(133)	93,652	84,121	16,712	(121)
Refratários Magnesita Colômbia S.A. Capital of COP R\$11,673,200 thousand EUROS and 1,167,320,000 units of interest	100	22,911	1,313	42,101	19,190	13,122	1,313
Refratários Magnesita Peru S.A.C. Capital of PEN R\$6,890 thousand EUROS and 1,000 units of interest	100	7,795	420	9,831	2,036	2,623	420
Refratários Magnesita Uruguay S.A. Capital of UYU 450 thousand EUROS and 450,000 units of interest	100	460	79	1,980	1,520	428	97
MMD Araçuaí Holding Ltda. Capital of R\$7,611 thousand EUROS and 7,611,183 units of interest	90	7,611	-	9,658	188	-	-
Total in 2013		846,053	3,460				
Total in 2012		868,131	19,964				

(*) Includes information from indirect investments in joint arrangements (see details in Note 3.2)

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

15 Investment in subsidiaries and joint arrangements (Continued)

(a) Information on investments (Continued)

Goodwill

	<u>Goodwill generated on acquisition</u>
Of subsidiary LWB Island Company Ltd.	325,263
Of subsidiary Metal Data S.A. - Mineração e Metalurgia	10,579
Total in 2013	<u><u>335,842</u></u>
Total in 2012	<u><u>348,265</u></u>

(b) Changes in investments in subsidiaries

The changes recorded investment accounts for the years ended December 31, 2013 and December 31, 2012 were as follows:

	<u>Company</u>	
	<u>2013</u>	<u>2012</u>
Balance at the beginning of year	1,217,016	1,037,645
Additions (i)	-	7,611
Capital increase in subsidiaries (ii)	-	18,849
Equity pick-up	3,460	19,964
Foreign exchange variation on investment (iii)	(24,976)	56,849
Exchange rate fluctuation on goodwill (iv)	(12,423)	29,474
Paid-in capital in subsidiary (v)	-	46,660
Other	(617)	(36)
Closing balance	<u>1,182,460</u>	<u>1,217,016</u>

- (i) Refers to the acquisition of MMD Araçuaí Holding.
- (ii) Refers to capital increase in subsidiaries Magnesita Refratários Colômbia S.A in the amount of R\$13,224, Magnesita Refratários Peru S.A.C. R\$ 436 and Magnesita Finance Ltd. R\$5,189.
- (iii) Exchange rate fluctuation on investments matched against equity (Note 22 (d))
- (iv) Exchange rate variation on goodwill matched against equity (Note 22 (d)).
- (v) Refers to the paid-in capital commitment in the subsidiary Iliama II Trading (sole proprietorship) Lda.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

15 Investment in subsidiaries and joint arrangements (Continued)

(c) Related parties (Company)

Balances and transactions

At March 31, 2013, major trade accounts receivable and payable and key transactions carried out in the year then ended, such as sales, purchases of services and products and dividend received, involving Company's subsidiaries are described below:

	Balances			Transactions	
	Accounts receivable	Trade accounts payable	Credits (debits)	Sales	Purchase of products
Magnesita Insider Refratários Ltda. (i)	260	3,646	(611)	532	2,384
Metal Data S.A. - Mineração e Metalurgia	-	1,318	-	-	2,406
RASA - Refractorios Argentinos S.A. I. C. y M. (ii)	54,976	-	-	5,291	-
Iliama II Trading (sole proprietorship company) Lda.	-	-	14,168	-	-
Refractários Magnesita Uruguay S.A. (iii)	226	-	-	32	-
Refractários Magnesita Colômbia S.A. (iii)	7,677	-	-	2,696	-
Refractários Magnesita Peru S.A.C. (iii)	1,485	-	-	1,195	-
Refractários Magnesita Chile (iii)	3,343	-	-	1,116	-
LWB Companies (i)	51,988	1,174	7,015	50,389	-
At March 31, 2013	119,955	6,138	20,572	61,251	4,790
At December 31, 2012	110,147	6,303	20,933		
At March 31, 2012				40,460	1,469

- (i) Sale of raw materials by the Company destined to the manufacturing by the subsidiary of refractory materials
- (ii) Sale of raw materials and refractory materials by the Company to the subsidiary destined to the manufacturing and sale of refractory materials
- (iii) Sale of refractory products for resale in the countries where the subsidiaries are located.

These credits non-remunerated transactions carried out to meet operational needs of the subsidiaries

The purchase and sale transactions of products and services between Company and subsidiaries are performed under terms agreed upon by the parties

The Company fully and unconditionally guarantees binds issues by its subsidiaries, Rearden G Holdings Eins GmbH and Magnesita Finance Ltd. (Empresas LWB).

