

(A free translation of the original in Portuguese)

Magnesita Refratários S.A.
Review Report of Independent Accountants
on Quarterly Information (ITR)
September 30, 2009

(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) of Magnesita Refratários S.A. and subsidiaries (parent company and consolidated), for the quarter ended September 30 , 2009, comprising the balance sheet, the statements of operations, of changes in stockholders' equity and of cash flows, the explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of the significant information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information, including CVM Instruction No. 469/08.

Magnesita Refratários S.A.

- 4 As mentioned in Note 2, the accounting practices adopted in Brazil were altered during 2008 and the effects of the first-time adoption were recorded by the Company and its subsidiaries only during the fourth quarter of 2008 and disclosed in the financial statements at December 31, 2008. The statements of operations and of cash flows for the quarter ended September 30, 2008, presented together with the information for the current quarter, were not restated for comparison purposes, as permitted by the Circular Letter/CVM/SNC/SEP No. 02/2009.

Belo Horizonte, November 13, 2009


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


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

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

01.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

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

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME Thiago Emanuel Rodrigues				
2 - ADDRESS Praça Louis Ensck, 240			3 - SUBURB OR DISTRICT Cidade Industrial	
4 - POSTAL CODE 32210-902		5 - MUNICIPALITY Contagem		6 - STATE MG
7 - AREA CODE 31	8 - TELEPHONE 3328-1000	9 - TELEPHONE -	10 - TELEPHONE -	11 - TELEX
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
1/1/2009	12/31/2009	3	7/1/2009	9/30/2009	2	4/1/2009	6/30/2009
9 - INDEPENDENT ACCOUNTANT PricewaterhouseCoopers Auditores Independentes						10 - CVM CODE 00287-9	
11 - PARTNER RESPONSIBLE Aníbal Manoel Gonçalves de Oliveira					12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 851.939.507-44		

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01.05 - CAPITAL COMPOSITION

Number of shares (Units)	Current Quarter 9/30/2009	Prior quarter 6/30/2009	Same quarter in prior year 9/30/2008
Paid-up capital			
1 - Common	213,082,583	213,082,583	190,415,670
2 - Preferred	0	0	0
3 - Total	213,082,583	213,082,583	190,415,670
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06 - CHARACTERISTICS OF THE COMPANY

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

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
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01.09 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

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

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE 11/13/2009	2 - SIGNATURE
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02084-2	MAGNESITA REFRATÁRIOS S.A.	08.684.547/0001-65

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

1 - Code	2 - Description	3 - 9/30/2009	4 - 6/30/2009
1	Total assets	3,906,817	3,509,496
1.01	Current assets	1,189,964	773,784
1.01.01	Cash and cash equivalents	502,023	83,823
1.01.01.01	Cash and banks	94,130	15,873
1.01.01.02	Marketable securities	407,893	67,950
1.01.02	Credits	302,457	277,588
1.01.02.01	Customers	302,457	277,588
1.01.02.01.01	Trade accounts receivable - domestic market	198,087	171,370
1.01.02.01.02	Trade accounts receivable - foreign market	105,894	107,276
1.01.02.01.03	Allowance for doubtful accounts	(1,524)	(1,058)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	265,456	288,661
1.01.03.01	Finished products	102,223	110,008
1.01.03.02	Work in process	27,351	30,891
1.01.03.03	Raw materials	97,014	107,955
1.01.03.04	Warehouse (replacement materials and other)	38,868	39,807
1.01.03.05	Provision for losses	0	0
1.01.04	Other	120,028	123,712
1.01.04.01	Other credits	1,428	1,306
1.01.04.02	Taxes recoverable	49,858	46,433
1.01.04.03	Receivables from sale of properties	36,203	40,356
1.01.04.04	Restricted bank deposit	32,539	35,617
1.02	Non-current assets	2,716,853	2,735,712
1.02.01	Long-term receivables	293,525	253,331
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	428	0
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	428	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	293,097	253,331
1.02.01.03.01	Special and escrow deposits	10,303	10,293
1.02.01.03.02	Tax credits	157,325	127,427
1.02.01.03.03	Taxes on purchases of property, plant and equipment	1,705	1,689
1.02.01.03.04	Receivables from sale of properties	34,852	25,026
1.02.01.03.05	Goodwill on merger of stockholder	88,874	88,874
1.02.01.03.06	Other	38	22
1.02.02	Permanent assets	2,423,328	2,482,381
1.02.02.01	Investments	650,852	679,396
1.02.02.01.01	Investments in associated and similar companies	0	0
1.02.02.01.02	Investments in associated and similar companies - goodwill	0	0
1.02.02.01.03	Investments in subsidiaries	649,445	677,989
1.02.02.01.04	Investments in subsidiaries - goodwill	0	0
1.02.02.01.05	Other investments	1,407	1,407
1.02.02.02	Property, plant and equipment	392,451	406,228
1.02.02.02.01	Land	11,803	14,941
1.02.02.02.02	Buildings, improvements and mineral deposits	150,104	154,346
1.02.02.02.03	Machinery, facilities and equipment	628,585	628,174
1.02.02.02.04	Transportation equipment	12,209	12,665
1.02.02.02.05	Furniture and fixtures and other	16,562	16,562
1.02.02.02.06	Construction in progress	72,358	66,199
1.02.02.02.07	Accumulated depreciation	(499,170)	(486,659)
1.02.02.03	Intangible assets	1,380,025	1,396,757
1.02.02.03.01	Software and others	28,950	28,950
1.02.02.03.02	Goodwill on acquisition of investments	1,645,455	1,661,315
1.02.02.03.03	Accumulated amortization	(294,380)	(293,508)
1.02.02.04	Deferred charges	0	0

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

1 - Code	2 - Description	3 - 9/30/2009	4 - 6/30/2009
2	Total liabilities and stockholders' equity	3,906,817	3,509,496
2.01	Current liabilities	549,992	467,358
2.01.01	Loans and financing	376,623	315,648
2.01.02	Debentures	0	0
2.01.03	Suppliers	69,136	63,483
2.01.04	Taxes, fees and contributions	17,152	18,384
2.01.04.01	Other taxes	17,152	18,384
2.01.05	Dividends payable	1,049	1,049
2.01.06	Provisions	86,032	68,794
2.01.06.01	Salaries and social security charges	44,406	36,094
2.01.06.02	Advances from customers	2,665	3,987
2.01.06.03	Foreign agent commissions	2,320	2,289
2.01.06.04	Liabilities on the transfer of rights	11,467	12,267
2.01.06.05	Freights and insurance payable	0	2,824
2.01.06.06	Royalties payable	901	634
2.01.06.07	Attorney's and consultant's fees payable	965	1,506
2.01.06.08	Third parties' services payable	2,459	3,758
2.01.06.09	Other accounts payable	3,780	5,435
2.01.06.10	Forward financial instrument	17,069	0
2.01.07	Payables to related companies	0	0
2.01.08	Other	0	0
2.02	Non-current liabilities	1,470,405	1,124,205
2.02.01	Long-term liabilities	1,470,405	1,124,205
2.02.01.01	Loans and financing	898,786	911,466
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	236,847	207,707
2.02.01.03.01	Contingencies	97,945	97,982
2.02.01.03.02	Post-employment obligations	13,666	14,193
2.02.01.03.03	Negative goodwill	19,256	19,256
2.02.01.03.04	Deferred taxes	105,980	76,276
2.02.01.03.05	Payables to related companies	0	0
2.02.01.04	Payables to related companies	0	5,032
2.02.01.05	Advance for future capital increase	334,772	0
2.02.01.06	Other	0	0
2.03	Deferred income	0	0
2.05	Stockholders' equity	1,886,420	1,917,933
2.05.01	Paid-up capital	2,036,032	2,036,032
2.05.01.01	Paid-up capital	2,036,032	2,036,032
2.05.01.02	Unpaid capital	0	0
2.05.01.03	Share issue expenses	0	0
2.05.02	Capital reserves	98,807	98,807
2.05.02.01	Special reserve Law 8200	5,973	5,973
2.05.02.02	Goodwill reserve	88,874	88,874
2.05.02.03	Stock options granted	3,960	3,960
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/Associated and similar companies	0	0
2.05.04	Revenue reserves	2,856	2,856
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retained profits	2,856	2,856
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(81,755)	(26,604)
2.05.05.01	Adjustments of marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(81,755)	(26,604)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(169,520)	(193,158)
2.05.07	Advance for future capital increase	0	0

