(A free translation of the original in Portuguese)

Magnesita Refratários S.A.

Review Report of Independent Accountants on Quarterly Information (ITR)
June 30, 2008

(A free translation of the original in Portuguese)

Review Report of Independent Accountants

To the Board of Directors and Stockholders
Magnesita Refratários S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Magnesita Refratários S.A. (formerly RPAR Holding S.A.) for the quarter ended June 30, 2008, comprising the balance sheet, the statements of income and of cash flows, the performance report and the explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company.

3 Based on our review, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that it be stated in accordance with the rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including the CVM Instruction No. 469/08.

4 As mentioned in Note 2(b), Law No. 11638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law No. 6404/76 (Brazilian Corporation Law) and will change the accounting practices adopted in Brazil. Although this law is already effective, the main changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638/07 in the

preparation of the Quarterly Information (ITR). As a result, the accounting information included in the Quarterly Information for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11638/07.

5 The Quarterly Information (ITR) also includes comparative accounting information for the quarter ended June 30, 2007. The Quarterly Information for the quarter ended June 30, 2007 was not reviewed by independent accountants. Our report does not include the accounting information for that quarter.

6 The Quarterly Information (ITR) mentioned in the first paragraph also includes certain information of Magnesita S.A., which was merged into the Company in the first quarter of 2008 (as mentioned in Note 1), for the quarter and the six-month period ended June 30, 2007, comprising the consolidated statements of income and of cash flows and the comments on the Company's performance. The Quarterly Information (ITR) for the quarter ended June 30, 2007 of Magnesita S.A. (parent company and consolidated) did not include the consolidated statement of cash flows for this period and, therefore, this statement was not reviewed by independent accountants.

Belo Horizonte, August 12, 2008

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

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

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2008

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS			2 - SUBURB OR DISTRICT	
Praça Louis Ensch, 240			Cid. Industrial	
3 - POSTAL CODE	**4 - MUNICIPALITY**		**5 - STATE**	
32210-902	Contagem		MG	
6 - AREA CODE	**7 - TELEPHONE**	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEX**
31	3348-8598	3348-8419	-	
11 - AREA CODE	**12 - FAX**	**13 - FAX**	**14 - FAX**	
31	3348-8630	-	-	
15 - E-MAIL				
ri@magnesita.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME				
Maurício Lustosa de Castro				
2 - ADDRESS		**3 - SUBURB OR DISTRICT**		
Av. Raja Gabaglia, 1781		Luxemburgo		
4 - POSTAL CODE	**5 - MUNICIPALITY**			**6 - STATE**
30350-540	Belo Horizonte			MG
7 - AREA CODE	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEPHONE**	**11 - TELEX**
31	3348-8401	3348-8403	3348-8419	
12 - AREA CODE	**13 - FAX**	**14 - FAX**	**15 - FAX**	
	-	-	-	
16 - E-MAIL				
ri@magnesita.com.br				

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	**2-END**	**3-QUARTER**	**4-BEGINNING**	**5-END**	**6-QUARTER**	**7-BEGINNING**	**8-END**
1/1/2008	12/31/2008	2	4/1/2008	6/30/2008	1	1/1/2008	3/31/2008

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	00287-9
11 - PARTNER RESPONSIBLE	**12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE**
Anibal Manoel Gonçalves de Oliveira	851.939.507-44

(A free translation of the original in Portuguese) **Unaudited**

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM) **Corporate Legislation**
QUARTERLY INFORMATION (ITR) **June 30, 2008**
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 - IDENTIFICATION

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

01.05 - CAPITAL COMPOSITION

Number of shares (Units)	**Current Quarter** 6/30/2008	**Prior quarter** 3/31/2008	**Same quarter in prior year** 6/30/2007
Paid-up capital			
1 - Common	181,595,496	181,595,496	150
2 - Preferred	0	0	
3 - Total	181,595,496	181,595,496	150
Treasury Stock			
4 - Common	822,747	0	0
5 - Preferred	0	0	0
6 - Total	822,747	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

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

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	**2 - CNPJ**	**3 - NAME**

01.08 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

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

01.01 - IDENTIFICATION

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

01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (UNITS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)
01	1/18/2008	913,304	44,304	Private subscription in cash	44,303,797,470	1,000.0000000000
02	1/23/2008	1,006,975	93,671	Private subscription in cash	93,670,886,080	1,000.0000000000
03	1/31/2008	1,080,975	74,000	Private subscription in cash	74,000,000,000	1,000.0000000000
04	2/21/2008	1,369,150	288,175	Companies' merger	734,980,252,288	0.0000000000

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
8/8/2008	

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2008

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
1	Total assets	2,773,002	2,395,143
1.01	Current assets	1,030,665	537,323
1.01.01	Cash and cash equivalents	450,722	89,773
1.01.01.01	Cash and banks	955	6,425
1.01.01.02	Marketable securities	449,767	83,348
1.01.02	Credits	248,914	214,824
1.01.02.01	Customers	248,914	214,824
1.01.02.01.01	Trade accounts receivable - domestic market	176,684	129,033
1.01.02.01.02	Trade accounts receivable - foreign market	73,066	86,076
1.01.02.01.03	Allowance for doubtful accounts	(836)	(285)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	258,780	211,164
1.01.03.01	Finished products	88,647	70,741
1.01.03.02	Work in process	63,514	48,571
1.01.03.03	Raw materials	79,585	69,658
1.01.03.04	Warehouse (replacement materials and other)	34,186	29,882
1.01.03.05	Provision for losses	(7,152)	(7,688)
1.01.04	Other	72,249	21,562
1.01.04.01	Other credits	6,187	21,562
1.01.04.02	Taxes recoverable	38,549	0
1.01.04.03	Receivables from sale of properties	27,513	0
1.02	Non-current assets	1,742,337	1,857,820
1.02.01	Long-term receivables	104,299	31,845
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	40,917	1,239
1.02.01.02.01	Associated companies and similar	0	0
1.02.01.02.02	Subsidiaries	40,917	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	63,382	30,606
1.02.01.03.01	Special and escrow deposits	3,132	709
1.02.01.03.02	Tax credits	37,265	28,758
1.02.01.03.03	Taxes on purchase of property, plant and equipment	1,289	1,139
1.02.01.03.04	Receivables from sale of properties	21,696	0
1.02.02	Permanent assets	1,638,038	1,825,975
1.02.02.01	Investments	71,291	254,379
1.02.02.01.01	Investments in associated companies and similar	0	0
1.02.02.01.02	Investments in associated companies and similar - goodwill	0	0
1.02.02.01.03	Investments in subsidiaries	68,646	254,295
1.02.02.01.04	Investments in subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	2,645	84
1.02.02.02	Property, plant and equipment	381,945	321,601
1.02.02.02.01	Land	19,686	14,560
1.02.02.02.02	Buildings, improvements and mineral deposits	149,423	124,755
1.02.02.02.03	Machinery, facilities and equipment	572,566	502,149
1.02.02.02.04	Transportation equipment	13,681	15,595
1.02.02.02.05	Furniture and fixtures and other	10,821	7,483
1.02.02.02.06	Construction in progress	55,310	41,569
1.02.02.02.07	Accumulated depreciation	(439,542)	(384,510)
1.02.02.03	Intangible assets	1,184,650	1,249,843
1.02.02.04	Deferred charges	152	152

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

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

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/30/2008
2	Total liabilities	2,773,002	2,395,143
2.01	Current liabilities	253,729	208,806
2.01.01	Loans and financing	114,653	72,512
2.01.02	Debentures	0	0
2.01.03	Suppliers	36,223	35,080
2.01.04	Taxes, fees and contributions	18,912	13,336
2.01.04.01	Other taxes	18,912	13,336
2.01.05	Dividends payable	1,136	1,590
2.01.06	Provisions	82,805	86,288
2.01.06.01	Salaries and social security charges	46,158	23,811
2.01.06.02	Advances from customers	5,548	9,143
2.01.06.03	Management profit sharing	0	0
2.01.06.04	Agent commissions abroad	3,575	4,524
2.01.06.05	Net capital deficiency of subsidiary	0	42,726
2.01.06.06	Liabilities on transfer of rights	15,467	0
2.01.06.07	Other provisions	12,057	6,084
2.01.07	Debts with related companies	0	0
2.01.08	Other	0	0
2.02	Non-current liabilities	1,078,628	897,340
2.02.01	Long-term liabilities	1,059,372	878,084
2.02.01.01	Loans and financing	949,004	816,986
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	110,368	61,098
2.02.01.03.01	Contingencies	94,842	45,512
2.02.01.03.02	Post-employment liabilities	15,526	15,586
2.02.01.04	Debt with related companies	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	0	0
2.02.02	Deferred income	19,256	19,256
2.02.02.01	Negative goodwill - merger of subsidiary	19,256	19,256
2.04	Stockholders' equity	1,440,645	1,288,997
2.04.01	Paid-up capital	1,473,714	1,369,150
2.04.01.01	Capital	1,369,150	1,369,150
2.04.01.02	Subscriptions to capitalize	111,040	0
2.04.01.03	Treasury shares	(6,476)	0
2.04.02	Capital reserves	5,974	5,974
2.04.02.01	Tax incentive reserve	0	0
2.04.02.02	Special reserve Law 8200	5,974	5,974
2.04.03	Revaluation reserves	0	0
2.04.03.01	Own assets	0	0
2.04.03.02	Subsidiaries/Associated companies and similar	0	0
2.04.04	Revenue reserves	2,894	2,444
2.04.04.01	Legal	0	0
2.04.04.02	Statutory	0	0
2.04.04.03	Contingencies	0	0
2.04.04.04	Unrealized profits	0	0
2.04.04.05	Retained profits	2,894	2,444
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	0	0
2.04.05	Retained earnings/accumulated deficit	(41,937)	(88,571)
2.04.06	Advance for future capital increase	0	0