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

16 Property, plant and equipment

	Consolidated						Annual weighted depreciation rate %
	03/31/2013			12/31/2012			
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	
Land	64,246	-	64,246	65,829	-	65,829	
Mineral deposits	36,407	(4,602)	31,805	36,795	(4,455)	32,340	Based on volume
Buildings and leasehold improvements	496,139	(207,572)	288,567	504,154	(205,801)	298,353	4
Machinery, facilities and equipment including IT equipment	1,210,466	(839,686)	370,780	1,224,118	(828,444)	395,674	7
Transport equipment	15,729	(14,761)	968	15,704	(14,711)	993	6
Furniture, fixtures and other	52,338	(29,350)	22,988	53,042	(29,118)	23,924	9
Construction in progress (iii)	284,845	-	284,845	265,382	-	265,382	
Total property, plant and equipment	2,160,170	(1,095,971)	1,064,199	2,165,024	(1,082,529)	1,082,495	

	Company						Annual weighted depreciation rate %
	03/31/2013			12/31/2012			
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	
Land (ii)	12,127	-	12,127	12,127	-	12,127	
Mineral deposits	9,292	(2,671)	6,621	9,292	(2,627)	6,665	Based on volume
Buildings and leasehold improvements (i) (ii)	154,115	(93,279)	60,836	154,114	(92,488)	61,626	4
Machinery, facilities and equipment including IT equipment (i)	790,620	(540,757)	249,863	791,903	(530,184)	261,719	10
Transport equipment	11,997	(11,880)	117	11,997	(11,840)	157	20
Furniture, fixtures and other	27,909	(13,782)	14,127	27,908	(13,309)	14,599	10
Construction in progress (iii)	254,218	-	254,218	237,264	-	237,264	
Total property, plant and equipment	1,260,278	(662,369)	597,909	1,244,605	(650,448)	594,157	

- (i) The Company reassessed the useful life of these assets for 2013 and concluded that there were no significant changes eventually impacting the depreciation rate currently used.
- (ii) The Company has assets given in guarantee in administrative and legal proceedings totaling R\$18,584 at 03/31/2013.
- (iii) No financial charges from loans and financing were capitalized in 2011, given that there were no costs directly attributable to the acquisition, construction or production of qualifying assets

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

16 Property, plant and equipment (Continued)

Changes in property, plant and equipment were as follows:

	Consolidated	Company
At December 31, 2012	1,082,495	594,157
Additions	23,330	15,673
Write-offs	(1,271)	-
Depreciations	(27,392)	(11,921)
Exchange rate fluctuation (assets abroad)	(12,963)	-
At March 31, 2013	1,064,199	597,909

Magnesita Refratários S.A.

Notes to interim financial information (Continued)

March 31, 2013

(In thousands of reais)

17 Intangible assets

	Consolidated						Annual amortization rate %
	03/31/2013			12/31/2012			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	
Software and other (i)	81,245	(44,643)	36,602	81,133	(43,011)	38,122	12 to 20
Goodwill on investment acquisition							
Magnesita S.A.	1,316,509	(272,855)	1,043,654	1,316,509	(272,855)	1,043,654	
LWB	1,158,064	(2,602)	1,155,462	1,197,825	(2,602)	1,195,223	
Insider - Insumos Refratários para Siderurgia Ltda.	40,536	(699)	39,837	40,536	(699)	39,837	
Metal Data S.A. - Mineração e Metalurgia	10,579	-	10,579	10,579	-	10,579	
Total intangible assets	2,606,933	(320,799)	2,286,134	2,646,582	(319,167)	2,327,415	

	Company						Annual amortization rate %
	03/31/2013			12/31/2012			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	
Software and other	75,160	(41,869)	33,291	75,160	(40,322)	34,838	12 to 20
Goodwill on investment acquisition							
Magnesita S.A.	1,316,509	(272,855)	1,043,654	1,316,509	(272,855)	1,043,654	
Total intangible assets	1,391,669	(314,724)	1,076,945	1,391,669	(313,177)	1,078,492	

- (i) The Company reassessed the useful life of these assets for 2013 and concluded that there were no significant changes eventually impacting the depreciation rates currently used.

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

17 Intangible assets (Continued)

Changes in intangible assets were as follows:

	Consolidated	Company
At December 31, 2012	2,327,415	1,078,492
Additions	-	-
Foreign exchange variation	(39,649)	-
Amortization	(1,632)	(1,547)
At March 31, 2013	2,286,134	1,076,945