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03.01 - Statement of Operations (R\$ thousand)

1 - Code	2 - Description	3 - 7/1/2009 to 9/30/2009	4 - 1/1/2009 to 9/30/2009	5 - 7/1/2008 to 9/30/2008	6 - 1/1/2008 to 9/30/2008
3.01	Gross sales and/or service revenues	339,837	909,929	436,702	1,177,806
3.02	Deductions from gross revenues	(78,088)	(199,922)	(93,459)	(264,875)
3.03	Net sales and/or service revenues	261,749	710,007	343,243	912,931
3.04	Cost of products and/or services sold	(164,121)	(452,493)	(206,346)	(548,028)
3.05	Gross profit	97,628	257,514	136,897	364,903
3.06	Operating expenses/income	(78,908)	(306,643)	(99,773)	(348,190)
3.06.01	Selling	(22,575)	(66,891)	(27,261)	(73,426)
3.06.02	General and administrative	(22,888)	(72,973)	(34,148)	(88,366)
3.06.03	Financial	(57,690)	(128,526)	3,012	(47,605)
3.06.03.01	Financial income	(12,884)	(28,135)	61,792	68,897
3.06.03.01.01	Financial income	3,340	10,540	18,234	31,288
3.06.03.01.02	Exchange/Monetary variation gains (losses)	(16,224)	(38,675)	43,558	37,609
3.06.03.02	Financial expenses	(44,806)	(100,391)	(58,780)	(116,502)
3.06.03.02.01	Financial expenses	(50,114)	(149,322)	(44,409)	(109,711)
3.06.03.02.02	Exchange/Monetary variation gains (losses)	5,308	48,931	(14,371)	(6,791)
3.06.04	Other operating income	6,984	24,071	14,052	32,249
3.06.05	Other operating expenses	6,765	(5,982)	(68,639)	(201,536)
3.06.05.01	Amortization of goodwill	0	0	(65,835)	(183,783)
3.06.05.02	Other operating expenses	6,765	(5,982)	(2,804)	(17,753)
3.06.06	Equity in the results of subsidiaries	10,496	(56,342)	13,211	30,494
3.07	Operating profit (loss)	18,720	(49,129)	37,124	16,713
3.08	Non-operating income	0	0	40,239	92,195
3.08.01	Income	0	0	98,346	160,272
3.08.02	Expenses	0	0	(58,107)	(68,077)
3.09	Profit (loss) before taxation and profit sharing	18,720	(49,129)	77,363	108,908
3.10	Provision for income tax and social contribution on net income	4,724	2,280	7,746	(5,536)
3.11	Deferred income tax	194	(3,481)	(25,346)	(20,668)
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.15	Net income (loss) for the period	23,638	(50,330)	59,763	82,704
	Number of shares (units), excluding treasury stock	213,082,583	213,082,583	190,415,670	190,415,670
	Net income per share - R\$	0.11093		0.31386	0.43433
	Loss per share - R\$		(0.23620)		

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

1 - Code	2 - Description	3 - 7/1/2009 to 9/30/2009	4 - 1/1/2009 to 9/30/2009	5 - 7/1/2008 to 9/30/2008	6 - 1/1/2008 to 9/30/2008
4.01	Net cash from operating activities	40,388	(11,995)	144,032	119,644
4.01.01	Cash provided by operations	32,603	71,793	163,519	303,849
4.01.01.01	Net income (loss) for the period	23,638	(50,330)	59,763	82,704
4.01.01.02	Charges and monetary/exchange variations, net	5,609	19,988	13,036	11,013
4.01.01.03	Depreciation	14,046	41,413	12,750	36,175
4.01.01.04	Share options	0	899	0	0
4.01.01.05	Equity in results of subsidiaries	(10,496)	56,342	(13,211)	(30,494)
4.01.01.06	Deferred income tax and social contribution	(194)	3,481	25,346	20,668
4.01.01.07	Amortization of goodwill	0	0	65,835	183,783
4.01.02	Changes in assets and liabilities	7,785	(83,788)	(19,487)	(184,205)
4.01.02.01	Accounts receivable	(24,869)	(40,536)	(44,507)	(73,451)
4.01.02.02	Inventories	23,205	4,354	7,008	4,101
4.01.02.03	Taxes recoverable	(3,426)	(4,664)	(9,225)	(14,078)
4.01.02.04	Suppliers and subcontractors	5,653	15,669	10,018	11,713
4.01.02.05	Advances from customers	(1,322)	(3,096)	6,991	4,904
4.01.02.06	Taxes payable	(1,232)	1,822	4,310	(134)
4.01.02.07	Dividends payable	0	0	(8)	(20,026)
4.01.02.08	Receivables from sale of property, plant and equipment	(5,673)	(6,750)	(31,112)	(80,321)
4.01.02.09	Restricted bank deposit	3,078	(32,539)	0	0
4.01.02.10	Other	12,371	(18,048)	37,038	(16,913)
4.01.03	Other	0	0	0	0
4.02	Net cash from investing activities	355	(2,334)	(67,319)	(318,420)
4.02.01	Disposal of property, plant and equipment and investments	7,191	8,579	3,068	10,413
4.02.02	Exchange variation on investments	0	0	0	0
4.02.03	Additions to fixed assets, investments and intangible assets	(6,836)	(15,913)	(27,285)	(57,748)
4.02.04	Dividends received	0	5,000	735	37,835
4.02.05	Cash received due to merger	0	0	0	184,412
4.02.06	Company acquisitions including goodwill	0	0	(43,837)	(493,332)
4.03	Net cash from financing activities	377,457	277,592	109,161	749,901
4.03.01	New loans and financing	57,394	210,821	37,864	1,322,177
4.03.02	Payment of loans and financing	(13,624)	(125,197)	(3,429)	(963,991)
4.03.03	Payment of interest on loans	(1,085)	(142,804)	0	0
4.03.04	Capital increase	0	0	74,726	397,780
4.03.05	Treasury shares	0	0	0	(6,476)
4.03.06	Expired interest on own capital	0	0	0	411
4.03.07	Advance for future capital increase	334,772	334,772	0	0
4.04	Exchange variation on cash and cash equivalents	0	0	0	0
4.05	Increase (decrease) in cash and cash equivalents	418,200	263,263	185,874	551,125
4.05.01	Opening balance of cash and cash equivalents	83,823	238,760	450,722	85,471
4.05.02	Closing balance of cash and cash equivalents	502,023	502,023	636,596	636,596

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05.01 - Statement of Changes in Stockholders' Equity from 7/1/2009 to 9/30/2009 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,036,032	98,807	0	2,856	(193,158)	(26,604)	1,917,933
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,036,032	98,807	0	2,856	(193,158)	(26,604)	1,917,933
5.04	Net income (loss) for the period	0	0	0	0	23,638	0	23,638
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(55,151)	(55,151)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(55,151)	(55,151)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.08.01	Payment of capital	0	0	0	0	0	0	0
5.08.02	Share issue expenses	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	2,036,032	98,807	0	2,856	(169,520)	(81,755)	1,886,420

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

05.02 - Statement of Changes in Stockholders' Equity from 1/1/2009 to 9/30/2009 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,036,032	97,908	0	2,856	(119,190)	96,505	2,114,111
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,036,032	97,908	0	2,856	(119,190)	96,505	2,114,111
5.04	Net income (loss) for the period	0	0	0	0	(50,330)	0	(50,330)
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(178,260)	(178,260)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(178,260)	(178,260)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.08.01	Payment of capital	0	0	0	0	0	0	0
5.08.02	Expenses on issue of shares	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	899	0	0	0	0	899
5.13	Closing balance	2,036,032	98,807	0	2,856	(169,520)	(81,755)	1,886,420