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

03.01 - Statement of income (R$ thousand)

1 - Code	2 - Description	1 - 4/1/2008 to 6/30/2008	2 - 1/1/2008 to 6/30/2008	3 - 4/1/2007 to 6/30/2007	4 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or service revenues	429,297	741,104	0	0
3.02	Deductions from gross sales revenues	(100,233)	(171,416)	0	0
3.03	Net sales and/or service revenues	329,064	569,688	0	0
3.04	Cost of products and/or services sold	(201,101)	(341,682)	0	0
3.05	Gross profit	127,963	228,006	0	0
3.06	Operating expenses/income	(132,501)	(248,417)	0	0
3.06.01	Selling	(24,459)	(46,165)	0	0
3.06.02	General and administrative	(32,444)	(54,218)	0	0
3.06.03	Financial	(21,768)	(50,617)	0	0
3.06.03.01	Financial income	2,769	7,105	0	0
3.06.03.01.01	Financial income	9,982	13,054	0	0
3.06.03.01.02	Exchange/Monetary variation gains	(7,213)	(5,949)	0	0
3.06.03.02	Financial expenses	(24,537)	(57,722)	0	0
3.06.03.02.01	Financial expenses	(31,555)	(65,302)	0	0
3.06.03.02.02	Exchange/Monetary variation losses	7,018	7,580	0	0
3.06.04	Other operating income	18,062	18,197	0	0
3.06.05	Other operating expenses	(75,799)	(132,897)	0	0
3.06.05.01	Amortization of goodwill	(65,835)	(117,948)	0	0
3.06.05.02	Other operating expenses	(9,964)	(14,949)	0	0
3.06.06	Equity in the earnings of subsidiaries	3,907	17,283	0	0
3.07	Operating loss	(4,538)	(20,411)	0	0
3.08	Non-operating income, net	52,985	51,956	0	0
3.08.01	Income	59,966	61,926	0	0
3.08.02	Expenses	(6,981)	(9,970)	0	0
3.09	Profit before taxation and profit sharing	48,447	31,545	0	0
3.10	Provision for income tax and social contribution on net income	(6,069)	(13,282)	0	0
3.11	Deferred income tax	4,256	4,678	0	0
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Statutory profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income for the period	46,634	22,941	0	0
	Number of shares (units), excluding treasury stock	180,772,749	180,772,749	150	150
	Net income per share - R$	0.25797	0.12691	0.00000	0.00000
	Loss per share - R$				

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

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

1. OPERATIONS

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

From December 11, 2006 to September 26, 2007, the Company had no results from its activities.

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

On December 11, 2007, the Company acquired through the Stock Exchange new preferred class A and class C shares of Magnesita S.A., representing 16.83% of the outstanding preferred shares, by means of a Voluntary Public Share Offering.

Also in December 2007, the Company made a Public Offer for the Acquisition of common shares of Magnesita S.A., representing 29.27% of its voting capital and 15.39% of its total capital. The price was R$ 61.60 per thousand common shares, which is equivalent to 80% of the amount paid by the Company to the majority stockholders.

Between January 3 and 31, 2008, the Company acquired in the open market of the São Paulo Stock Exchange - BOVESPA, 955,392,390 common shares and 2,951,731,751 preferred class A shares issued by Magnesita S.A. for a total of R$ 192,004.

On January 31, 2008, the Company held an auction at BOVESPA for the Public Offer for the Acquisition of common shares of Magnesita S.A. (as established in art. 254. A of Law 6404/76), acquiring 4,512,220,813 common shares of Magnesita S.A. for R$ 287,601.

On February 2, 2008, the Company presented a proposal for the merger of the subsidiaries Magnesita S.A. and Partimag S.A., which became effective on February 21, 2008.

The base date of the merger was December 31, 2007. The shareholders of Magnesita S.A. received shares from Magnesita Refratários S.A. (new name of RPAR Holding S.A.). In the case of Partimag S.A., a wholly-owned subsidiary of RPAR Holding S.A., whose

(All amounts in thousands of reais unless otherwise indicated)

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

main asset was its investment in Magnesita S.A., the merger did not generate any issue of shares.

On April 30, 2008, the Extraordinary General Meeting of the Company's stockholders approved the merger of the following subsidiaries:

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

This merger transaction did not imply a capital increase in the parent company since the Company held 100% of the capital quotas of the merged companies.

Accordingly, there was no change in the Company's consolidated financial position arising from the merger carried out.

2. PRESENTATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

a) Considering that the Company did not carry out any activities during the first six months of 2007, the statement of income for the quarter ended June 30, 2007 is not being presented.

The quarterly information was prepared and is presented in accordance with the specific instructions of the Brazilian Securities Commission (CVM), including CVM Instruction No. 469/08. The accounting practices adopted in this quarterly information are consistent with those adopted to prepare the December 31, 2007 financial statements of the Company.

The accounting estimates adopted to prepare the financial statements were based on objective factors and on management judgment to determine the appropriate amount to be recorded in the financial statements, in conformity with current accounting practice. Significant items subject to these estimates and assumptions include estimates relating to the selection of the useful lives of property, plant and equipment, provisions necessary for contingent liabilities, income taxes and other similar liabilities. The actual results may differ from those estimated.

b) On December 28, 2007, Law 11638/07 was enacted introducing significant alterations to the Corporation Law as regards the accounting practices adopted in Brazil and became effective as from the year beginning January 1, 2008. The main purpose of the law was to amend Brazilian corporate legislation to allow the process of convergence of the accounting practices adopted in Brazil with the international accounting standards issued by the International Accounting Standard Board- IASB, permitting new accounting standards and regulations to be issued by the CVM in conformity with such international standards.

The new Law must be complied with in the preparation of the annual financial statements as from January 1, 2008; however, the main changes introduced by it still depend on regulations by the relevant authorities in order to be fully applied by companies.

The CVM Normative Instruction No. 469/08 issued on May 2, 2008, which addresses the recording and disclosure of accounting information, permits companies to adopt one of the following alternatives in the preparation of their quarterly information:

(i) Immediate and full application of Law 11638/07; or,

(ii) Follow the practices existing before the new law, but complying with the requirements established in articles 3 through 15 of the instruction (i.e. partial application of Law 11638/07).

The Company adopted partially the provisions of Law 11638/07, as described in the item (ii) above, and the possible effects of the changes will be recorded in the financial statements for the year ending December 31, 2008.

Regardless of the option chosen, the following procedures are mandatory in the preparation of the quarterly information as from the first quarter of 2008:

(a) Transitory accounting record of premiums received on the issuance of debentures and of donations and subsidies for investments received, arising from transactions and events of 2008, as well as the corresponding capital reserve balances at the beginning of 2008.

(b) Until specific regulations on the accounting for share-based remunerations are issued, these should be disclosed in an explanatory note to the financial statements and quarterly information;

(c) Long-term transactions, or significant short-term ones, should be adjusted to present value based on discount rates that reflect the specific risks of the assets and liabilities;

(d) The presentation of the reconciliation of the stockholders' equity and net income is no longer required for foreign companies which raise funds in Brazilian capital markets through BDRs and adopt international accounting standards;

(e) Change in the criteria for application of the equity method of accounting for subsidiary and associated companies.

The items (a), (d) and (e) are not applicable to the Company and its subsidiaries.

After analyzing the adjustments to present value of assets and liabilities arising from long and short-term transactions (item (c) above), management has concluded that they are not material enough to be included in the quarterly information.

In respect of remunerations based on shares (item (b) above), the Extraordinary General Meeting of stockholders held on March 24, 2008 approved a Stock Option Plan to offer Magnesita Refratários S.A. shares to the Company's management, employees and service providers, through programs which will be periodically created, as explained in Note 15. The first Stock Option Plan was launched by the Board of Directors on July 24, 2008, with no effects in the first six-month period of 2008.

Based on the currently available information, management does not expect significant impacts on the financial statements of the Company for the year ending December 31, 2008, as a result of the changes introduced by Law 11638/07. However, with regard to the goodwill paid on the purchase of shares of Magnesita S.A., merged during the first quarter of 2008 by the Company (Note 1), management is waiting for the issue of specific regulations by the CVM to confirm the criterion adopted in its evaluation and to quantify the possible impacts on the financial statements for 2008. During the year, management will continue evaluating the impacts of these changes on the Company, and at the same time will follow the discussions and debates in the market, especially in the accounting profession and trade associations together with the regulatory entities, which should issue opinions about specific aspects for the application of the Law.

(All amounts in thousands of reais unless otherwise indicated)

Therefore, until the changes introduced by Law 11638/07 are regulated in detail and in final form, it is possible that the estimates and comments above show variations in relation to the effects based on the definitive accounting regulations.

c) For the purposes of presentation of the consolidated financial statements, the balances of the subsidiaries listed below are considered:

Subsidiaries	Holding %
Cerâmica São Caetano Ltda.	100%
MSA Infor Sistemas e Automação Ltda. and subsidiary	100%
RASA - Refractarios Argentinos SAICyM. and subsidiaries	100%
MSA Agropecuária Ltda.	100%
Iliama Participações SL and subsidiary	100%
Mag-Sé Participações Ltda. and subsidiary	100%
Refractarios Magnesita Uruguay S.A.	100%
Refractarios Magnesita Colombia S.A.	100%

On March 31, 2008, the consolidation also included the subsidiaries merged into the Company in the second quarter (see Note 1).