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

18 Loans and financing

Consolidated				
	Currency	Annual average interest rate	03/31/2013	12/31/2012
Export credit notes	R\$	CDI+1.10%	202,189	312,018
(-) Transaction costs to be amortized	-	-	(2,263)	(2,603)
Perpetual bonds	US\$	8,625%	514,153	510,875
(-) Transaction costs to be amortized	US\$	-	(7,338)	(15,137)
Import financing	US\$	1.81%+Libor 12m	4,357	4,386
PP&E financing				
Local currency	R\$	7,50%	48,184	48,001
Local currency	R\$	5,50%	44	239
Advances on export invoices	US\$	2.92%+Libor 6m	101,638	103,144
	US\$	64% CDI	30,730	30,760
Swap (Germany)	US\$ vs €	-	-	10,256
NDF (United Kingdom)	GBP vs €	-	-	175
Other	US\$	7,25%	30,298	7,602
Other	€	5,31%	25,599	34,455
			947,591	1,044,171
		Current	105,030	93,924
		Noncurrent	842,561	950,247
Company				
	Currency	Annual average interest rate	03/31/2013	12/31/2012
Export credit notes	R\$	CDI+1.10%	202,189	312,018
(-) Transaction costs to be amortized	US\$	8.80%	514,153	521,989
	-	-	(9,601)	(11,190)
Import financing	US\$	1.81%+Libor 12m	4,357	4,386
PP&E financing				
Local currency	R\$	7.50%	48,184	48,001
Local currency	R\$	5.50%	44	239
Advances on export invoices	US\$	2.92%+Libor 6m	101,638	103,144
	US\$	64% CDI	30,730	30,760
Other	US\$		-	3,671
			891,694	1,013,018
		Current	60,326	85,088
		Noncurrent	831,368	927,930

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

18 Loans and financing (Continued)

(a) Perpetual bonds (Consolidated)

In 2Q12, the Company issued US\$ 250 million in perpetual bonds denominated in U.S. dollars through its wholly-owned subsidiary Magnesita Finance Ltd. ("Magnesita BVI"). These bonds are not backed by or subordinated to Magnesita BVI and are fully and unconditionally guaranteed by the Company, its subsidiary Magnesita Insider Refratários Ltda. and other subsidiaries headquartered abroad.

Characteristics of these perpetual bonds are as follows:

- Term: perpetual
- Annual interest rate: 8.625%, paid on a three-month basis

Transaction costs to be amortized in the amount of R\$7,338 correspond to expenses incurred for issuing these perpetual bonds, which will be amortized at the effective interest rate.

At March 31, 2013, long-term debts / perpetual bonds total R\$506,815. Referred to perpetual bonds were used mainly for the purpose of prepaying 100% (approximately R\$ 400 million) of the debt represented by the Export Credit Note entered into with Banco Itaú BBA S.A. on March 20, 2008.

(b) Export credit notes (Consolidated)

Characteristics of Company operations involving export credit notes are as follows:

- Creditor: Banco Bradesco S.A.
- Amount: R\$ 202,189
- Term: 7 years
- Grace period: 3 years
- Annual interest: CDI + 1.50% up to 09/04/2012 and after the amendment CDI + 1.10%
- Covenants: Adjusted Net debt / EBITDA (i) (4.75 up to 12/31/2010; 4.00 up to 12/31/2012; and 3.75 onward)

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

18 Loans and financing (Continued)

(b) Export credit notes (Consolidated) (Continued)

- (i) Adjusted EBITDA is calculated by adding the results of discontinued operations, income tax and social contribution, profit sharing in subsidiaries, jointly controlled and associates, financial income (expense), depreciation, amortization and depletion and other additions and exclusions of non-recurring operations, such as the sales result of assets not related to the Company's business and restructuring expenses to the net profit (loss) for the year.

The transaction costs to be amortized correspond to the commission paid at the time of renegotiation of agreements and will be amortized observing the same agreements' term.

Requirements for March 31, 2013 were met.

(c) Advances on export invoices

Advances on export invoices refer to loans obtained from financial institutions, such as Banco do Brasil, Santander, Itaú and Bradesco, for the purpose of financing Company's exports.

(d) Maturity

At March 31, 2013, balances payable in the short- and long- term, undiscounted, mature as under:

	<u>Consolidated</u>	<u>Company</u>
Up to 180 days	73,804	29,101
After 180 and up to 360 days	31,225	31,225
2014	44,267	40,939
2015	118,414	114,957
2016	79,947	76,141
After 2017	599,934	599,331
	<u>947,591</u>	<u>891,694</u>

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
March 31, 2013
(In thousands of reais)

18 Loans and financing (Continued)

(e) Credit limits

The Company has the following credit lines:

	<u>03/31/2013</u>	<u>12/31/2012</u>
Variable rate		
- Maturity within one year	221,900	153,261
- Maturity over one year	334,530	1,164,824
Fixed rate		
- Maturity within one year	-	20,000
- Maturity over one year	591,800	158,779
	<u>1,148,230</u>	<u>1,496,864</u>

The credit lines maturing within one year are credit lines subject to annual review on different dates in 2013. The other credit lines were contracted for the purpose of assisting the financing of the proposed expansion of the Group activities.