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

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

1 - Code	2 - Description	3 - 9/30/2009	4 - 6/30/2009
1	Total assets	5,310,055	5,009,367
1.01	Current assets	1,792,598	1,386,604
1.01.01	Cash and cash equivalents	681,380	220,243
1.01.01.01	Cash and banks	234,136	116,367
1.01.01.02	Marketable securities	447,244	103,876
1.01.02	Credits	402,742	394,563
1.01.02.01	Customers	402,742	394,563
1.01.02.01.01	Trade accounts receivable - domestic market	202,059	174,922
1.01.02.01.02	Trade accounts receivable - foreign market	210,624	229,608
1.01.02.01.03	Allowance for doubtful accounts	(9,941)	(9,967)
1.01.02.02	Sundry credits	0	0
1.01.03	Inventories	531,160	587,473
1.01.03.01	Finished products	267,514	280,950
1.01.03.02	Work in process	38,781	41,300
1.01.03.03	Raw materials	174,573	214,746
1.01.03.04	Warehouse (replacement materials and other)	72,172	75,219
1.01.03.05	Provision for losses	(21,880)	(24,742)
1.01.04	Other	177,316	184,325
1.01.04.01	Other credits	34,541	31,804
1.01.04.02	Taxes recoverable	74,033	76,548
1.01.04.03	Receivables from sale of properties	36,203	40,356
1.01.04.03.04	Restricted bank deposit	32,539	35,617
1.02	Non-current assets	3,517,457	3,622,763
1.02.01	Long-term receivables	353,052	319,707
1.02.01.01	Sundry credits	0	0
1.02.01.02	Receivables from related companies	0	0
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	353,052	319,707
1.02.01.03.01	Special and escrow deposits	11,209	11,185
1.02.01.03.02	Tax credits	216,374	192,911
1.02.01.03.03	Taxes on purchases of property, plant and equipment	1,705	1,689
1.02.01.03.04	Receivables from sale of properties	34,852	25,026
1.02.01.03.05	Goodwill on merger of stockholder	88,874	88,874
1.02.01.03.06	Other	38	22
1.02.02	Permanent assets	3,164,405	3,303,056
1.02.02.01	Investments	2,080	2,169
1.02.02.01.01	Investments in associated and similar companies	0	0
1.02.02.01.02	Investments in subsidiaries	0	0
1.02.02.01.03	Other investments	2,080	2,169
1.02.02.02	Property, plant and equipment	940,004	1,008,202
1.02.02.02.01	Land	61,518	69,173
1.02.02.02.02	Buildings, improvements and mineral deposits	455,828	482,109
1.02.02.02.03	Machinery, facilities and equipment	942,125	962,832
1.02.02.02.04	Transportation equipment	15,522	16,264
1.02.02.02.05	Furniture and fixtures and other	42,329	44,882
1.02.02.02.06	Construction in progress	99,276	94,946
1.02.02.02.07	Accumulated depreciation	(676,594)	(662,004)
1.02.02.03	Intangible assets	2,222,321	2,292,685
1.02.02.03.01	Software and other	31,447	31,447
1.02.02.03.02	Goodwill on acquisition of investments	2,486,428	2,555,920
1.02.02.03.03	Accumulated amortization	(295,554)	(294,682)
1.02.02.04	Deferred charges	0	0

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

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

1 - Code	2 - Description	3 - 9/30/2009	4 - 6/30/2009
2	Total liabilities and stockholders' equity	5,310,055	5,009,367
2.01	Current liabilities	1,082,073	681,955
2.01.01	Loans and financing	717,227	333,261
2.01.02	Debentures	0	0
2.01.03	Suppliers	153,124	155,384
2.01.04	Taxes, fees and contributions	38,094	36,756
2.01.04.01	Other taxes	38,094	36,756
2.01.05	Dividends payable	1,071	1,071
2.01.06	Provisions	172,557	155,483
2.01.06.01	Salaries and social security charges	93,731	84,125
2.01.06.02	Advances from customers	3,244	4,543
2.01.06.03	Foreign agent commissions	2,320	2,289
2.01.06.04	Liabilities on the transfer of rights	11,467	12,267
2.01.06.05	Freights and insurance	875	3,745
2.01.06.06	Royalties payable	901	634
2.01.06.07	Attorneys' and consultant's fees payable	1,751	2,820
2.01.06.08	Third-parties' services payable	11,156	13,692
2.01.06.09	Provision for warranty indemnification payable	6,768	7,234
2.01.06.10	Contract retentions payable	11,357	11,129
2.01.06.11	Other accounts payable	11,918	13,005
2.01.06.12	Forward financial instrument	17,069	0
2.01.07	Payables to related companies	0	0
2.01.08	Other	0	0
2.02	Non-current liabilities	2,325,679	2,393,728
2.02.01	Long-term liabilities	2,325,679	2,393,728
2.02.01.01	Loans and financing	1,431,117	1,841,167
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	559,790	552,561
2.02.01.03.01	Contingencies	101,517	101,515
2.02.01.03.02	Post-employment obligations	234,341	255,107
2.02.01.03.03	Negative goodwill	19,256	19,256
2.02.01.03.04	Deferred income tax and social contribution	197,074	168,571
2.02.01.03.05	Other	7,602	8,112
2.02.01.04	Payables to related parties	0	0
2.02.01.05	Advance for future capital increase	334,772	0
2.02.01.06	Other	0	0
2.03	Deferred income	0	0
2.04	Minority interest	16,238	16,862
2.05	Stockholders' equity	1,886,065	1,916,822
2.05.01	Paid-up capital	2,036,032	2,036,032
2.05.01.01	Paid-up capital	2,036,032	2,036,032
2.05.01.02	Unpaid capital	0	0
2.05.01.03	Share issue expenses	0	0
2.05.02	Capital reserves	98,807	98,807
2.05.02.01	Special reserve Law 8200	5,973	5,973
2.05.02.02	Special goodwill reserve	88,874	88,874
2.05.02.03	Stock options granted	3,960	3,960
2.05.03	Revaluation reserves	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/Associated and similar companies	0	0
2.05.04	Revenue reserves	2,856	2,856
2.05.04.01	Legal	0	0
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retained profits	2,856	2,856
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Carrying value adjustments	(81,755)	(26,604)
2.05.05.01	Adjustments of marketable securities	0	0
2.05.05.02	Cumulative translation adjustments	(81,755)	(26,604)
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings/accumulated deficit	(169,875)	(194,269)
2.05.07	Advance for future capital increase	0	0

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

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

1 - Code	2 - Description	3 - 7/1/2009 to 9/30/2009	4 - 1/1/2009 to 9/30/2009	5 - 7/1/2008 to 9/30/2008	6 - 1/1/2008 to 9/30/2008
3.01	Gross sales and/or service revenues	564,582	1,596,027	465,677	1,280,254
3.02	Deductions from gross revenues	(80,954)	(207,170)	(91,481)	(265,758)
3.03	Net sales and/or service revenues	483,628	1,388,857	374,196	1,014,496
3.04	Cost of products and/or services sold	(313,929)	(945,565)	(226,212)	(597,073)
3.05	Gross profit	169,699	443,292	147,984	417,423
3.06	Operating expenses/income	(143,486)	(482,089)	(107,585)	(379,228)
3.06.01	Selling	(49,096)	(148,810)	(27,390)	(77,335)
3.06.02	General and administrative	(47,342)	(160,909)	(37,932)	(100,255)
3.06.03	Financial	(53,983)	(169,134)	10,210	(36,549)
3.06.03.01	Financial income	(11,050)	(17,161)	69,465	91,495
3.06.03.01.01	Financial income	4,114	13,336	18,112	35,270
3.06.03.01.02	Exchange/Monetary variation gains (losses)	(15,164)	(30,497)	51,353	56,225
3.06.03.02	Financial expenses	(42,933)	(151,973)	(59,255)	(128,044)
3.06.03.02.01	Financial expenses	(67,471)	(219,599)	(44,127)	(109,871)
3.06.03.02.02	Exchange/Monetary variation gains (losses)	24,538	67,626	(15,128)	(18,173)
3.06.04	Other operating income	12,856	41,517	16,162	37,293
3.06.05	Other operating expenses	(5,921)	(44,753)	(68,635)	(202,382)
3.06.05.01	Amortization of goodwill	0	0	(65,835)	(183,783)
3.06.05.02	Other operating expenses	(5,921)	(44,753)	(2,800)	(18,599)
3.06.06	Equity in the results of subsidiaries	0	0	0	0
3.07	Operating profit (loss)	26,213	(38,797)	40,399	38,195
3.08	Non-operating income	0	0	39,189	86,496
3.08.01	Income	0	0	97,328	160,894
3.08.02	Expenses	0	0	(58,139)	(74,398)
3.09	Profit (loss) before taxation and profit sharing	26,213	(38,797)	79,588	124,691
3.10	Provision for income tax and social contribution on net income	3,704	(4,628)	9,115	(21,486)
3.11	Deferred income tax	(5,040)	(5,156)	(29,392)	(20,885)
3.12	Statutory profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on own capital	0	0	0	0
3.14	Minority interest	(483)	(1,164)	2	1
3.15	Net income (loss) for the period	24,394	(49,745)	59,313	82,321
	Number of shares (units), excluding treasury stock	213,082,583	213,082,583	190,415,670	190,415,670
	Net income per share - R\$	0.11448		0.31149	0.43232
	Loss per share - R\$		(0.23345)		