The reconciliation of Stockholders' equity and Net income between the consolidated and the parent company is as follows:

	Stockholders' equity		Net income
	6.30.08	3.31.08	1st six-month period/08
Consolidated	1,439,934	1,288,277	23,008
Unrealized profits in inventories	711	720	(67)
Parent company	1,440,645	1,288,997	22,941

(All amounts in thousands of reais unless otherwise indicated)

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

	Parent company		Consolidated	
	6.30.08	**3.31.08**	**6.30.08**	**3.31.08**
Cash and banks	955	6,425	5,372	20,892
Marketable securities - fixed income	449,767	83,348	536,221	193,229
Total	450,722	89,773	541,593	214,121

The fixed income investments in Brazil earn income that approximates the Interbank Deposit Certificate (CDI) interest rate. Of the total financial investments in the consolidated statements at June 30, 2008, (R$ 6,178 at March 31, 2008) R$ 10,207 correspond to transactions abroad with restatement related to the U.S. dollar variation.

4. LONG-TERM RECEIVABLES

The account Receivables from related companies (parent company) refers to transactions with subsidiaries carried out to meet operating needs, without remuneration.

The account Tax credits (consolidated) refers to the income tax and social contribution on net income credits on temporary differences whose realization does not exceed the expectation of future taxable income. The tax credits of the parent company were recorded at the effective rate of income tax of 23.9% (net of the tax benefit relating to area incentives) and social contribution of 9%, and are as follows:

Tax credits on	6.30.08	3.31.08
Provision for losses - inventories	2,353	2,529
Provision for losses - property, plant and equipment	353	-
Allowance for doubtful accounts	287	164
Provision for additional depreciation	1,764	1,756
Provision for contingencies	22,401	17,595
Provision for freight and insurance - export	855	321
Provision for post-employment obligations	5,108	5,128
Provision for bonus	4,144	1,265
Parent company	37,265	28,758
Provisions - Subsidiaries	1,507	6,277
Consolidated at June 30, 2008	38,772	35,035

(All amounts in thousands of reais unless otherwise indicated)

The realization of deferred income tax and social contribution credits is subject to future events that will make the underlying provisions deductible, under the terms of the current tax legislation.

Management estimates indicate that the provisions for realization of assets and payments to third parties should be utilized over the next two years. The provisions for contingencies should be realized in the next seven years, in accordance with the nature of the lawsuits in progress. The provision for post-employment obligations will be realized as the benefits are paid from the Retirement and Pension Fund. The estimates of future results, combined with the history of operations, indicate that the Company and its subsidiaries will generate future taxable income at amounts sufficient to absorb the tax credits.

The reconciliation of the standard with the effective income tax and social contribution expenses, including the effects resulting from current and deferred taxes, is as follows:

	1st six-month period of 2008	
	Parent company	Consolidated
Profit before taxation, net of management profit sharing	31,545	45,103
Standard rate	34%	34%
	(10,725)	(15,335)
Income tax and social contribution on:		
Permanent differences	91	382
Equity in the earnings of subsidiaries	5,876	-
Final taxation on the earnings of merged subsidiaries	(3,846)	(3,846)
Provision for contingencies	-	(1,880)
Gains with presumed profit in subsidiaries	-	134
Unrecognized tax credits on tax losses	-	(1,549)
	(8,604)	**(22,094)**

The Company has tax losses and credits in part "B" of the Taxable Income Control Register (LALUR) arising from the amortization of goodwill prior to the merger of Magnesita S.A., which would result in tax credits of R$ 20,335, not recorded due to the non-adoption of the provision in article 4 of CVM Instruction 371/2002; i.e., the Company did not submit the technical feasibility study for approval of the Company's administrative bodies and statutory audit board.

(All amounts in thousands of reais unless otherwise indicated)

5. PERMANENT ASSETS

Investments in the Parent company basically refer to investments in subsidiaries accounted for on the equity method, eliminated in the consolidated quarterly information.

Changes in the investments account in the second quarter of 2008 were as follows:

	Parent company	
	2nd Quarter/08	1st Six-month period/08
Opening balance	254,379	1,357,591
Additional purchase of shares of Magnesita S.A.	-	168,074
Additional goodwill on the purchase of shares	-	311,531
Merger of Partimag and Magnesita S.A.	-	(282,840)
Dividends received	(7,100)	(37,100)
Equity in earnings	3,907	17,283
Transfer of investment to current liabilities	-	6,206
Transfer of goodwill to intangible assets	-	(1,289,559)
Merger of subsidiaries (Note 1)	(185,220)	(185,220)
Capital increase of subsidiary	49,000	49,000
Reversal of net capital deficiency of subsidiary	(42,726)	(42,726)
Other additions	50	50
Other disposals	(999)	(999)
Closing balance	**71,291**	**71,291**

The goodwill on the acquisition of the investment in the subsidiary Magnesita S.A. represents the excess of the cost of acquisition of the investment over the equity value, based on the percentage interest in the net equity of the subsidiary. The goodwill is based on the expectation of future earnings and is being amortized on the straight-line method over five years.

The main changes in property, plant and equipment and intangible asset accounts in 2008 are as follows:

(All amounts in thousands of reais unless otherwise indicated)

	Parent company		Consolidated	
	2nd Quarter/08	1st Six-month period/08	2nd Quarter/08	1st Six-month period/08
Merger of Magnesita S.A. - property, plant and equipment	-	328,650	-	-
Additions - property, plant and equipment	16,015	30,463	13,292	28,865
Addition - Goodwill	-	3,726	-	3,726
Transfer of investment - Goodwill	-	1,289,559	-	1,289,559
Disposal of property, plant and equipment - Net	(4,125)	(6,245)	(4,342)	(6,813)
Depreciation	(12,699)	(23,425)	(13,090)	(25,993)
Amortization of goodwill	(65,835)	(117,948)	(65,835)	(117,948)
Merger of subsidiaries - property, plant and equipment	61,795	61,795	-	-

There are no indications of significant unrecorded losses in the permanent assets of the Company and its subsidiaries at June 30, 2008.

6. RELATED PARTY TRANSACTIONS (PARENT COMPANY)

Related party transactions are as follows:

COMPANIES	TRANSACTIONS		
	Sales	Purchases	Dividends received
Subsidiaries			
Cerâmica São Caetano Ltda.	1,206	1,417	-
RASA - Refractarios Argentinos SAICyM.	3,282	637	-
Iliama Participações SL	14,511	-	-
Refractarios Magnesita Chile S.A.	193	-	-
Refractarios Magnesita Uruguay S.A.	364	-	-
Refractarios Magnesita Colômbia	1,864	-	-
RISA - Refratários e Isolantes Ltda. (merged)	-	-	30,000
MSA Infor Sistemas e Automação Ltda.	-	-	7,100
Transactions between subsidiaries	565	565	-
Total at June 30, 2008	**21,985**	**2,619**	**37,100**

01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registry (CNPJ)
02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

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

COMPANIES	BALANCES Receivables (*)	Payables
Subsidiaries		
Cerâmica São Caetano Ltda.	739	309
RASA - Refractarios Argentinos SAICyM.	8,263	-
Iliama Participações SL	17,782	-
Refractarios Magnesita Chile S.A.	251	-
Refractarios Magnesita Uruguay S.A.	227	-
MSA Infor Sistemas e Automação Ltda.	-	-
MSA Agropecuária Ltda.	-	2,317
Mag-Sé Participações Ltda. (**)	42,926	-
Total at June 30, 2008	**70,188**	**2,626**

(*) These include credits with related companies, classified in Long-term receivables, which refer to transactions with subsidiaries made to meet operating needs, without remuneration, and accounts receivable from commercial transactions between the companies.

(**) New name of Frutimag Ltda. as from the 2nd quarter of 2008.

7. LOANS AND FINANCING

	Currency	Average annual interest rate	Parent company 6.30.08	Parent company 3.31.08	Consolidated 6.30.08	Consolidated 3.31.08
Property, plant and equipment financing:						
Local currency	R$	TJLP + 1.6%	-	-	-	4,959
Foreign currency	US$	7.86%	-	13,347	-	13,347
Import financing:						
Foreign currency	US$	6.46%	12,390	-	12,390	-
Export credit note	R$	CDI + 1.385%	997,270	801,524	997,270	801,524
Advances on export invoices:						
Foreign currency	US$	5.73%	53,997	74,363	53,997	74,363
	€	4.8%	-	264	-	264
		Total	1,063,657	889,498	1,063,657	894,457
		Current	114,653	72,512	114,653	72,512
		Long-term	949,004	816,986	949,004	821,945

(All amounts in thousands of reais unless otherwise indicated)

In the first quarter of 2008, upon maturity of the bank credit notes existing at December 31, 2007, the Company opted to refinance this debt through an export credit note transaction with the following characteristics:

Term: 5 years
Grace period: 2 years
Interest: annual

Annual financial "covenants":

	2008	**As from 2009**
Net debt/EBITDA	Maximum of 4	Maximum of 3.5
EBITDA/net financial expense	Minimum of 2	Minimum of 2

Also, during the second quarter of 2008, the Company obtained a new export credit note of R$ 166.9 million, with the same characteristics as the prior transaction.

Advances on export invoices refer to transactions to be made by the Company, obtained from financial institutions. There are no foreign trade notes given as guarantee for these transactions in the consolidated and parent company statements at June 30, 2008 (at March 31, 2008, the balance was R$ 7,090).