19 Other taxes payable

	<u>Consolidated</u>		<u>Company</u>	
	<u>03/31/2013</u>	<u>12/31/2012</u>	<u>03/31/2013</u>	<u>12/31/2012</u>
Indirect taxes	25,960	14,759	17,091	14,072
Direct taxes	13,101	12,713	2,293	3,704
	<u>39,061</u>	<u>27,472</u>	<u>19,384</u>	<u>17,776</u>

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

20 Provision for litigation

The Company and subsidiaries are party to lawsuits and administrative proceedings before the courts and governmental bodies stemming from the normal course of its business, substantially involving tax, labor and social security proceedings. The provision for contingencies is determined based on the analysis of legal proceedings pending judgment, infraction notices and risk assessments. The provisions break down as under:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Tax - Provision	38,441	40,590	38,429	40,578
Tax – Judicial deposit	(6,322)	(5,102)	(6,322)	(5,102)
Labor - Provision	22,951	23,451	22,951	23,451
Labor - Judicial deposit	(9,406)	(8,340)	(4,328)	(4,119)
Civil - Provision	127	127	127	127
Social security - Provision	2,454	2,414	2,454	2,414
Social security – Judicial deposit	(4,056)	(4,056)	(4,056)	(4,056)
Other – Judicial deposit	(882)	(769)	-	-
	43,307	48,315	49,255	53,293
Noncurrent - provision	63,973	66,582	63,961	66,570
Noncurrent – Judicial deposit	(20,666)	(18,267)	(14,706)	(13,277)
	43,307	48,315	49,255	53,293

Changes in provision for 2013 break down as under:

	Consolidated	Company
Balance at December 31, 2012	66,582	66,570
Write-offs	(2,973)	(2,973)
Monetary restatement	364	364
Balance at March 31, 2013	63,973	63,961

Based on information provided by its legal advisors, the management has set up a provision in an amount considered sufficient to cover probable losses arising from probable losses with lawsuits in progress, classified between short- and long-term in accordance with the expected outcomes thereof, as above-mentioned.

No significant changes in significant liability contingencies with probable losses for which a provision was set up in this interim financial information were identified in the course of litigation, remaining consistent with the same discussions and arguments presented in Note 22 to the Company's financial statements for the year ended December 31, 2012, filed with the CVM.

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

20 Provision for contingencies (Continued)

The provisions and estimates for the tax, civil, social security, labor and other legal proceedings have been uniformly invested in all presented periods. The amounts set up for the main proceedings:

	Company	
	03/31/2013	12/31/2012
National Institute for Social Security (INSS)	2,454	2,414
Federal VAT (IPI)	8,423	8,331
Financial Compensation for the Exploration of Mineral Resources	1,939	1,912
Income and social contribution taxes on profits earned abroad	21,681	21,524

Tax, civil and labor proceedings, whose likelihood of loss is estimated by management as possible, based on the opinion of its legal counselors, did not change significantly in the course of litigation, nor did respective estimates, remaining consistent with the discussion and rationale presented in Note 22 of Company's financial statements for the year ended December 31, 2012, filed with the CVM.

21 Post-employment obligations

The Company and subsidiaries offer retirement plans to employees, whose actuarial liabilities, recognized in the consolidated financial statements at March 31, 2013, are as follows:

Description	Region				Consolidated
	Subsidiaries		Company		
	Europe	United States	China	South America	
Defined benefit plan	115,854	34,311	-	100,888	251,053
Seniority bonus	3,802	-	-	-	3,802
Early retirement plan	-	-	40,018	-	40,018
At March 31, 2013	119,656	34,311	40,018	100,888	294,873
At December 31, 2012	125,672	35,880	41,035	103,352	305,939

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Notes to interim financial information (Continued)
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21 Post-employment obligations (Continued)

Company

The general characteristics and conditions of the defined contribution plans and defined benefit plans, supported by the Company, in these interim financial information, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 23 of Company's financial statements for the year ended December 31, 2012, filed with the Brazilian Securities and Exchange Commission (CVM).

For 2013, the projected funding expenses regarding the Defined Contribution Plan amount to R\$ 6,440 and will be charged to cost of products sold and services rendered, selling expenses or general and administrative expenses, as apportioned by Company stakeholders. At March 31, 2013, the Company's pension plan had 7.135 active participants (12/31/2012 – 7,020).

At March 31, 2013, "CD" plan had 257 (12.31.2012 - 272) inactive members – retirees and pensioners and 1,242 (12.31.2012 - 1.249) members who remain entitled to deferred benefits.

The liabilities deriving from actuarial valuation, corresponding to the members of the Defined Benefit Plan, was recognized by the sponsoring entity in non-current liabilities - post-employment obligations, as follows:

	Company		
	Present value of actuarial obligations	Fair value of assets	Liabilities recognized
At December 31, 2012	(270,451)	167,099	(103,352)

Subsidiaries

(i) Defined Contribution Plans

The general characteristics and conditions of the defined contribution plans in the United States and United Kingdom in these interim financial information, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 23 of Company's financial statements for the year ended December 31, 2012, filed with the CVM.