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

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

1 - Code	2 - Description	3 - 7/1/2009 to 9/30/2009	4 - 1/1/2009 to 9/30/2009	5 - 7/1/2008 to 9/30/2008	6 - 1/1/2008 to 9/30/2008
4.01	Net cash from operating activities	88,604	83,198	105,052	174,584
4.01.01	Cash provided by operations	42,182	75,901	178,515	338,209
4.01.01.01	Net income (loss) for the period	24,394	(49,745)	59,313	82,321
4.01.01.02	Charges and monetary/exchange variations, net	(17,665)	22,573	14,359	11,994
4.01.01.03	Depreciation	29,930	95,854	13,233	39,226
4.01.01.04	Stock options	0	899	0	0
4.01.01.05	Deferred income tax and social contribution	5,040	5,156	25,775	20,885
4.01.01.06	Adjustment of minority interest	483	1,164	0	0
4.01.01.07	Amortization of goodwill	0	0	65,835	183,783
4.01.02	Changes in assets and liabilities	46,422	7,297	(73,463)	(163,625)
4.01.02.01	Accounts receivable	(31,630)	(5,299)	(36,259)	(57,333)
4.01.02.02	Inventories	43,788	97,306	(10,169)	(23,653)
4.01.02.03	Taxes recoverable	7,534	14,179	(23,577)	(24,051)
4.01.02.04	Suppliers and undertakers	19,032	(28,021)	17,721	18,706
4.01.02.05	Advances from customers	(1,298)	(2,517)	7,007	12,657
4.01.02.06	Taxes payable	2,667	(6,390)	4,783	(8,021)
4.01.02.07	Interest on capital	0	0	14	(31,667)
4.01.02.08	Receivables from sale of property, plant and equipment	(5,673)	(6,750)	(31,112)	(80,321)
4.01.02.09	Other	8,924	(22,672)	(1,871)	30,058
4.01.02.10	Restricted bank deposit	3,078	(32,539)	0	0
4.01.03	Other	0	0	0	0
4.02	Net cash from investing activities	(918)	(18,207)	(27,055)	(358,016)
4.02.01	Disposal of property, plant and equipment and investments	9,265	11,825	2,539	15,700
4.02.02	Additions to fixed assets intangible assets and investments	(10,183)	(30,032)	(29,594)	(373,716)
4.03	Net cash from financing activities	381,185	254,759	108,039	566,412
4.03.01	New loans and financing	61,263	214,839	42,611	1,322,177
4.03.02	Payments of loans and financing	(13,765)	(125,739)	(9,306)	(979,666)
4.03.03	Capital increase	0	0	68,258	223,535
4.03.04	Treasury shares	0	0	6,476	0
4.03.05	Expired interest on own capital	0	0	0	366
4.03.06	Payment of interest on loans/financing	(1,085)	(169,113)	0	0
4.03.07	Advance for future capital increase	334,772	334,772	0	0
4.04	Exchange variation on cash and cash equivalents	(7,734)	(22,852)	0	0
4.05	Increase (decrease) in cash and cash equivalents	461,137	296,898	186,036	382,980
4.05.01	Opening balance of cash and cash equivalents	220,243	384,482	541,593	344,649
4.05.02	Closing balance of cash and cash equivalents	681,380	681,380	727,629	727,629

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

11.01 - Consolidated Statement of Changes in Stockholders' Equity from 7/1/2009 to 9/30/2009 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 - Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,036,032	98,807	0	2,856	(194,269)	(26,604)	1,916,822
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,036,032	98,807	0	2,856	(194,269)	(26,604)	1,916,822
5.04	Net income/loss for the period	0	0	0	0	24,394	0	24,394
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(55,151)	(55,151)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(55,151)	(55,151)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.08.01	Payment of capital	0	0	0	0	0	0	0
5.08.02	Share issue expenses	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	0	0	0	0	0	0
5.13	Closing balance	2,036,032	98,807	0	2,856	(169,875)	(81,755)	1,886,065

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

11.02 - Consolidated Statement of Changes in Stockholders' Equity from 1/1/2009 to 9/30/2009 (R\$ thousand)

1 - Code	2 - Description	3 - Capital	4 -Capital reserves	5 - Revaluation reserves	6 - Revenue reserves	7 - Retained earnings/ accumulated losses	8 - Carrying value adjustments	9 - Total stockholders' equity
5.01	Opening balance	2,036,032	97,908	0	2,856	(120,130)	96,505	2,113,171
5.02	Prior-year adjustments	0	0	0	0	0	0	0
5.03	Adjusted balance	2,036,032	97,908	0	2,856	(120,130)	96,505	2,113,171
5.04	Net income/loss for the period	0	0	0	0	(49,745)	0	(49,745)
5.05	Appropriations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on capital	0	0	0	0	0	0	0
5.05.03	Other appropriations	0	0	0	0	0	0	0
5.06	Realization of revenue reserves	0	0	0	0	0	0	0
5.07	Carrying value adjustments	0	0	0	0	0	(178,260)	(178,260)
5.07.01	Adjustments of marketable securities	0	0	0	0	0	0	0
5.07.02	Cumulative translation adjustments	0	0	0	0	0	(178,260)	(178,260)
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/decrease in capital	0	0	0	0	0	0	0
5.08.01	Payment of capital	0	0	0	0	0	0	0
5.08.02	Share issue expenses	0	0	0	0	0	0	0
5.09	Increase/realization of capital reserves	0	0	0	0	0	0	0
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Other	0	899	0	0	0	0	899
5.13	Closing balance	2,036,032	98,807	0	2,856	(169,875)	(81,755)	1,886,065

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

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

1. Operations

Magnesita Refratários S.A. ("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, again changed from RPAR Holding S.A. to Magnesita Refratários S.A.

On September 27, 2007 the Company concluded the acquisition of stock representing, directly and indirectly, 70.7% of the voting capital of Magnesita S.A. (common shares) 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 on 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 R\$ 192,004.

On January 31, 2008 the Company held on BOVESPA an auction of 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 stockholders of Magnesita S.A. received shares from Magnesita Refratários S.A. (formerly RPAR Holding S.A.). In the particular case of Partimag S.A., a wholly-owned subsidiary of Magnesita Refratários S.A., whose 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.

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- Refratec Products Eletrofundidos Ltda.
- Ikerá Indústria e Comércio Ltda.
- Refratec Participações Ltda.
- São José Administração de Matérias Primas Ltda.

These merger transactions did not result in an increase of the Company's capital since it already 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 mergers carried out.

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

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

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

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

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

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

- LWB Refractories Company - United States
- LWB Refractories GmbH - Germany
- Refractorios Argentinos S.A.I.C.y M - Argentina

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- LWB Refractories S.C.S. - France
- LCH Resource (Anhui) Co. Ltd. - China
- Mag-sé Participações Ltda. - Brazil
- Sinterco S.A. - Belgium
- Shanxi LWB Taigang Refractories Co. Ltd. - China

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

2. Presentation of the Quarterly Information and Significant Accounting Practices

This quarterly information was approved by the Board of Directors on November 11, 2009.

The quarterly information was prepared and is presented in accordance with specific instructions of the Brazilian Securities Commission (CVM). The accounting practices adopted in this quarterly information are consistent with those adopted to prepare the Company's financial statements as of December 31, 2008.

For better presentation of the quarterly information, the amount of R\$ 35,617, referring to a balance maintained in current account abroad as established in the loan agreement with bank JP Morgan, was reclassified on June 30, 2009 from "Cash and cash equivalents – Cash and banks" to "Other – Restricted bank deposit".