The long-term debt at June 30, 2008 falls due as follows:

	Parent company and Consolidated
6 months of 2009	4,305
2010	39,217
2011	303,709
2012	301,719
As from 2013	300,054
	949,004

(All amounts in thousands of reais unless otherwise indicated)

8. PROVISION FOR CONTINGENCIES

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

	Parent company		Consolidated	
	6.30.08	**3.31.08**	**6.30.08**	**3.31.08**
Tax - Provision	75,556	33,937	74,953	71,335
Tax - Judicial deposit	(3,572)	(1,627)	(4,314)	(3,200)
Labor - Provision	12,028	2,714	15,380	13,246
Labor - Judicial deposit	(321)	(321)	(321)	(321)
Social security - Provision	17,970	17,628	17,970	17,628
Social security - Judicial deposit	(6,819)	(6,819)	(6,819)	(6,819)
	94,842	**45,512**	**96,849**	**91,869**
Current - Provision	827	827	827	827
Current - Judicial deposit	(827)	(827)	(827)	(827)
Long-term - Provision	104,727	53,452	107,476	101,061
Long-term - Judicial deposit	(9,885)	(7,940)	(10,627)	(9,192)
	94,842	**45,512**	**96,849**	**91,869**

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

At June 30, 2008, the Company and its subsidiaries do not have significant tax and social security lawsuits involving risks of an unfavorable outcome classified by management as possible (for which there is no provision recorded), based on the evaluation of the legal advisors.

Magnesita S.A., merged into the Company, received tax assessment notices from the social security authorities - INSS, in the restated amount of R$ 16,536, due to the alleged lack of specification of the name of the contracting party (Magnesita S.A.) in the tax receipts related to outsourced service agreements from 1994 to 1999, and for which the joint and several obligation was not considered complied with by the inspection. Of this amount, R$ 8,707 was not accrued, since the service providers met their obligations of paying the social security liabilities. The remaining amount accrued refers to tax assessment notices on diverse matters for which the Company considers a provision to be necessary.

In the third quarter of 2006, a final and irrevocable decision favorable to the Company was handed down on the lawsuit in which Magnesita S.A. was claiming its right to the full inflation indexation of the Eletrobrás compulsory loans. No appeal can be made regarding its merit. The lawsuit is in the phase of judicial calculation of the amounts of the inflation indexation and interest. The Company estimates, based on report prepared by an expert and filed in the lawsuit, that the gross amount may reach R$ 37,420 (unaudited), or approximately R$ 20,000 (unaudited), net of the lawyers' fees and taxes (IR/CSLL). Additionally, and resulting from the same legal decision, Eletrobrás was sentenced to deliver its shares to Magnesita S.A., stipulated in the said expert's report to be 167,212,493 preferred shares. The amounts of the settlement are subject to challenge by Eletrobrás. There is no estimate for the conclusion of the lawsuit as regards the determination of values, and for this reason the Company has not recorded the asset.

During the process, Eletrobrás recognized and deposited in court R$ 8,101, which was released to the Company on July 30, 2007 (R$ 4,705, net of lawyers' fees and IR/CSLL) and recorded as income by the Company. The release of the excess amount deposited by Eletrobrás is in course.

For the labor and civil lawsuits, management adopts the criterion of recording provisions for all the outstanding lawsuits in amounts estimated as probable unfavorable outcomes, based on the average loss profile over the last three years.

9. POST-EMPLOYMENT OBLIGATIONS

Magnesita Refratários S.A. and its subsidiaries MSA-INFOR Sistemas e Automação Ltda. and Cerâmica São Caetano Ltda are sponsors of Magnus Sociedade Previdenciária, a not-for-profit civil entity, formed for the purpose of partially complementing the retirement and pension benefits of the National Institute of Social Security (INSS).

(All amounts in thousands of reais unless otherwise indicated)

Magnus adopts the defined benefit plan and the "Financial System of Capitalization" for retirement benefits. The cost of the plan, which is defined on an actuarial basis, are exclusively met by contributions of the sponsors.

At June 30, 2008, Magnus had 3,487 active participants (3,538 At March 31, 2008) and 187 retired participants and pensioners (179 At March 31, 2008).

The Company and its subsidiaries, as determined by CVM Resolution No. 371/01, evaluated on an actuarial basis the benefits plan at the base date of September 30, 2007, updated to December 31, 2007, by an external actuary (Watson Wyatt World Wide.), using the projected unit credit method to determine the present value of the obligations.

The effects of the plan at December 31, 2007 were as follows:

	Consolidated
Total present value of liabilities	(181,513)
Fair value of assets	171,787
Net value of the unrecognized gains	(6,988)
Liability recorded	(16,714)

The sponsoring companies are jointly liable with respect to the retirement plan. Accordingly, the actuarial calculations were made on a consolidated basis, and the segregation calculated by the external actuary, by company, proportional to the payroll.

The actuarial cost estimated for 2008 is as follows:

	Consolidated
Cost of the current service	(5,755)
Cost of interest	(18,242)
Expected return from plan assets	19,306
Participant contributions	163
Total	(4,528)
Total parent company	(3,825)

The costs for 2008 are proportionately recorded in the first six months, charged to income in accordance with the employees' allocation. These costs, considering the procedures defined by CVM Resolution No. 371, represented R$ 2,343 (parent company) and R$ 2,530 (consolidated) in the six-month period ended June 30, 2008. These costs include the costing of administrative expenses of the plan of R$ 251 in the parent company and

(All amounts in thousands of reais unless otherwise indicated)

R$ 266 consolidated. The amounts paid during the period are R$ 2,322 in the parent company and R$ 2,458 consolidated.

The contribution rate in relation to the payroll is 6.00% (6.82% in 2007) as defined by the external actuary.

10. CAPITAL

At June 30, 2008, the Company's capital is R$ 1,369,150, represented by 181,595,496 common shares.

In the second quarter of 2008, the Company received R$ 111,040 relating to the acquisition of shares by Krosaki Harima Corporation. This transaction was concluded on July 24, 2008, with a 3% increase in the Company's capital of R$ 184,986 after the end of the period for the other stockholders to exercise their right of first refusal.

On April 2, 2008, certain stockholders exercised the right of regress due to the merger of the subsidiary Magnesita S.A. and R$ 6,476 was recorded as treasury shares, which resulted in capital reduction on July 24, 2008.

At June 30, 2008, the position of the stockholders with more than 5% of the voting capital is as follows:

Stockholder	% in voting capital and total
Alumina Holdings LLC	41.99
GIF II Fundo de Investimentos em Participações	12.49

At June 30, 2008, the shareholding of the members of the management and statutory audit boards of the Company is as follows:

Board of Directors	Number of shares
Fersen Lamas Lambranho - President	1
Piero Paolo Pachini Minardi - Vice-President	1
Eduardo Alcalay	1
Thiago Emanuel Rodrigues	1
Nelson Rozental	1
Fábio Alperowitch	2
Bernardo Guimarães Rodarte	3,297
Total	**3,304**

(All amounts in thousands of reais unless otherwise indicated)

Board of Directors - Alternate Members	Number of shares
Antônio Carlos Augusto Ribeiro Bomchristiano	1
Hamilton de Souza Freitas Filho	1
Octávio Cortes Pereira Lopes	1
Ricardo Propheta Marques	1
Maurício Levi	1
Luiz Gustavo de Miranda Lage	1
Danilo Gamboa	1
Total	**7**

11. OTHER OPERATING INCOME (EXPENSES)

The other operating income (expenses) for the period ended June 30, 2008 are as follows:

	Parent company		Consolidated	
	2nd Quarter/08	1st Six-month period/08	2nd Quarter/08	1st Six-month period/08
Labor indemnities	(5,427)	(9,297)	(5,422)	(9,322)
Sundry indemnities	(1,198)	(1,198)	(1,198)	(1,198)
Judicial recovery of taxes (*)	16,838	16,838	16,838	16,838
Provision for contingencies	(2,645)	(3,536)	(2,645)	(4,359)
Commissions received	-	-	586	2,025
Amortization of goodwill	(65,835)	(117,948)	(65,835)	(117,948)
Other, net	530	441	877	1,348
Total	**(57,737)**	**(114,700)**	**(56,799)**	**(112,616)**

(*) Basically refers to the final and irrevocable favorable court decision on the lawsuit through which the Company disputed the price-level restatement of the recoverable income tax for 1989.

(All amounts in thousands of reais unless otherwise indicated)

12. NON-OPERATING INCOME, NET

The non-operating results for the period ended June 30, 2008 are as follows:

	Parent company		Consolidated	
	2nd Quarter/08	1st Six-month period/08	2nd Quarter/08	1st Six-month period/08
Revenues from property, plant and equipment sold	11,732	13,692	11,946	14,081
Disposal of property, plant and equipment	(3,769)	(6,159)	(3,657)	(6,159)
Revenues from real estate development	48,233	48,233	48,233	48,233
Cost of real estate development	(3,158)	(3,158)	(3,158)	(3,158)
Other	(53)	(652)	802	(5,690)
Total	**52,985**	**51,956**	**54,166**	**47,307**

The revenues from real estate development refer to the sales mentioned in Note 16.

The revenues from assets sold basically refer to the sale of rural plots of land in Uberaba - state of Minas Gerais, as described in Note 16.

13. FINANCIAL INSTRUMENTS

The main financial instruments are recorded in balance sheet accounts and are evaluated as follows in relation to the market or realizable values:

- Marketable Securities and Loans and Financing - The rates and maturities of the operations are substantially compatible with those of the market.

- Trade accounts receivable - The amounts recorded approximate their realizable values.

- Investments - The subsidiaries do not have quotas or shares traded in the market, and their activities are substantially complementary to the parent company's business.

As regards the risk of credit in credit sales, this is minimized by the quality of clients in the domestic market, mainly the steel and cement sector, and by the insurance and letters of credit on export.

(All amounts in thousands of reais unless otherwise indicated)

Magnesita Refratários S.A. and its subsidiaries' net exposure to foreign exchange fluctuations is as follows:

	Consolidated	
	6.30.08	**3.31.08**
Assets and liabilities in foreign currency:		
Cash and banks of subsidiaries abroad	4,502	8,579
Marketable securities	10,207	6,178
Accounts receivable, net of allowance for doubtful accounts	66,856	82,603
Suppliers	(18,707)	(13,801)
Loans and financing	(66,386)	(87,975)
Other net monetary liabilities abroad	(2,569)	(1,376)
	(6,097)	**(5,792)**

Additionally, the Company has subsidiaries abroad with non-monetary assets denominated in foreign currency, in the amount equivalent to R$ 29,532 (R$ 22,210 at March 31, 2008), any future devaluation of which will not immediately affect cash.