The total cost of these Plans amounted to R\$ 758 (R\$ 522 in the first quarter of 2011), calculated at the rates defined in the respective rules. Out of this total, R\$ 454 were posted to cost of products sold, R\$ 176 to selling expenses and R\$ 128 to administrative expenses (1Q12: R\$ 253, R\$ 117, R\$ 152, respectively).

Magnesita Refratários S.A.

Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

21 Post-employment obligations (Continued)

(ii) Defined Benefit Plans

The subsidiaries also have Defined Benefit Plans in Europe and the United States, which are determined based on the projected unit credit method and whose valuation was prepared by an independent actuary, who maintained the actuarial economical hypotheses in line and consistent with those presented in Note 23 of the Company's financial statements for the year ended December 31, 2012, as follows:

	Region			
	Europe		United States	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Present value of actuarial obligations	(115,854)	(121,645)	(275,570)	(276,815)
Fair value of assets	-	-	241,259	240,935
Actuarial liabilities	(115,854)	(121,645)	(34,311)	(35,880)
Active members	443	443	238	238
Inherited members	1,144	1,144	714	714
Terminated members, but eligible for the plan.	325	325	398	398
Economic actuarial hypothesis:				
Discount rate	5% p.a.	5% p.a.	4% p.a.	4% p.a.
Return on Investments	-	-	7.25% p.a.	7.25% p.a.
Salary increase	2.50% p.a.	2.50% p.a.	3.75% p.a.	3.75% p.a.
Readjustment of benefits	1.75% p.a.	1.75% p.a.	-	-
Inflation	-	-	1.75% p.a.	1.75% p.a.

The total cost of the defined benefit plans amounted to R\$ 652 in the 1Q12 ((R\$ 151,857 in 1Q11), with R\$459 stemmed from expenses posted to cost of goods sold, R\$180 to selling expenses R\$13 to administrative expenses (1Q12 - R\$ 48,820, R\$ 71,953 and R\$ 31,084, respectively)).

(iii) Early retirement plan

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

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Notes to interim financial information (Continued)
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22 Equity

(a) Capital

At March 31, 2013 and December 31, 2012, the Company's capital amounted to R\$2,528,146, represented by 291,981,934 common, registered shares with no par value.

The Company is authorized to increase its capital by in up to R\$4,000,000, regardless of statutory reform, by resolution of the Board of Directors which shall determine the conditions of issue.

In the meeting held August 15, 2012, the Board of Directors at Magnesita Refratários S.A. approved the Company issue share buyback program to be held in treasury for later disposal or cancellation of shares with no reduction in capital, beginning on August 15, 2012 and ending August 15, 2013. The Company's objective is to maximize shareholder value through efficient management of capital structure

The limit in the number of shares to be acquired is 8,581,563 (eight million, five hundred and eighty one thousand, five hundred and sixty three) common shares that correspond to 5% (five percent) of shares in circulation.

Acquisitions are carried out at market price on the trading floor of BM&FBOVESPA S.A. "Securities, Commodities and Futures Exchange", in compliance with the regulatory and blackout periods, especially regarding the marketable securities' trading restriction provided for in article 12 of the Brazilian Securities and Exchange Commission – CVM Ruling No. 476 of January 16, 2009 and in article 48 of CVM Ruling No. 400 of December 29, 2003.

Up to March 31, 2013, Magnesita acquired 565,500 (five hundred and sixty-five thousand five hundred) shares, by the amount of R\$2,410, registered as "Treasury stock" in equity.

The table below presents information concerning acquisitions of Company's shares since the start of the share buyback program:

Share Buyback Program							
Period	Type	Number of shares	Repurchase negotiation price (R\$)			Closing market quotation (R\$)	Market value (R\$)
			Minimum	Weighted average	Maximum		
03/31/2013	Common	565,500	7.00	7.22	7.49	7.20	4,071,600.00

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22 Equity (Continued)

(a) Capital (Continued)

At March 31, 2013, Magnesita had 565,500 common shares issued in Treasury, representing 0.19% of the Company's total shares, which were recorded for accounting purposes in the amount of R\$2,410.

(b) Capital reserve

- Goodwill reserve on the issue of shares: In the amount of R\$139,327, refers to 50% of goodwill in the subscription of shares issued in 2011, as explained in Note 22 (a).

Special Reserve - Law No. 8200/91: Refers to the special monetary restatement constituted in 1991, pursuant to Law No. 8200/91. This reserve may be used to increase capital or absorption of accumulated losses.