The accounting estimates used to prepare the quarterly information were based on objective factors and on management judgment to determine the appropriate amount to be recorded in the quarterly information, in conformity with current accounting practices. Significant items subject to these estimates and assumptions include estimates relating to the selection of the useful lives of property, plant and equipment, provisions for contingent liabilities, income tax, social contribution on net income and other similar liabilities. The actual results may differ from those estimates.

Alterations to the Brazilian Corporation Law

Law 11638 was enacted on December 28, 2007, and altered by Provisional Measure (MP) 449/08 (converted into Law 11941/09), amending and introducing new provisions to Brazilian Corporation Law. The main purpose of this Law and MP was to amend the Brazilian Corporation Law to allow the process of convergence of the accounting practices adopted in Brazil with those included in

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the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The adoption of this Law and MP is mandatory for annual financial statements for years that began on or after January 1, 2008.

The changes in the Brazilian Corporation Law had the following principal impacts on the Company's financial statements:

- (i) Investments in marketable securities: trading and available for sale securities are now stated at fair value with a corresponding entry to results and stockholders' equity, respectively.
- (ii) Derivative financial instruments - the Company began to record the derivative financial instruments at fair value.
- (iii) Financial leases - certain IT equipment leased from financial institutions was recorded in property, plant and equipment and the corresponding debt balance was recorded in the account "Loans and financing".
- (iv) Investments abroad - the effect arising from the exchange variation on investments in the subsidiaries located abroad, which have functional currencies different from that of the Company and operations that do not represent an extension of the Company's activities, is now recorded in the account "Carrying value adjustments", in stockholders' equity.
- (v) Stock option plan: the Company now recognizes the cost of the stock option plan in the financial statements.
- (vi) The goodwill generated in the acquisition of investments, classified by management due to expected "future profitability" was reclassified from investments to intangible assets. As from January 1, 2009, this goodwill is no longer systematically amortized. As from 2008, the impairment test of goodwill is mandatory and any adjustments are included in the statement of operations.
- (vii) Reclassification of non-operating result to other operating income (expenses).
- (viii) Replacement of the statement of changes in financial position with the statement of cash flows.
- (ix) Presentation of the statement of value added.

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On September 30, 2008, the Company was awaiting regulation of the main alterations introduced by Law 11638/07 and, in conformity with CVM Instruction 469 of May 2, 2008, decided to apply the provisions of the new law only to the financial statements for the year ended December 31, 2008. At the time, management did not expect any significant changes in the Company's financial position as of September 30, 2008, and these, in fact, did not occur.

In accordance with CVM/SNC/SEP Official Letter No. 20/0209, the Company opted to present the information relating to the nine-month period ended September 30, 2008 according to the same accounting practices applicable on that date, i.e., without the adjustments required by the new accounting practices effective in the current period.

Had the Company applied the provisions of Law 11638/07 and its subsequent regulations, there would have been the following changes in the result for the quarter and nine-month period ended September 30, 2008:

	<u>3rd. quarter/08</u> <u>R\$ thousand</u>	<u>Up to Sep/08</u> <u>R\$ thousand</u>
Administrative expenses - Stock options granted	(741)	(1,837)
Decrease in equity accounting results due to the recording of foreign exchange variation on investments abroad directly in the stockholders' equity account	6,409	3,569
Increase in the result for the period	<u>5,668</u>	<u>1,732</u>

3. Consolidation Criteria

The consolidated financial statements at September 30 and June 30, 2009 include those of the parent company and the following subsidiaries:

	<u>9.30.09</u>	<u>6.30.09</u>
CSC - Cerâmica São Caetano Ltda.	100	100
MAG-Sé Participações Ltda.	100	100
Magnesita Grundstucks Beteiligungs GmbH	100	100
LWB Islands Company Ltd. and its subsidiaries	100	100
Refractarios Magnesita Colombia S.A.	100	100
Refractarios Magnesita Uruguay S.A.	100	100
RASA - Refractarios Argentinos S.A.I.CyM and its subsidiaries	100	100
Refractarios Magnesita del Peru S.A.C	100	100
Iliama Participações S.L. and its subsidiary	100	100

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Massambaba Mineração S.A.	100	100
MAG-Tec Ltda. (former MSA Service Ltda.)	100	100
MSA Agropecuária Ltda.	100	100
Magnesita Refractories Corporation Ltd.	100	100

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

The financial statements of subsidiaries operating abroad are converted into Reais (R\$) in conformity with the guidelines of Technical Pronouncement CPC No. 2 - Effects of Changes in the Foreign Exchange Rates and Conversion of the Financial Statements, as follows:

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

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

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

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

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	<u>Stockholders' equity</u>		<u>Result</u>	
	<u>9.30.09</u>	<u>6.30.09</u>	<u>Up to Sep/09</u>	<u>Up to Sep/08</u>
Consolidated	1,886,065	1,916,822	(49,745)	82,321
Unrealized profits in inventories	355	1,111	(585)	383
Parent company	<u>1,886,420</u>	<u>1,917,933</u>	<u>(50,330)</u>	<u>82,704</u>

4. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>9.30.09</u>	<u>6.30.09</u>	<u>9.30.09</u>	<u>6.30.09</u>
Cash and Banks	94,130	15,873	234,136	116,367
Marketable securities	407,893	67,950	447,244	103,876
Total	<u>502,023</u>	<u>83,823</u>	<u>681,380</u>	<u>220,243</u>

At September 30, 2009, the consolidated "Cash and banks" account includes a balance of R\$2,450 (R\$2,304 at June 30, 2009) in local currency and R\$231,686 (R\$114,063 at June 30, 2009) in foreign currency and basically represents deposits in bank current accounts.

"Marketable securities" are classified as trading securities and correspond to fixed income securities with earnings that approximate the variation of the Interbank Deposit Certificates (CDI) rate, and are available for immediate redemption. In the consolidated, a part of these fixed income securities, amounting to R\$24,305 (R\$ 7,042 at June 30, 2009) is indexed to foreign exchange variations, mainly the U.S. dollar.

5. Restricted Bank Deposit

As established in the agreement with bank JP Morgan, the Company maintains a deposit of R\$ 32,539 (R\$ 35,617 at June 30, 2009) in a current account abroad, corresponding to 125% of the semi-annual interest falling due in the current period.

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6. Long-term Receivables – Income Tax and Social Contribution

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

	Parent company		Consolidated	
	9.30.09	6.30.09	9.30.09	6.30.09
Provision for losses on permanent assets	890	4,290	890	4,290
Provision for contingencies	22,252	22,230	23,330	23,308
Post-employment obligations	4,646	4,826	62,617	69,231
Provision for bonuses	4,970	3,665	4,970	3,665
Tax effect on unrealized losses with derivatives	22,043	10,691	22,043	10,691
Other	3,039	3,839	3,039	3,840
	<u>57,840</u>	<u>49,541</u>	<u>116,889</u>	<u>115,025</u>
Deferred taxes on income tax and social contribution tax loss carryforwards	<u>99,485</u>	<u>77,886</u>	<u>99,485</u>	<u>77,886</u>
Total deferred tax assets	<u>157,325</u>	<u>127,427</u>	<u>216,374</u>	<u>192,911</u>

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

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

The estimates of future results, combined with the history of operations, indicate that the Company and its subsidiaries will generate future taxable income in an amount sufficient to

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absorb the deferred taxes. The projections of future taxable income take into consideration estimates related, among other aspects, to the performance of the Company, the evolution of the market and the economy. Actual results may differ from those estimated.

It is important to note that the deferred tax assets recorded are supported by a technical study in compliance with CVM Instruction No. 371/02.