14. ORDERS/CONTRACTS SIGNED DURING THE QUARTER (UNAUDITED)

The industry of refractories, our business activity, is characterized by a system of sale of its products, whereby the sales are made for deliveries over periods of up to one year, subject also to renegotiations.

During the 2nd quarter of the current year, consolidated sales in the domestic market, to comply with the contracts already signed, amounted to 78,605 metric tons, which represents an increase of 2.9% in relation to the sales levels achieved during the 1st quarter of 2008 (excluding the sales of talc and caustic magnesium).

15. STOCK OPTION PLAN

On March 24, 2008, the EGM approved a share purchase option plan of Magnesita Refratários S.A. to grant to its management, employees and service providers the opportunity of becoming its stockholders.

The options will represent at most 6% of the total share capital.

The Plan will be managed by the Board of Directors or, at its criterion, by a committee formed of three members elected by the Board of Directors.

The Board of Directors will periodically create Stock Option Programs ("Programs"), in which the following items will be defined: (i) beneficiaries; (ii) total number of the Company's shares to be granted; (iii) the exercise price; (iv) the initial grace period during which the option cannot be exercised and the limit dates for the total or partial exercise and for the expiration of the option rights; (v) possible restrictions to the shares received through the exercise of the option.

Each Program may also establish a percentage of increase or decrease in the base number of shares granted to each beneficiary, based on the accomplishment of global and/or individual performance targets and the period for management evaluation for determining the accomplishment.

At the launching of each Program, either the Committee or the Board of Directors, will determine the terms and conditions of each option in a Stock Option Contract ("Contract"), to be signed between the Company and each beneficiary. This Contract should define the number of shares which the beneficiary may purchase or subscribe through the option right, the price per share according to the Program and any other terms and conditions, provided that they are compliant with the Plan or the respective Program.

As established in this Plan, the exercise price of the options of the first Program will be R$ 10.00 per share. This amount is equivalent to the price per share paid by the stockholders in the capital increases carried out in 2007 and 2008, before the recent merger of Magnesita S.A. and Partimag S.A. by the Company, but adjusted by the grouping of shares approved the Annual and Extraordinary General Meeting of stockholders held on March 17, 2008.

The first Stock Option Plan was launched by the Board of Directors on July 24, 2008, as mentioned in the note on Subsequent Events.

Unless otherwise specifically decided, the beneficiary can only sell, transfer or dispose the Company's shares acquired under the Plan after the minimum period of unavailability established for each program, which will never exceed five years as from the date of the option exercise.

All the rules defined by the plan were disclosed by the Company through the IPE system of the CVM.

16. SIGNIFICANT EVENT

1) On April 23, 2008, Magnesita Refratários S.A. issued a release to the market informing that:

   a) The Company's management has been seeking to identify and sell non-operating assets to reinvest the funds arising from these sales in activities related to the Company's core business. This process aims at adapting the Company's capital structure to its operating strategy, focusing its activities and resources on the industrial and service operations in the refractories segment.

   b) The wholly-owned subsidiary Risa Refratários e Isolantes Ltda. ("Risa") - whose merger into the Company should be approved by the Extraordinary General Meeting to be held on April 30, 2008 - is the owner of all the lots that comprise the real estate venture located in the city of São Caetano do Sul, state of São Paulo, denominated "Espaço Cerâmica", with total area of 195,938.06 sqm (the "Property").

   c) In 2000, a partnership had been signed with Sobloco Construtora S.A. ("Sobloco" together with Risa, the "Parties"), a renowned company in the real estate market, through which the realization of a joint real estate venture was signed for the Property, Sobloco being responsible for making it feasible and for its development, and Risa responsible for making the Property available, with the profits of the venture being divided at the ratio of 50% (fifty per cent) for each Party.

   d) After the realization of competitive bids among various significant players in the real estate market, the companies Gafisa, Lindencorp and Multiplan were the winners - each of them will acquire different parts of the Property for the development of real estate projects (residential, commercial exploration and implementation of a shopping center) - and with which the Parties individually signed binding letters of intent with the objective of selling these areas.

   e) Accordingly, areas totaling 115,910 sqm will be sold to these companies for approximately R$171.6 million, and Risa will be entitled to 50% of this amount, which is expected to be received as follows: R$32.9 million in 2008, R$23.1 million in 2009, R$14.0 million in 2010, R$ 9.3 million in 2011, R$ 6.0 million in 2012 and R$0.5 million in 2013. The amounts are subject to price-level restatement and interest, according to the indexes agreed in each case. It should also be pointed out that the receivable from this transaction may, at the Company's decision, be ceded to third parties for advance receipt ("securitization").

f) In addition, the Company informs that rural areas totaling approximately 2,265.87 hectares are also being sold in the region of Uberaba, State of Minas Gerais, for R$11.7 million to be received in 2008.

During the 2nd quarter of 2008 to date, the following matters relating to this Significant Event occurred:

(i) The wholly-owned subsidiary Risa was merged into Magnesita Refratários S.A., which became the owner of all the plots of land comprised by the real estate venture denominated "Espaço Cerâmica";

(ii) The transactions below were carried out and recorded in non-operating income:

- Sale of 30,998 sqm to Gafisa, on May 29, 2008, for R$49 million;
- Sale of 27,076 sqm to Lindencorp, on June 4, 2008, for R$ 39.1 million;

(iii) On July 9, 2008, 57,836 sqm were sold to Multiplan, for R$ 81 million;

(iv) From the total area sold, equivalent to 115,910 sqm (approximately 60% of the total area), for R$ 169.1 million, the Company is entitled to 50%, to be received as follows: R$ 7.8 million was received up to June 30, 2008, R$ 57.3 million will be received up to the end of 2008, R$ 45.1 million in 2009, R$ 30.0 million in 2010, R$ 18.3 million in 2011 and R$ 10.6 million in 2012. These amounts are subject to price-level restatement and interest, at indexes agreed in each case;

(v) Also in the 2nd quarter, the Company sold rural areas located in Uberaba, State of Minas Gerais, comprising approximately 2,265.87 hectares, for R$ 11.7 million to be received in 2008.

17. SUBSEQUENT EVENTS

1) On April 25, 2008, the Company announced to the Brazilian Securities Commission ("CVM"), its stockholders and the market in general that it signed an agreement to acquire all the quotas representing the capital of Insider - Insumos Refratários para

Siderurgia Ltda. ("Insider"), a company that produces high-technology monolithic and pre-molded refractories headquartered in the city of Coronel Fabriciano, state of Minas Gerais.

Founded in 1991, Insider has an industrial plant strategically located in the Vale do Aço, with current annual production capacity of 8,650 metric tons (unaudited), mainly concentrated in poles, snorkels, impellers and refractory concretes, among other products, used, in their vast majority, in the production process of integrated and large-sized steel mill plants. In 2007, net revenues of Insider amounted to R$ 21.0 million (unaudited), generating an EBITDA of R$ 6.7 million (unaudited). Insider does not have financial debt (unaudited).

The transaction, which still depends on approval of the Administrative Council for Economic Defense (CADE) and other suspensive conditions, was agreed at the acquisition price of R$ 55.0 million, and recurring operating, cost reduction and technology synergies of R$ 7.4 million (unaudited) per year were identified.

2) On July 24, 2008, the Board of Directors approved a capital reduction of R$ 6,476 thousand as a result of the compulsory cancellation of 822,747 common shares held in treasury. Accordingly, the Company's capital was reduced to R$ 1,363,455 thousand. This reduction is still to be approved by the stockholders in an EGM.

3) Also on July 24, 2008, the Board of Directors approved a capital increase through the purchase of shares granted by the Stock Option Plan and its respective Program, of R$ 780 thousand, representing 78 thousand common shares, totally subscribed and paid.

4) In July 2008, capital was increased by R$ 184,986 thousand through the payment received from Krosaki Harima Corporation and the right of first refusal exercised by the other stockholders.

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05.01 - Comments on Company Performance During the Quarter

The comments on Company performance during the quarter are presented in Form 08.01 - Comments on Consolidated Performance during the Quarter.