- Special reserve – goodwill received in merger: This corresponds to goodwill resulting from the merger of Mukden Participações Ltda., a shareholder of Magnesita Refratários S.A., net of provision set up under the CVM Ruling 349/01. Shares will be distributed to all shareholders upon the use of this reserve for capital increase.
- Stock Options granted: This corresponds to the value of the Company's stock options granted to managing officers. In 1Q13, a capital reserve was set up as matching entry of expenses recognized in the profit or loss for the year in the amount of R\$1,718 (1Q12 - R\$1,856).

(c) Income reserve

- Legal reserve: It is set up upon appropriation of 5% profit for the year, after adjustments and deductions provided for by law, including the deduction of accumulated losses, if any, up to the limit of 20% of Company's capital, in accordance with article 193 of the Corporation Law.
- Reserve for investments: It is constituted based on article 27, item (d) of the Company's articles of incorporation, which provides for new investments effectively made with the remaining portion of net income, after the set up of legal reserve and mandatory minimum dividend. The balance of this reserve, added to the other balances of income reserves - with exception to unrealized income reserves and contingency reserve - shall not exceed the Company's capital.

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Notes to interim financial information (Continued)
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22 Equity (Continued)

(d) Other comprehensive income

It records the matching entry of foreign exchange variation of investment in subsidiaries abroad, intercompany loans of subsidiaries abroad and goodwill, actuarial evaluation and gain of fair value adjustment of investment property. Below follows the foreign exchange variation of investments and goodwill abroad amounts:

	<u>Company</u>
Balance at 12/31/2012	<u>(71,948)</u>
Foreign exchange variation on foreign investments	<u>(24,976)</u>
Foreign exchange variation of goodwill abroad	<u>(12,423)</u>
Balance at 12/31/2013	<u>(109,347)</u>

23 Business segment information

The management defines operating segments of the Magnesita Group based on reports used for strategic decision making, reviewed by the Board of Directors. As from the CEO of Magnesita took office in May 2012, the Magnesita Group has been going through some structural changes that in October 2012, culminated in a global change management, changing the Company's mission, vision, and how reports are analyzed. As from October 2012, the management and Board of Directors have been conducting their business analyses by segmenting them according to the line-of-business prospects, namely: Refractory solutions, Service solutions and Minerals.

The revenue generated by reported operating segments is mostly a result of the manufacturing and marketing of refractory products.

The amounts provided to the Board of Directors are consistent with the balances recorded in the consolidated financial statements.

Business segment information, reviewed by the management, for the year ended March 31, 2013, are as follows:

	<u>Consolidated</u>			<u>Total</u>
	<u>Refractory</u>	<u>Minerals</u>	<u>Services</u>	
Net revenue from sales and services	560,472	28,847	28,597	617,916
Cost of products and services sold	(368,073)	(17,591)	(25,039)	(410,703)
Gross profit	192,399	11,256	3,558	207,213

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Notes to interim financial information (Continued)
 March 31, 2013
 (In thousands of reais)

23 Business segment information (Continued)

Business segment information, reviewed by the management, for the year ended March 31, 2012, are as follows:

	Consolidated			Total
	Refractory	Minerals	Services	
Net revenue from sales and services	543,024	25,144	31,277	599,445
Cost of products and services sold	(374,960)	(14,739)	(29,554)	(419,253)
Gross profit	168,064	10,405	1,723	180,192

24 Stock option plan

In accordance with its Articles of Incorporation, the Company has a stock option plan approved by the General Shareholders' Meeting to integrate executives in the Company's development in the mid- and long-terms. This plan is administered by the Board of directors or, at the discretion thereof, by a committee, which shall approve the stock option plan. The options granted represent 6% of the total capital share.

The options granted will entitle shareholders to acquire Company's shares over the period of five years after the grant date at a rate of 20% of the number of shares granted each year. The exercise of such option is conditioned to the employment relationship with the Company at the time such option is exercised. The shares acquired each year remain inalienable for one year.

The Company changed the stock options granted to executives, by replacing the original options with new options. These changes consisted of a change in the strike option price, resuming as from 7/22/2012 the five year vesting period for the right to exercise the options.

The number of stock options granted and corresponding weighted average prices for the year are as follows:

	03/31/2013		12/31/2012	
	Number (thousand)	Average price of option fair value (R\$)	Number (thousand)	Average price of option fair value (R\$)
Outstanding at the beginning	14,402	3.11	11,016	4.05
Granted over the period	350	3.36	7,706	2.63
Cancelled over the period	-	-	(1,638)	4.28
Expired over the period	-	-	(2,682)	4.90
Balance of options	14,752	3.12	14,402	3.11
Probability of adjustments (average)	80%		80%	
Quantity to be accounted for by accrual period	11,802	3.12	11,522	3.11

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Notes to interim financial information (Continued)
 March 31, 2013
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24 Stock option plan (Continued)

The value to be accounted for by accrual period in relation to the five-year vesting period of options, adjusted by the probability, totals R\$42,714 for the full period, and R\$1,718 was recorded in the first quarter of 2013 (R\$12,131 in 2012), totaling R\$30,830 in specific account under equity.