The reconciliation between the standard and the effective rates of income tax and social contribution, including current and deferred effects, is as follows:

	Up to September 2009		Up to September 2008	
	<u>Parent company</u>	<u>Consolidated</u>	<u>Parent company</u>	<u>Consolidated</u>
Profit (loss) before taxation, net of management profit sharing	(49,129)	(39,961)	108,908	124,692
Standard rate	34%	34%	34%	34%
	<u>16,704</u>	<u>13,587</u>	<u>(37,029)</u>	<u>(42,395)</u>
Income tax and social contribution on:				
Permanent differences	2,125	2,419	2,672	2,545
Equity in the results of subsidiaries	(19,156)		10,368	
Provision for contingencies	(874)	(874)	(2,215)	(1,056)
Gains with the presumed profit system in subsidiaries				(443)
Unrecognized tax credits on tax losses				(1,022)
Effect of limitation on interest deductions in Germany		(15,345)		
Effect of different rates of subsidiaries located in other jurisdictions		(1,169)		
Unrecognized deferred tax assets on losses – LWB Group		(8,324)		
Other		(78)		
	<u>(1,201)</u>	<u>(9,784)</u>	<u>(26,204)</u>	<u>(42,371)</u>

In the nine-month period ended September 30, 2008, the Company had tax losses and credits in part "B" of the Taxable Income Control Register (LALUR) arising from the amortization of goodwill recognized prior to the merger of Magnesita S.A., which would result in tax credits of R\$ 19,192, not yet recognized. These credits were recognized at the end of the year, supported by the technical study referred to in CVM Instruction 371/02.

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7. Permanent Assets

The Company's investments basically refer to investments in subsidiaries accounted for on the equity method, which were eliminated in the consolidated quarterly information.

The main changes in the investments account in the third quarter of 2009 were as follows:

	<u>Parent company</u>	
	<u>3rd Quarter/09</u>	<u>Up to Sep/09</u>
Opening balance	679,396	852,925
Foreign exchange variation	(39,500)	(160,217)
Capitalization of loan		18,641
Equity in the results of subsidiaries	10,496	(56,342)
Interest on own capital received		(5,000)
Other, net	460	845
Closing balance	<u>650,852</u>	<u>650,852</u>

The main changes in property, plant and equipment in the nine-month period of 2009 are as follows:

	<u>Parent company 3rd Quarter/09</u>	<u>Parent company Up to Sep/09</u>	<u>Consolidated 3rd Quarter/09</u>	<u>Consolidated Up to Sep/09</u>
Opening balance	406,228	428,362	1,008,202	1,171,145
Additions	6,588	11,444	7,821	24,401
Disposals	(7,191)	(8,579)	(7,729)	(10,289)
Depreciation	(13,174)	(38,776)	(28,979)	(92,752)
Foreign exchange variation on assets abroad	-	-	(39,311)	(152,501)
Closing balance	<u>392,451</u>	<u>392,451</u>	<u>940,004</u>	<u>940,004</u>

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The main changes in intangible assets in the nine-month period of 2009 are as follows:

	<u>Parent company 3rd Quarter/09</u>	<u>Parent company Up to Sep/09</u>	<u>Consolidated 3rd Quarter/09</u>	<u>Consolidated Up to Sep/09</u>
Opening balance	1,396,757	1,395,674	2,292,685	2,453,471
Additions		3,836	-	3,947
Reductions	(209)	(209)	(209)	(1,871)
Amortization	(872)	(2,637)	(951)	(3,102)
Foreign exchange variation on assets abroad	(15,651)	(16,639)	(69,204)	(230,124)
Closing balance	<u>1,380,025</u>	<u>1,380,025</u>	<u>2,222,321</u>	<u>2,222,321</u>

The impairment test of goodwill relating to expected future profitability will be carried out at December 31, 2009, and any adjustments arising from the recoverability test will be recorded in the result for the year.

8. Transactions With Related Parties (Parent Company)

Transactions with related parties up to September 2009 are as follows:

Subsidiaries	<u>Sales</u>	<u>Purchases</u>
RASA - Refractorios Argentinos SAICyM.	8,961	13
Iliama Participações SL	18,152	
Refractorios Magnesita Uruguay S.A.	1,038	
Refractorios Magnesita Chile S.A.	2,624	
Refractorios Magnesita Colombia	16,896	
Refractorios Magnesita Peru S.A.C.	1,750	
Mag-Sé Participações Ltda.	2,373	2,726
LWB sub-group	25,354	
Total up to September 30, 2009	<u>77,148</u>	<u>2,739</u>

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Subsidiaries	Parent company balances (*)	
	Receivables	Payables
Cerâmica São Caetano Ltda.	-	1,606
RASA - Refractorios Argentinos SAICyM.	14,728	-
Iliama Participações SL	18,894	-
Refractorios Magnesita Uruguay S.A.	336	-
Refractorios Magnesita Chile S.A.	983	-
Refractorios Magnesita Colombia	7,177	-
Refractorios Magnesita Peru S.A.C.	468	-
LWB sub-group	23,189	4,162
MSA Agropecuária Ltda.	-	2,521
Mag-Sé Participações Ltda.	777	861
Massambaba Mineração S.A.	3,682	-
Total at September 30, 2009	70,234	9,150

(*) Mainly arising from commercial transactions between the companies.

Purchase and sales transactions of products and services between the parent company and its subsidiaries are carried out under conditions agreed between the parties. Considering that the Company owns 100% of the subsidiaries, these are eliminated in the consolidated information.

The remuneration of the Board of Directors and Executive Board up to September 30, 2009 was R\$ 4,446. In addition, the fair value of the stock options granted in the amount of R\$ 899 is recorded in the result for the period.

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9. Loans And Financing

	Currency	Average annual interest rate	Parent company		Consolidated	
			9.30.09	6.30.09	9.30.09	6.30.09
Export credit notes	R\$	CDI+4%	988,885	961,133	988,885	961,133
(-)Transaction costs to be amortized			(8,637)		(8,637)	
Import financing	US\$	7.80%	5,810	9,195	5,810	9,195
Property, plant and equipment financing						
In local currency	R\$	TJLP+2.05%	863	872	863	872
Leasing	R\$	CDI	1,005	1,115	1,005	1,115
Advances on export invoices						
In foreign currency	US\$	6.05%	239,720	223,356	239,720	223,356
Swap - Loss at fair value			47,763	31,443	47,763	31,443
Senior Export Facility						
JP Morgan	US\$	Libor+5%		-	869,204	938,583
(-)Transaction costs to be amortized				-	(18,483)	(16,593)
Loan linked to share purchase agreement	US\$	7.25%		-	15,100	16,967
Other	€	6.67%		-	7,114	8,357
			<u>1,275,409</u>	<u>1,227,114</u>	<u>2,148,344</u>	<u>2,174,428</u>
		Short-term	<u>376,623</u>	<u>315,648</u>	<u>717,227</u>	<u>333,261</u>
		Long-term	<u>898,786</u>	<u>911,466</u>	<u>1,431,117</u>	<u>1,841,167</u>

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Export credit notes

On August 14, 2009, the Company renegotiated export credit note transactions under the following conditions:

- Creditors: Banco Bradesco S.A. and Banco Itaú BBA S.A.
- Term: 5 years
- Grace period: 2 years
- Annual interest: Interbank Deposit Certificates (CDI) + 4% (up to 8.14.2009, CDI + 1.39%)
- The transaction costs to be amortized over the contract term correspond to the commission paid upon the renegotiation.

Financial covenants are as follows:

	<u>Net debt/EBITDA</u>	<u>EBITDA/net financial expense</u>
4Q 2009	6.0	1.50
1Q 2010	5.5	1.50
2Q 2010	5.0	1.75
3Q 2010	4.5	1.75
4Q 2010	4.5	2.00
1Q 2011	4.0	2.00
2Q 2011 onwards	3.5	2.00
Up to 8.14.2009	3.5	2.0

Advances on export invoices

Advances on export invoices obtained from financial institutions refer to future transactions to be carried out by the Company. At September 30, 2009, there were no foreign trade notes given as guarantee for these transactions either in the consolidated or parent company. The banks are: Bradesco, Banco do Brasil, Santander, HSBC and Safra.

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JP MORGAN

Senior Export Facility renegotiated on August 14, 2009 under the following conditions:

- Term: 6 years
- Grace period: 30 months
- Annual interest: Libor + 5% (up to 8.14.2009, Libor + 2.5%)

Financial covenants are as follows:

	<u>Net debt/EBITDA</u>	<u>EBITDA/net financial expense</u>
4Q 2009	6.0	1.50
1Q 2010	5.5	1.50
2Q 2010	5.0	1.75
3Q 2010	4.5	1.75
4Q 2010	4.5	2.00
1Q 2011	4.0	2.00
2Q 2011 onwards	3.5	2.00
Up to 8.14.2009	3.5	2.0

Under the terms of the renegotiation carried out on August 14, 2009, in November 2009, the Company repaid US\$ 175,000 thousand of its debt with JP Morgan. Accordingly, at September 30, 2009 this portion of the loan was reclassified to current liabilities.