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06.01 - Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
1	Total assets	2,800,147	2,454,575
1.01	Current assets	1,158,556	768,030
1.01.01	Cash and cash equivalents	541,593	214,121
1.01.01.01	Cash and banks	5,372	20,892
1.01.01.02	Marketable securities	536,221	193,229
1.01.02	Credits	245,679	248,517
1.01.02.01	Customers	245,679	248,517
1.01.02.01.01	Trade accounts receivable - domestic market	178,823	165,914
1.01.02.01.02	Trade accounts receivable - foreign market	69,113	88,988
1.01.02.01.03	Allowance for doubtful accounts	(2,257)	(6,385)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	284,795	261,434
1.01.03.01	Finished products	102,793	94,018
1.01.03.02	Work in process	63,624	49,590
1.01.03.03	Raw materials	91,169	92,306
1.01.03.04	Warehouse (replacement materials and other)	34,361	33,208
1.01.03.05	Provision for losses	(7,152)	(7,688)
1.01.04	Other	86,489	43,958
1.01.04.01	Receivables from sale of properties	27,513	0
1.01.04.02	Other credits	58,976	43,958
1.02	Non-current assets	1,641,591	1,686,545
1.02.01	Long-term receivables	64,119	38,243
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	0	0
1.02.01.02.01	Associated companies and similar	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	64,119	38,243
1.02.01.03.01	Special and escrow deposits	2,362	2,069
1.02.01.03.02	Tax credits	38,772	35,035
1.02.01.03.03	Debentures	0	0
1.02.01.03.04	Taxes on purchases of property, plant and equipment	1,289	1,139
1.02.01.03.05	Receivables from sale of properties	21,696	0
1.02.02	Permanent assets	1,577,472	1,648,302
1.02.02.01	Investments	2,782	3,637
1.02.02.01.01	Investments in associated companies/similar	0	0
1.02.02.01.02	Investments in associated companies/similar - goodwill	0	0
1.02.02.01.03	Investments in subsidiaries	0	0
1.02.02.01.04	Investments in subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	2,782	3,637
1.02.02.02	Property, plant and equipment	389,874	394,476
1.02.02.02.01	Land	21,462	22,009
1.02.02.02.02	Buildings, improvements and mineral deposits	156,367	153,763
1.02.02.02.03	Machinery, facilities and equipment	582,141	580,089
1.02.02.02.04	Transportation equipment	13,682	16,745
1.02.02.02.05	Furniture and fixtures and other	11,608	12,016
1.02.02.02.06	Construction in progress	55,741	49,188
1.02.02.02.07	Accumulated depreciation	(451,127)	(439,334)
1.02.02.03	Intangible assets	1,184,673	1,250,037
1.02.02.04	Deferred charges	143	152

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06.02 - Consolidated Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2	Total liabilities	2,800,147	2,454,575
2.01	Current liabilities	278,315	216,385
2.01.01	Loans and financing	114,653	72,512
2.01.02	Debentures	0	0
2.01.03	Suppliers	51,253	48,400
2.01.04	Taxes, fees and contributions	23,379	27,575
2.01.04.01	Other taxes	23,379	27,575
2.01.05	Dividends payable	1,136	1,590
2.01.06	Provisions	74,528	57,193
2.01.06.01	Salaries and social security charges	49,836	40,437
2.01.06.02	Advances from customers	5,650	11,666
2.01.06.03	Management profit sharing	0	0
2.01.06.04	Agent commissions abroad	3,575	5,090
2.01.06.05	Liabilities on transfer of rights	15,467	0
2.01.07	Debts with related companies	0	0
2.01.08	Other	13,366	9,115
2.02	Non-current liabilities	1,081,895	949,864
2.02.01	Long-term liabilities	1,062,639	930,608
2.02.01.01	Loans and financing	949,004	821,945
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	113,635	108,663
2.02.01.03.01	Contingencies	96,849	91,869
2.02.01.03.02	Deferred income tax	0	0
2.02.01.03.03	Post-employment obligations	16,786	16,794
2.02.01.04	Debt with related companies	0	0
2.02.01.04.01	Negative goodwill - merger of subsidiary	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	0	0
2.02.02	Deferred income	19,256	19,256
2.02.02.01	Negative goodwill - merger of subsidiary	19,256	19,256
2.03	Minority interest	3	49
2.04	Stockholders' equity	1,439,934	1,288,277
2.04.01	Paid up capital	1,473,714	1,369,150
2.04.01.01	Capital	1,369,150	1,369,150
2.04.01.02	Subscriptions to capitalize	111,040	0
2.04.01.03	Treasury shares	(6,476)	0
2.04.02	Capital reserves	5,974	5,974
2.04.02.01	Tax incentive reserve	0	0
2.04.02.02	Special reserve Law 8200	5,974	5,974
2.04.03	Revaluation reserves	0	0
2.04.03.01	Own assets	0	0
2.04.03.02	Subsidiaries/Associated companies and similar	0	0
2.04.04	Revenue reserves	2,894	2,444
2.04.04.01	Legal	0	0
2.04.04.02	Statutory	0	0
2.04.04.03	Contingencies	0	0
2.04.04.04	Unrealized profits	0	0
2.04.04.05	Retained profits	2,894	2,444
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	0	0
2.04.05	Retained earnings/accumulated deficit	(42,648)	(89,291)
2.04.06	Advance for future capital increase	0	0

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07.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	1 - 4/1/2008 to 6/30/2008	2 - 1/1/2008 to 6/30/2008	3 - 4/1/2007 to 6/30/2007	4 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or service revenues	407,163	814,577	0	0
3.02	Deductions from gross revenues	(89,025)	(174,277)	0	0
3.03	Net sales and/or services revenues	318,138	640,300	0	0
3.04	Cost of products and/or services sold	(185,560)	(370,861)	0	0
3.05	Gross profit	132,578	269,439	0	0
3.06	Operating expenses/income	(136,416)	(271,643)	0	0
3.06.01	Selling	(24,769)	(49,945)	0	0
3.06.02	General and administrative	(35,123)	(62,323)	0	0
3.06.03	Financial	(19,725)	(46,759)	0	0
3.06.03.01	Financial income	5,853	22,030	0	0
3.06.03.01.01	Financial income	11,741	17,158	0	0
3.06.03.01.02	Exchange/Monetary variation gains	(5,888)	4,872	0	0
3.06.03.02	Financial expenses	(25,578)	(68,789)	0	0
3.06.03.02.01	Financial expenses	(31,705)	(65,744)	0	0
3.06.03.02.02	Exchange/Monetary variation losses	6,127	(3,045)	0	0
3.06.04	Other operating income	18,977	21,131	0	0
3.06.05	Other operating expenses	(75,776)	(133,747)	0	0
3.06.05.01	Other operating expenses	(9,941)	(15,799)	0	0
3.06.05.02	Amortization of goodwill	(65,835)	(117,948)	0	0
3.06.06	Equity in the earnings of subsidiaries	0	0	0	0
3.07	Operating loss	(3,838)	(2,204)	0	0
3.08	Non-operating income, net	54,166	47,307	0	0
3.08.01	Income	60,981	63,566	0	0
3.08.02	Expenses	(6,815)	(16,259)	0	0
3.09	Profit before taxation and profit sharing	50,328	45,103	0	0
3.10	Provision for income tax and social contribution on net income	(11,042)	(30,601)	0	0
3.11	Deferred income tax	7,354	8,507	0	0
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Statutory profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	2	(1)	0	0
3.15	Net income/loss for the period	46,642	23,008	0	0
	Number of shares (thousand), excluding treasury stock	180,772,749	180,772,749	150	150
	Net income per share - R$	0.25801	0.12728	0.00000	0.00000
	Loss per share - R$				

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08.01 - Comments on Consolidated Performance During the Quarter

MAIN INDICATORS

Indicator	Quarter			Variation %		Accumulated		Var. %
	2Q07 (*) (a)	1Q08 (b)	2Q08 (c)	(c/b)	(c/a)	1S07 (*) (d)	1S08 (e)	(e/d)
Net operating revenues (R$ thousand)	277,967	322,162	318,138	(1.2)	14.5	580,496	640,300	10.3
Net revenues in the domestic market (%)	*82.5*	*80.9*	*86.9*	-	-	*82.4*	*83.9*	-
Net revenues in the foreign market (%)	*17.5*	*19.1*	*13.1*	-	-	*17.6*	*16.1*	-
Gross profit (R$ thousand)	107,410	136,861	132,579	(3.1)	23.4	225,693	269,440	19.4
Gross margin (%)	*38.6*	*42.5*	*41.7*	-	-	*38.9*	*42.1*	*8.2*
Operating profit EBIT (R$ thousand)	42,724	28,668	15,888	(44.6)	(62.8)	94,271	44,556	(52.7)
Cash generation EBITDA (R$ thousand)	55,567	93,684	94,813	1.2	70.6	120,082	188,497	57.0
EBITDA margin (%)	*20.0*	*29.1*	*29.8*	-	-	*20.7*	*29.4*	-
Net income (loss) (R$ thousand)	29,959	(23,634)	46,642	(297.4)	55.7	60,116	23,008	(61.7)
Net indebtness (R$ thousand)	(60,978)	680,336	522,064	(23.3)	(956.2)	(60,978)	522,064	(956.2)
Stockholders' equity (R$ thousand)	831,656	1,288,277	1,439,934	11.8	73.1	831,656	1,439,934	73.1
CAPEX (R$ thousand)	13,314	15,573	13,292	(14.6)	(0.2)	29,242	28,865	(1.3)

(*) data of Magnesita S.A., consolidated.

HIGHLIGHTS FOR THE QUARTER

Net Revenues

The increase in sales volume, mainly in the domestic market, and a small recovery of prices allied to an improvement in the mix of products, increased net revenues by 14.5% in relation to 2Q07, totaling R$ 318.1 million in 2Q08. The total revenues for the six first months of the year totaled R$ 640.3 million, 10.3% more than in 1S07.

Ebtida

Efficiency in the management of costs, improvement in the industrial processes, better mix of products and an increased demand resulted in the growth of cash generation (Ebtida), which totaled R$ 94.8 million in 2Q08, representing an increase of 70.6% in relation to 2Q07. The Ebitda margin reached 29.8% in the period, with gains of 0.7 and 9.8 percentage points compared to the margins of 1Q08 and 2Q07, respectively.

Capital

Magnesita increased its capital through the issue of 9,564,921 new shares. Krosaki, an important technological partner of the Company, became the holder of 3.0% of the capital.

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08.01 - Comments on Consolidated Performance During the Quarter

OPERATING PERFORMANCE

Net revenues totaled **R$ 318.1 million** in 2Q08, an increase of 14.5% compared to 2Q07. The accumulated net revenues for the year totaled R$ 640.3 million, against R$ 580.5 million for the same period of 2007, an increase of 10.3%. Besides the increased demand, the mix of products sold, with a higher volume of refractories applied to steel mills which have a higher added value, both for domestic and foreign market, was an important factor in achieving these results.