The model and assumptions adopted in fair value measurement were:

	Original substituted plan	New plan
Model used	Black-Scholes-Merton	Binomial
Annual volatility	Historical volatility based on periods with the same duration of the option calculated up to grant date	Period 11.5.2008 to 07.20.2012
Interest rate	8.15% p.a.	9.01% p.a.
Spot value	Value of Company shares on the grant date	Value of Company shares on grant date
Strike	R\$ 10.00 restated by IGP-M	R\$ 6.30 restated by IPCA
Term	Average option term	Average option term
Dividend	1.2% on market value of shares	1.2% on market value of shares

In accordance with paragraph B43 of CPC 10 (R1), Company's expenses correspond to the fair value of the original stock option plan on the grant date, plus any differences between the fair value of the current plan on the grant date and the fair value of the original plan recalculated on the grant date of the new plan.

25 Expenses by nature

	Consolidated		Company	
	1Q13	1Q12	1Q13	1Q12
Depreciation and amortization	29,024	25,828	13,467	11,996
Employee benefits	134,449	127,348	73,444	83,502
Raw material and store and supplies	224,052	284,977	99,619	109,008
Expenses with transport and commission	41,951	33,596	16,250	18,053
Services provided by the third-parties	33,994	35,015	25,690	26,369
Other expenses	69,516	27,105	38,916	10,094
	532,986	533,869	267,386	259,022
Classification				
Cost of products and services sold	410,703	419,253	205,202	195,226
Selling expenses	68,957	65,200	26,711	30,718
General and administrative expenses	53,326	49,416	35,473	33,078
	532,986	533,869	267,386	259,022

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Notes to interim financial information (Continued)
 March 31, 2013
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26 Expenses with benefits to employees

	Consolidated		Company	
	1Q13	1Q12	1Q13	1Q12
Salaries and fees	93,033	84,983	47,261	50,138
Payroll charges	30,400	32,710	19,326	25,145
Profit sharing	7,378	7,859	5,247	6,576
Retirement plan	3,638	1,796	1,610	1,643
	134,449	127,348	73,444	83,502

27 Other operating income (expenses), net

	Consolidated		Company	
	1Q13	1Q12	1Q13	1Q12
Labor claims	(1,665)	(2,665)	(1,665)	(2,665)
Reversal of tax provisions	2,419	-	2,419	-
Assignment of rights and payroll processing	800	800	800	800
Restructuring expenses (i)	(1,229)	-	(1,229)	-
Net gains from real estate	480	513	480	513
Employee benefits	1,428	(1,465)	1,428	(1,465)
Other expenses, net	(38)	(1,719)	(290)	(720)
	2,195	(4,536)	1,943	(3,537)

(i) Refers to restructuring expenses, substantially with expenses incurred with employee resignation, related to termination of the agreement.

28 Earnings per share

(a) Basic

Base earnings per share is calculated by dividing the net profit attributable to the Company's shareholders by the weighted average number of common shares issued during the fiscal year.

	Consolidated	
	1Q13	1Q12
Basic		
Basic numerator	25,462	27,914
Net income attributed to shareholders		
Basic numerator		
Weighted average number of outstanding shares	291,961	291,982
Basic earnings per share (R\$)	0.09	0.10

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28 Earnings per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding, to assume the conversion of all potential diluted common shares. The Company has only one category of potentially dilutive common shares: stock options. As such, a calculation is made in order to determine the number of shares which could have been purchased at fair value (determined as the annual average market price of Company shares), based on the monetary value of the subscription rights linked to the purchase options of shares outstanding. The number of shares calculated as above-mentioned is compared to the number of shares issued, assuming the exercise of the stock options.

	<u>Consolidated</u>	
	<u>1Q13</u>	<u>1Q12</u>
Diluted		
Diluted numerator		
Net income attributed to shareholders	25.462	27.914
Diluted denominator		
Weighted average number of outstanding shares	291,961	291,982
Adjustments of stock option plan	11,070	8,570
Weighted average number of shares for diluted earnings	303,031	300,552
Diluted earnings per share (in R\$)	0.08	0.09

29 Net revenue from sales and services

	<u>Consolidated</u>		<u>Company</u>	
	<u>1Q13</u>	<u>1Q12</u>	<u>1Q13</u>	<u>1Q12</u>
Gross revenue from sales and services				
In reais	327,142	325,124	320,057	316,503
In other currencies	377,275	358,683	75,851	52,404
	704,417	683,807	395,908	368,907
Sales taxes	(86,501)	(84,362)	(83,372)	(81,605)
Net revenue from sales and services	617,916	599,445	312,536	287,302

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Notes to interim financial information (Continued)
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30 Commitments

30.1 Input supply agreements

The Company has a commitment arising from electric energy agreements to supply industrial activities, effective up to 2021. At March 31, 2013, the Company was in compliance with the commitment of this agreement.