At September 30, 2009, long-term debts in the consolidated and parent company fall due as follows:

	<u>9.30.09</u>	<u>9.30.09</u>
	<u>Consolidated</u>	<u>Parent company</u>
3 months of 2010	66,794	165
2011	434,805	302,169
2012	431,968	299,031
2013	436,399	297,398
2014	61,151	23
	<u>1,431,117</u>	<u>898,786</u>

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10. Provision For Contingencies

The Company and its subsidiaries are parties to lawsuits and administrative proceedings in various courts and government agencies, 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	
	9.30.09	6.30.09	9.30.09	6.30.09
Tax - Provision	83,501	83,576	83,513	83,588
Tax - Judicial deposit	(3,638)	(3,638)	(3,638)	(3,638)
Labor - Provision	16,627	16,627	20,187	20,148
Labor - Judicial deposit	(321)	(321)	(321)	(321)
Social security - Provision	1,776	1,738	1,776	1,738
	97,945	97,982	101,517	101,515
Current - Provision	942	942	942	942
Current - Judicial deposit	(942)	(942)	(942)	(942)
Long-term - Provision	100,962	100,999	104,534	104,532
Long-term - Judicial deposit	(3,017)	(3,017)	(3,017)	(3,017)
	97,945	97,982	101,517	101,515

Based on information provided by its legal advisors, management recorded provisions at amounts considered sufficient to cover probable losses for the lawsuits in progress, classified between current and non-current in accordance with the expectation of their outcome, as detailed above.

At September 30, 2009 the Company and its subsidiaries are not involved in significant tax and social security lawsuits with risks of unfavorable outcomes classified by management as possible (for which no provision is recorded), based on the assessment of its legal advisors.

Magnesita S.A., merged into the Company, received assessment notices from the social security authorities - INSS, in the restated amount of R\$ 26,677 (at June 30, 2008), related to issues considered by management as requiring the recording of provisions, restated to June 30, 2008, in the amount of R\$ 17,970. Such notices were issued without respecting the five-year statute of limitations. On June 12, 2008 the Binding Precedent No. 8 was issued, in which the Federal

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Supreme Court (STF) confirmed the five-year statute of limitations period, declaring articles 45 and 46 of Law No. 8212/91 as unconstitutional. Considering this fact, and the assessment of the legal advisors in charge of the defense filed by the Company, the latter reversed the provisions corresponding to periods in which the time limitations for supposed infraction was proved to have expired.

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 a report prepared by an expert during the lawsuit, that the gross amount may reach R\$ 37,420 (unaudited), or approximately R\$ 20,000 (unaudited) net of legal fees and taxes (Income Tax/Social Contribution on Net Income). 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 legal fees and IR/CSLL) and recorded as income in said month. The collection of the amount over that deposited by Eletrobrás is in course.

For the labor and civil lawsuits, management adopts the criterion of recording provisions for all ongoing lawsuits at amounts estimated as probable losses, based on average losses for the last three years.

11. Post-Employment Obligations

Magnesita Refratários S.A. and its subsidiary Cerâmica São Caetano Ltda. are sponsors of Magnus Sociedade Previdenciária, a not-for-profit civil entity, established for the purpose of partially complementing retirement and pension benefits granted by the National Institute of Social Security (INSS).

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

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At September 30, 2009 Magnus had 5,005 active participants (4,744 at June 30, 2009), 229 retired participants and pensioners (223 at June 30, 2009) and 1,390 awaiting benefits (1,454 at June 30, 2009).

The Company, as determined by CVM Resolution No. 371/01, evaluated on an actuarial basis the benefit plan for 2008, through an external actuary (Mercer Human Resources Consulting Ltda.), using the projected unit credit method to determine the present value of the obligations.

The effects of the plan at December 31, 2008 were as follows:

	<u>Consolidated</u>
Total present value of liabilities	(174,155)
Fair value of assets	175,265
Net value of unrecognized gains	<u>(16,566)</u>
Liability recorded	<u>(15,456)</u>

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

The actuarial cost estimated for 2009 is as follows:

	<u>Consolidated</u>
Cost of current service	(3,201)
Cost of interest	(20,682)
Expected return from plan assets	21,830
Participant contributions	<u>181</u>
Total	<u>(1,872)</u>

Costs for 2009 are proportionately recorded in the first nine months, charged to income in accordance with the employees' allocation. These costs, considering procedures defined by CVM Resolution No. 371, represented R\$1,864 in the nine-month period ended September 30, 2009. The costs include the costing of administrative expenses of the plan of R\$ 460. Amounts paid in the period totaled R\$3,654.

The contribution rate in relation to payroll is 4.19% (6.00% in 2008) as defined by the external actuary.

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On July 27, 2009 the "Secretaria de Previdência Complementar" (SPC) approved changes to the Rules of the Benefits Plan of Magnus Sociedade Previdenciária, the pension fund sponsored by Magnesita. The Company now offers its employees a Defined Contribution (DC) plan, with contributions from the sponsor and the participants, while its previous plan was Defined Benefit (DB), without contributions from the participants. Defined contribution plans are the most modern plans in the world, based on building up assets over time and totally transparent to their participants. Furthermore, due to the contribution model, both in the stages of capitalization and payment of benefits, the risk of actuarial liabilities for the sponsor are mitigated, since the benefits depend on the contributions and accumulated performance of the fund. Up to the moment, the actuarial calculations for the new plan have not yet been completed.

LWB Group

In the case of LWB Group, its subsidiaries maintain retirement plans for their employees, and their actuarial liabilities, recognized in the consolidated financial statements as of September 30, 2009, are as follows:

Description	Europe	United States	China	Total
Defined benefit plan	95,942	91,421	-	187,363
Premium for length of service	4,671	-	-	4,671
Early retirement plan	-	-	28,641	28,641
Total	100,613	91,421	28,641	220,675

Defined Contribution Plans

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

The total cost incurred for these plans was R\$ 1,936 up to September 2009, calculated at the rates defined in the respective rules. Of this total amount, R\$ 624 were recorded in the cost of products sold, R\$ 509 in selling expenses and R\$ 803 in administrative expenses.

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Defined Benefit Plans

LWB Group also maintains defined benefit plans in Europe and in the United States, the liabilities of which are calculated annually under the projected unit credit method by an independent actuary, and at September 30, 2009 are as follows:

	<u>Europe</u>	<u>United States</u>
Present value of actuarial liability	(95,942)	(206,341)
Fair value of assets		139,072
Unrecognized actuarial gains/losses		(24,152)
Actuarial liability	<u>(95,942)</u>	<u>(91,421)</u>
Active participants	626	681
Beneficiaries	187	554
Ex-employees still eligible for the Plan	1,206	497
Economic actuarial assumptions:		
Discount rate	6% p.a.	6.25% p.a.
Return on investments	-	8.75% p.a.
Salary growth	2.50% p.a.	3.50% p.a.
Readjustment of benefits	1.75% p.a.	-
Inflation	-	2.25% p.a.

The total cost incurred for these plans was R\$ 2,399 up to September de 2009. Of this amount, R\$ 976 were recorded in the cost of products sold, R\$ 641 in selling expenses and R\$ 784 in administrative expenses.

Early Retirement Plan

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

12. Stock Option Plan

In conformity with its Articles of Incorporation, the Company has a stock option plan approved by the General Meeting of Stockholders with the objective of enabling the participation of executives in the process of development of the Company in the medium and long term. This plan is

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managed by the Board of Directors or, at their discretion, by a committee that will approve the stock option programs. These options will represent at most 6% of the total number of capital shares.

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

The number of stock options and their corresponding weighted average prices at September 30, 2009 are presented below:

	2009
	Average
	Price
	(R\$)
Number	
(thousand)	
Outstanding at 12.31.08	4,556
Options granted in 2009	1,800
Balance of options	6,356
Adjustment of probability	77.8%
Number to be accounted for on the accrual basis	4,944
	2.88

The amount to be recorded on the accrual basis, considering a five-year term for exercising the options and adjusted for probability is R\$ 14,213 for the entire period, of which R\$ 899 was recognized up to September 2009. The amount for options recognized during the nine months of 2009 in the stockholders' equity account is R\$ 3,960.