There was a small reduction in net revenues (1.2%) compared to 1Q08, mainly due to the need for postponing the shipment of magnesite sinter to July and to the impact of the US dollar devaluation in relation to the real in the export revenues. Also, some influence of seasonality should be considered, mainly in the sales of refractories for the cement industry, which interrupts activities during the rainy periods (1st and 4th quarters) to refurbish the furnaces, demanding a higher volume of refractories.

Sales volumes

Products/Market	Quarter			Variation %		Accumulated		Var. %
	2Q07 (a)	1Q08 (b)	2Q08 (c)	(c/b)	(c/a)	1S07 (d)	1S08 (e)	(e/d)
Domestic market	**102,843**	**112,575**	**335,627**	***198.1***	***226.3***	**240,777**	**448,202**	***86.1***
Refractories	74,459	79,101	76,832	*(2.9)*	*3.2*	146,797	155,933	*6.2*
Sinter	-	920	1,773	*92.7*	-	-	2,693	-
Other (*)	28,384	32,554	257,022	*689.5*	*805.5*	93,980	289,576	*208.1*
Foreign market	**32,266**	**53,913**	**27,565**	***(48.9)***	***(14.6)***	**88,704**	**81,478**	***(8.1)***
Refractories	23,175	24,627	24,768	*0.6*	*6.9*	47,544	49,395	*3.9*
Sinter	8,024	28,307	1,104	*(96.1)*	*(86.2)*	39,064	29,411	*(24.7)*
Other (*)	1,067	979	1,693	*72.9*	*58.7*	2,096	2,672	*27.5*
Total	**135,109**	**166,488**	**363,192**	***118.1***	***168.8***	**329,481**	**529,680**	***60.8***
Refractories	97,634	103,728	101,600	*(2.1)*	*4.1*	194,341	205,328	*5.7*
Sinter	8,024	29,227	2,877	*(90.2)*	*(64.1)*	39,064	32,104	*(17.8)*
Other(*)	29,451	33,533	258,715	*671.5*	*778.5*	96,076	292,248	*204.2*

(*) "Other" corresponds, mainly, to chromite, talc, magnesium oxide and to the non-recurring sale of 210 thousand tonnes of magnesium silicate (R$2.5 million)

Domestic market

Net revenues in the domestic market increased by 20.5%, totaling R$ 276.5 million compared to R$ 229.4 million in the same period of 2007. In the six-month period, sales in the domestic market totaled R$ 537.1 million compared to R$ 478.2 million in the same period of the prior year.

The main factor responsible for the performance of the quarter was the increase in the sales of refractories, which reached **R$ 210.6 million** (R$ 178.0 million in 2Q07), a

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08.01 - Comments on Consolidated Performance During the Quarter

growth of R$ 32.7 million, or 18.4%. Sales of other minerals such as talc, magnesium oxide, chromite, among others, of diverse applications, also sold increased in relation to 2007 (R$ 10.2 million, or 96.8%). Maintenance services also presented a better performance, with net revenues of R$ 35.1 million, representing a gain of R$ 3.1 million, or 9.8% compared to 2Q07. The sales of magnesite sinter totaled R$ 1.1 million, increasing by 92.5% in relation to 1Q08 (in 1S07, sinter was not sold in the domestic market).

Despite the lower sales volume of refractories in the domestic market (2.9%) in comparison with 1Q08, the revenues were R$ 1.9 million higher, mainly due to the better sales mix of this product, with increased participation in the steel mill sector, which, in addition to the distinctive business model based on the client's higher productivity instead of on the volume of refractories supplied, uses products with higher added value.

Foreign market

In comparison with 1Q08, the volume exported presented a reduction of 48.9%. This reduction was mainly due to the congested maritime traffic at Aratu Port, which stopped its activities during 20 days in May for maintenance and also because of the discharging of highly contaminating products for magnesite sinter, which forced the Company to postpone shipment of these materials that would have occurred in June. Therefore, the export volume of sinter was limited to 1,104 ton, a reduction of 96.1% and 86.2% in comparison with 1Q08 and 2Q07, respectively.

Export revenues, besides the lower volume, were also impacted by the devaluation of the US dollar in relation to the real, of 9.0% in the quarter. Exports, therefore, amounted to R$ 41.6 million, with a highlight to the sale of refractories which accounted for 95.5% of this amount. Differently from the domestic market, most of the sales of refractories are made to the cement industry. In 1S08, the steel mill sector share of the export revenues was 47.9%.

Magnesita maintains the strategy of meeting its customers' needs in different locations, mainly in the Americas where the customers of the steel mill sector have productive units. Currently, Magnesita exports to more than 55 countries and the distribution by region may present a significant variation from one period to another by reason of the seasonality inherent to the cement sector, which usually refurbishes furnaces during the rainy period (usually in the first and fourth quarters of the year).

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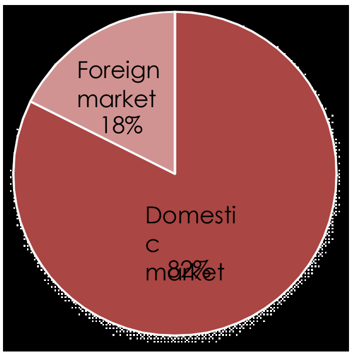
08.01 - Comments on Consolidated Performance During the Quarter

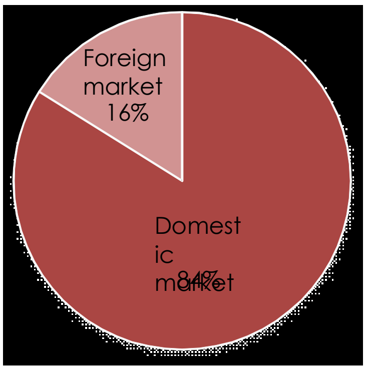
DISTRIBUTION OF THE NET SALES REVENUES

DOMESTIC AND FOREIGN MARKET

1S07

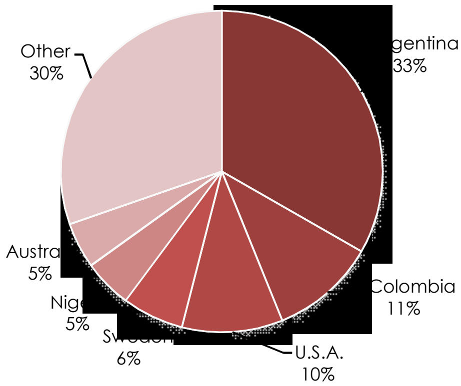


1S08

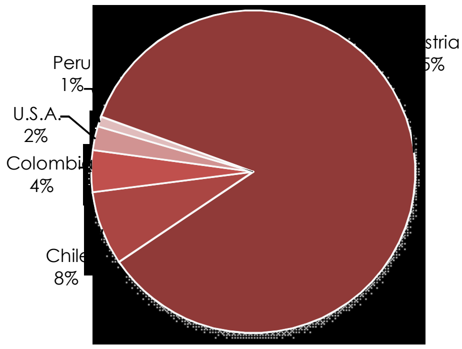


08.01 - Comments on Consolidated Performance During the Quarter

Distribution % of Refractories Export Revenues - 1S08



Distribution % of Sinter Export Revenues - 1S08

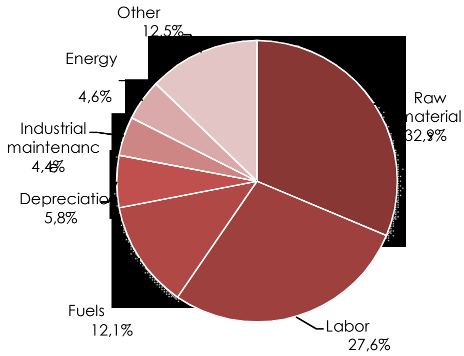


COSTS

In the second quarter, the Cost of Products Sold was R$ 185.6 million, 8.8% higher than in 2Q07, but proportionally **lower** than the increase in revenues (14.5%). In 1S08, an increase of 4.5% was recorded in comparison with 1S07, which is also proportionally lower than the 10.3% growth in revenues. The Company's practice is to continuously search for efficient solutions and review the productive processes aiming at higher productivity and cost reduction.

ANALYSIS OF THE COST OF PRODUCTS SOLD

1S08



OPERATING EXPENSES (INCOME)

Operating expenses for 2Q08, net of amortization of goodwill, amounted to R$ 50.9 million, a **reduction** of 21.4% in relation to the same period of 2007. The accumulated amount for the year showed a reduction of 18.6%, totaling R$ 106.9 million in 1S08 in comparison with R$ 131.4 million in 1S07. This result was mainly due to the reduction by 19.4% in selling expenses, from R$ 30.7 million in 2Q07 to R$ 24.8 million in 2Q08. The new management model, which focuses on reducing costs and increasing the efficiency of the activities, has achieved a reduction in operating expenses and, consequently, improved the profitability.

However, the administrative expenses were increased by expenditures with the Company's restructuring (e.g. the merger of Rpar Holding and other subsidiaries, extinction/creation of branches, etc), which demanded the contracting of lawyers, consultants, besides extra expenditures with legal publicity. These non-recurring expenses amounted to R$ 12.7 million up to June 30, 2008.

EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to R$ 94.8 million in the quarter, 70.6% above 2Q07. In the first six-month period of 2008,

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08.01 - Comments on Consolidated Performance During the Quarter

EBITDA amounted to R$ 188.5 million, 57.0% above the amount recorded in the same period of 2007 (R$120.1).

In 2Q08, the Company recorded an EBITDA margin of **29.8%**, 9.8 and 0.7 percentage points above 2Q07 and 1Q08, respectively. Considering the six first months of 2008, the margin was 29.4%, 8.8 percentage points above the margin obtained in the same period of 2007.

The evolution reflects the reduction in operating expenses, associated with the higher sales of products for the domestic market and sales of more added value products.