The amounts are demonstrated by means of energy consumption estimates in accordance with the agreement term, whose prices are based on volumes, also estimated, resulting from the Company's ongoing operations.

Below follows the total minimum payments of supply, measured at nominal value, pursuant to the agreement:

	Company - 03/31/2013
Less than a year	<u>18,180</u>
More than one year and less than four years	<u>72,720</u>
Over four years	<u>84,000</u>
	<u>174,900</u>

30.2 Operating lease liabilities

The Company has commitments arising from real estate operating lease agreements, properties in which it stores and ships products, in addition to operating leases agreements of machinery and equipment.

The lease terms range between one and six years and do not have purchase option clause at the end of the term, however; it allows for timely renewals in accordance with the market conditions in which these are entered into.

In March 31, 2013, the commitment assumed with future considerations of these operating leases had the following maturities:

	Company - 03/31/2013
Less than a year	<u>2,199</u>
More than one year and less than five years	<u>6,577</u>
More than five years	<u>58,522</u>
	<u>67,298</u>

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Notes to interim financial information (Continued)
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31 Insurance coverage

The Company and its subsidiaries have insurance policies against operational risks on industrial facilities, machinery and inventories items. This coverage guarantees loss of profits, fire, flood and other risks, as follows:

	Consolidated		Company	
	03/31/2013	12/31/2012	03/31/2013	12/31/2012
Amounts insured of assets	3,163,796	3,113,515	1,757,525	1,761,760
Loss of profits	851,273	889,240	92,937	92,937
Civil liability	283,923	294,956	25,000	25,000

Additionally, the Company has insurance for civil liability risk of the Board of Directors and officers, credit insurance, group life insurance for employees, transportation insurance, work accident insurance and travel insurance for employees.

32 Key management personnel compensation

Key management personnel compensation (Board of Directors and Executive officers' members) in the first quarter of 2013 totaled R\$2,134 (1Q12 - R\$2,163) related to management fees. Additionally, the fair value of stock options granted is recorded in profit or loss in the amount of R\$1,718 (1Q12 - R\$1,585).

33 Explanatory notes presented in the annual financial statements that are not presented in this interim financial information

Pursuant to Official Circular CVM/SNC/SEP/N° 003/2011, the Company presented notes considered relevant within the context of "Basic Conceptual Pronouncement - Conceptual Framework for the Preparation and Presentation of Financial Statements". All information whose omission or distortion could influence the economic decisions of users was properly duly disclosed in this interim financial information, which should be read jointly with the financial statements as at December 31, 2012.

We indicate below the exact location of the explanatory notes whose information has not been repeated in this interim financial information due to redundancy or relevance:

- Note 16 - Investment properties
- Note 19 - Impairment test of nonfinancial assets
- Note 30 - Financial income (expenses), net
- Note 33 - Transactions not involving cash and cash equivalents

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Notes to interim financial information (Continued)
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34 Subsequent events

i) DMR

On April 22, 2013 Magnesita announced the entering into of a definitive agreement to acquire Dalian Mayerton Refractories Co. Limited ("DMR"), refractory production unit located in the city of Dalian (Province of Liaoning, People's Republic of China), with installed production capacity of up to 50,000 tons/year of mag-carbon refractory bricks.

The transaction amounts to approximately US\$22 million (including DMR liabilities) and includes all assets and current employees of DRM.

The approval of transfer of DMR to Magnesita will be submitted to the Economic and Trade Bureau of Dalian Development Area, in the People's Republic of China. Magnesita expects the approval and subsequent completion of the acquisition for the third quarter of 2013.

After the execution of this acquisition, Magnesita will analyze DMR's assets, liabilities and equity at fair value and thus apply the effects of the Business Combination in its individual and consolidated financial statements.

ii) Reframec

On April 29, 2013, Magnesita announced that it has entered into a definitive agreement to acquire Reframec Manutenções e Montagens de Refratários Ltda. ("Reframec"). Magnesita will pay approximately R\$12 million to acquire the 51% of Reframec's capital. The remaining 49% will be acquired in annual installments based on fixed EBIT multiple over the next four years, to an average of EBIT multiple of approximately 5 times.

Reframec, with R\$24 million revenue recorded in 2012, was established in 2005 and is the leader in installation and repair services in refractory products used in cement production.

After the closure of the operation, Reframec will continue to operate independently. Magnesita expects to close the transaction by the end of the second quarter of 2013.

After the execution of this acquisition, Magnesita will analyze Reframec's assets, liabilities and equity at fair value and thus apply the effects of the Business Combination in its individual and consolidated financial statements.