NON-OPERATING INCOME, NET

The non-operating results for the quarter totaled, exceptionally, R$ 54.2 million, mainly arising from the difference between the book value and the sales value of non-operating assets located in São Caetano do Sul (SP) and Uberaba (MG). These assets were sold in the 2nd quarter for R$ 96.3 million, of which R$ 55.8 million was recorded up to June and R$ 40.5 million was recorded in July, according to the Significant Event published at the time. This amount has not yet been fully reflected in the Company's cash, since the payment flow of this transaction will continue up to 2013. As the transaction resulted in taxable income, the Company recorded expenses with income tax and social contribution on net income for this quarter, which will not involve any payment this year because of the legal option of deferring payment due to the fact that the amount involved will be received in installments.

NET INCOME

In 2Q08, Magnesita reversed the loss for 1Q08 and recorded net income of R$ 46.6 million, already including the amortization of goodwill, equivalent to a net margin of 14.7%.

This result was positively influenced by the non-operating income of R$ 54.2 mentioned in the previous item. In comparison with the net income for 2Q07 (R$ 30.0 million), the growth was of 55.7%. For the year, the Company's net income amounts to R$ 23.0 million. The amortization of goodwill, whose balance was R$1,175.4 million at June 30, 2008, will occur over the next five years in accordance with current legislation. This reduces the Company's net income but, on the other hand, it also reduces the payment of taxes on the profits earned, and will not impact the dividends to be received by the stockholders.

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08.01 - Comments on Consolidated Performance During the Quarter

CAPITAL STRUCTURE

The Company ended the second quarter of 2008 with a net debt of R$ 522.1 million and stockholders' equity of R$ 1,439.9 million. In April, the Company contracted a new long-term loan for working capital of R$ 166.9 million. Most of Magnesita's indebtness is concentrated into two domestic financial institutions, at favorable conditions in relation to terms and cost.

TAXES

The amortization of goodwill and the financial costs of the debt will generate a significant reduction in the Company's tax burden, benefiting all the stockholders. In 2Q08, amortization of goodwill amounted to R$ 65.8 million and the net financial expenses, including monetary variations, amounted to R$ 19.7 million, both deductible for income tax and social contribution on net income purposes. The provision for income tax and social contribution amounted to R$ 3.7 million, 77.4% lower than R$ 16.3 million recorded in 2Q07.

In 1Q08, the amortization of goodwill could not be fully reflected because the merger of Magnesita S.A. by Magnesita Refratários S.A. was only completed at the end of February, which enabled, also considering the existence of operating profit, the use of the goodwill and the financial expenses to reduce taxable income.

On April 30, 2008, the merger of the profitable subsidiaries headquartered in Brazil into Magnesita Refratários S.A. was decided. This transaction, among other gains, permitted the optimization of the tax burden on the results of these companies as from May 1, 2008.

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16.01 - Other Information Considered Significant by the Company

1. Consolidated Statement of Cash Flows

It is as follows:

	R$ thousand	
	2nd Quarter/2008	1st Six-month period/2008
Operating activities		
Adjustments to net income		
Net income for the period	46,642	23,008
Charges and monetary and foreign exchange variations, net	(7,508)	(2,365)
Depreciation	13,090	25,993
Amortization of deferred charges	65,835	117,948
Income tax and social contribution on net income	(3,737)	(4,890)
	114,322	**159,694**
(Increase) decrease in assets		
Trade accounts receivable	2,838	(21,074)
Inventories	(23,361)	(13,484)
Taxes recoverable	(13,284)	(474)
Judicial deposits	(443)	2,449
Receivables from sales of properties	(49,209)	(49,209)
Other	(1,734)	9,903
	(85,193)	(71,889)
Increase (decrease) in liabilities		
Suppliers and subcontractors	2,853	985
Advances from customers	(6,016)	5,650
Taxes payable	(4,196)	(12,804)
Interest on own capital	(454)	(31,681)
Other	32,157	19,577
	24,344	(18,273)
Cash flows from operating activities	**53,473**	**69,532**
Investing activities		
Disposals of property, plant and equipment and investments	5,197	13,161
Additions to intangible assets	-	(315,257)
Additions to property, plant and equipment and investments	(13,292)	(28,865)
Cash flows used in investing activities	**(8,095)**	**(330,961)**

16.01 - Other Information Considered Significant by the Company

	R$ thousand	
	2nd Quarter/2008	1st Six-month period/2008
Financing activities		
Inflow of loans and financing	195,986	1,279,566
Payments of loans and financing, including interest	(18,861)	(970,360)
Capital increase	111,079	155,277
Treasury shares	(6,476)	(6,476)
Interest on own capital prescribed	366	366
Cash flows from financing activities	**282,094**	**458,373**
	327,472	**196,944**
Increase (decrease) in cash and cash equivalents		
Opening balance of cash and cash equivalents	214,121	344,649
Closing balance of cash and cash equivalents	541,593	541,593
	327,472	**196,944**

2. Consolidated Statement of Income of Magnesita S.A.

In order to complement the information relating to the results of operations, the consolidated statement of income of the subsidiary Magnesita S.A., for the 2nd quarter of 2007 and 1st six-month period of 2008, is presented:

	R$ thousand	
	2nd Quarter/2007	1st Six-month period/2007
Gross sales revenues	358,608	742,285
Deductions from gross revenues	(80,641)	(161,789)
Net sales revenues	277,967	580,496
Cost of products and/or services sold	(170,557)	(354,803)
Gross profit	107,410	225,693
Selling expenses	(30,723)	(62,047)
General and administrative expenses	(34,929)	(69,195)
Other operating expenses	966	(180)
Financial result	3,098	1,567
Operating profit	45,822	95,838
Non-operating income, net	443	254
Profit before taxation	46,265	96,092
Income tax/Social contribution	(16,320)	(36,061)
Minority interest	14	85
Net income for the period	29,959	60,116

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16.01 - Other Information Considered Significant by the Company

3. Consolidated Statement of Cash Flows of Magnesita S.A. (Unaudited)

For comparison purposes, the consolidated statement of cash flows for the 2nd quarter of 2007 and 1st six-month period of 2007 of Magnesita S.A., merged by Magnesita Refratários S.A. during the 1st quarter of 2008 (Note 1), is presented:

	R$ thousand	
	2nd Quarter/2007	1st Six-month period/2007
Operating activities		
Adjustments to net income		
Net income for the period	29,959	60,116
Charges and monetary/foreign exchange variations, net	(5,338)	(8,642)
Depreciation	12,843	25,811
Income tax and social contribution on net income	(1,531)	(3,594)
	35,933	**73,691**
(Increase) decrease in assets		
Trade accounts receivable	17,891	8,121
Inventories	(25,000)	(23,353)
Taxes recoverable	(3,895)	6,636
Judicial deposits	(253)	(349)
Other	640	16,273
	(10,617)	7,328
Increase (decrease) in liabilities		
Suppliers and subcontractors	(3,575)	(1,765)
Advances from customers	(1,676)	(2,721)
Taxes payable	(1,648)	(2,022)
Interest on own capital	(33,377)	(37,965)
Other	6,244	12,764
	(34,032)	(31,709)
Cash flows from (used in) operating activities	**(8,716)**	**49,310**
Investing activities		
Disposals of property, plant and equipment and investments	1,182	1,956
Additions to property, plant and equipment and investments	(13,313)	(29,241)
Cash flows used in investing activities	**(12,131)**	**(27,285)**
Financing activities		
Inflow of loans and financing	52,022	90,122
Payment of loans and financing, including interest	(42,806)	(92,971)
Cash flows from (used in) financing activities	**9,216**	**(2,849)**
	(11,631)	**19,176**

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	R$ thousand	
	2nd Quarter/2007	1st Six-month period/2007
Increase (decrease) in cash and cash equivalents		
Opening balance of cash and cash equivalents	233,620	202,813
Closing balance of cash and cash equivalents	221,989	221,989
	(11,631)	**19,176**

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17.01 - Report on the Special Review - Without exceptions

To the Board of Directors and Stockholders
Magnesita Refratários S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) (parent company and consolidated) of Magnesita Refratários S.A. (formerly RPAR Holding S.A.) for the quarter ended June 30, 2008, comprising the balance sheet, the statements of income and of cash flows, the performance report and the explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON) in conjunction with the Federal Accounting Council (CFC) and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company.

3 Based on our review, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that it be stated in accordance with the rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including the CVM Instruction No. 469/08.

4 As mentioned in Note 2(b), Law No. 11638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law No. 6404/76 (Brazilian Corporation Law) and will change the accounting practices adopted in Brazil. Although this law is already effective, the main changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction 469/08, did not require the implementation of all the provisions of Law 11638/07 in the preparation of the Quarterly Information (ITR). As a result, the accounting information included in the Quarterly Information for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11638/07.

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17.01 - Report on the Special Review - Without exceptions

5 The Quarterly Information (ITR) also includes comparative accounting information for the quarter ended June 30, 2007. The Quarterly Information for the quarter ended June 30, 2007 was not reviewed by independent accountants. Our report does not include the accounting information for that quarter.

6 The Quarterly Information (ITR) mentioned in the first paragraph also includes certain information of Magnesita S.A., which was merged into the Company in the first quarter of 2008 (as mentioned in Note 1), for the quarter and the six-month period ended June 30, 2007, comprising the consolidated statements of income and of cash flows and the comments on the Company's performance. The Quarterly Information (ITR) for the quarter ended June 30, 2007 of Magnesita S.A. (parent company and consolidated) did not include the consolidated statement of cash flows for this period and, therefore, this statement was not reviewed by independent accountants.

Belo Horizonte, August 12, 2008

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

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

(A free translation of the original in Portuguese)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2008

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