- Model used - Black-Scholes-Merton
- Annual volatility - historical volatility based on periods of the same duration as the option calculated up to the date of grant
- Effective rate of interest: 8.15% p.a.
- Spot value - value of the Company's share at the date of grant
- Strike price - as stipulated in the stock option plan (from R\$10.00 to R\$10.70)
- Term - average term of the options
- Expected dividends: 1.4% on the market value of the stock.

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13. Long-term Liabilities - Deferred Income Tax and Social Contribution

These are as follows:

	Parent company		Consolidated	
	9.30.09	6.30.09	9.30.09	6.30.09
Deferred taxes on real estate profit	21,556	22,219	21,556	22,219
Deferred taxes on tax amortization of goodwill	81,085	54,057	81,085	54,057
Social Contribution on Net Income on tax incentives	3,339		3,339	
Deferred taxes on accelerated tax depreciation		-	91,094	92,295
	105,980	76,276	197,074	168,571

(1) As from January 1, 2009, in accordance with Technical Pronouncement CPC 13, goodwill based on the expectation of future profitability is no longer amortized. The Company has been recognizing the tax amortization of this goodwill, according to the provisions of MP 449/08 (converted into Law 11941/09), through the Transitional Tax System. The tax effect of this amortization resulted in deferred income tax and social contribution on net income, recorded in non-current liabilities.

14. Advance for Future Capital Increase

On August 14, 2009, the Board of Directors approved a capital increase of R\$ 350,000 through the issue of 44,871,795 nominative common shares entitled to the same rights as other capital shares.

Subscriptions up to September 30, 2009, amounting to R\$ 335,998, were recorded as advance for future capital increase. The issue of the shares and the transfer to the capital account occurred on October 30, 2009, as decided by the Board of Directors' meeting held at that date.

The transaction costs of R\$ 1,226, net of tax effects, were recorded as a reduction of the advance for future capital increase.

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15. Capital

At September 30, 2009, the Company's capital is R\$ 2,036,032 represented by 213,082,583 common shares.

16. Other Operating Income (Expenses)

The other operating income (expenses) for the period ended September 30, 2009 are as follows:

	Parent company		Parent company	
	3rd Quarter/09	3rd Quarter/08	Up to Sep/09	Up to Sep/08
Severance pay	(2,468)	(2,150)	(11,024)	(11,447)
Sundry indemnities	3,220	6	3,208	(1,192)
Provision for contingencies	(893)	(727)	(3,425)	(4,263)
Judicial recovery/taxes	(13)		3,218	16,838
Reversal of provisions		13,568		13,568
Gain on sale of property, plant and equipment	3,033	-	5,852	-
Assignment of rights for payroll processing	800	800	2,400	1,333
Gains on real estate ventures	9,803	-	16,739	-
Amortization of goodwill		(65,835)		(183,783)
Other	267	(249)	1,121	(341)
Total	13,749	(54,587)	18,089	(169,287)

	Parent company		Parent company	
	3rd Quarter/09	3rd Quarter/08	Up to Sep/09	Up to Sep/08
Operating Income	6,984	14,052	24,071	32,249
Operating Expenses	6,765	(2,804)	(5,982)	(17,753)
Goodwill	-	(65,835)	-	(183,783)
Total	13,749	(54,587)	18,089	(169,287)

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	Consolidated		Consolidated	
	3rd Quarter/09	3rd Quarter/08	Up to Sep/09	Up to Sep/08
Severance pay	(2,919)	(2,156)	(12,546)	(11,478)
Sundry indemnities	3,220	3	3,208	(1,195)
Provision for contingencies	(893)	(727)	(3,425)	(5,086)
Judicial recovery/taxes	39	632	3,910	17,470
Reversal of provisions		14,174		14,174
Gain on sale of property, plant and equipment	4,546	-	7,563	-
Commissions received	-	363	-	2,388
Restructuring expenditures	(8,578)	-	(18,601)	-
Assignment of rights for payroll processing	800	800	2,400	1,333
Gains on real estate ventures	9,803	-	16,739	-
Amortization of goodwill	-	(65,835)	-	(183,783)
Other	917	273	(2,484)	1,088
Total	6,935	(52,473)	(3,236)	(165,089)

	Consolidated		Consolidated	
	3rd Quarter/09	3rd Quarter/08	Up to Sep/09	Up to Sep/08
Operating Income	12,856	16,162	41,517	37,293
Operating Expenses	(5,921)	(2,800)	(44,753)	(18,599)
Goodwill	-	(65,835)	-	(183,783)
Total	6,935	(52,473)	(3,236)	(165,089)

17. Non-Operating Results - 2008

Non-operating results for the first nine months of 2008 refer mainly to the sale of part of the real estate venture located in the city of São Caetano do Sul, State of São Paulo, named "Espaço Cerâmica", which had 60% of the total venture sold and generated gains of R\$ 80,460.

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The sale for the 3rd quarter of 2008 corresponded to 57,836 m² (30% of the total venture), generating gains of R\$ 35,385; the purchaser was the company Multiplan.

18. Financial Instruments

(a) Identification of financial instruments

The Company's and its subsidiaries' financial instruments are recorded in asset and liability accounts at September 30, 2009 and June 30, 2009. The Company adopts a responsible policy for the management of its financial assets and liabilities, which is systematically monitored by the Board of Directors. This policy aims to: (i) maintain the desired liquidity, (ii) define the level of concentration of operations and (iii) control the level of exposure to the financial market risks. The Company carries out transactions with derivatives designed always to protect its financial liabilities and reduce its foreign exchange exposure, so as to prevent the mismatching between currencies and to reduce the volatility in its cash flows. The Company does not carry out transactions with derivatives for speculative purposes.

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

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

(b) Credit risk

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

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(c) Interest rate risk

The interest rates on loans and financing are basically linked to CDI and Libor (Note 9). The interest rates contracted on the financial investments are basically CDI (Note 4).

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

(d) Foreign exchange rate risk

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

	Consolidated - 2009		
	In R\$ thousand		
	USD	€	Other currencies
Assets and liabilities in foreign currency			
Cash and banks of subsidiaries abroad	107,418	106,280	17,988
Marketable securities	24,079	-	226
Accounts receivable, net of provision for credit risks	65,750	116,452	19,039
Suppliers	(23,955)	(42,621)	(18,620)
Loans and financing	(1,111,351)	(7,114)	-
Other net monetary liabilities abroad	(60,512)	(181,504)	(29,037)
	<u>(998,571)</u>	<u>(8,507)</u>	<u>(10,404)</u>

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

Additionally, the Company has subsidiaries abroad with non-monetary assets, mainly in Euros and U.S. Dollars, in an amount equivalent to R\$1,600,713, the possible future devaluation of which will not affect cash.

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(e) Derivatives

The Company enters into swap transactions in order to manage and hedge risks related to foreign currency and interest rate variations. The Company does not have derivative transactions for speculative purposes, nor does it usually settle these transactions before maturity. At September 30, 2009, the swap and non-deliverable forward transactions of the Company and its subsidiaries can be summarized as follows:

Description	Maturity ranges month/year	Notional amount	Parent company - 2009	
			Fair value R\$	Contract value
Exchange rate hedge (swap):				
<u>Bradesco</u>	Nov/09			
		US\$ 20,000 thousand + 6.775 p.a.	38,236	38,512
Assets				
Liabilities		R\$ 48,610 + 103% CDI	(53,193)	(53,177)
Results			<u>(14,957)</u>	<u>(14,665)</u>
<u>Santander</u>	Nov/09			
		US\$ 20,000 thousand + 6.775 p.a.	37,696	37,968
Assets				
Liabilities		R\$ 48,610 + 101.5% CDI	(53,116)	(53,108)
Results			<u>(15,420)</u>	<u>(15,140)</u>
<u>Banco do Brasil</u>	Nov/09 to Dec/09			
		US\$ 24,000 thousand + 5.95 p.a.	44,700	45,144
Assets				
Liabilities		R\$ 57,224 + 98.6% CDI	(62,086)	(62,095)
Results			<u>(17,386)</u>	<u>(16,951)</u>
NDF – Non-Deliverable Forward				
<u>Itaú BBA</u>	Oct/09			
		US\$ 175,000 thousand	313,383	311,168
Assets				
Liabilities		R\$ 330,452	(330,452)	(330,453)
Results			<u>(17,069)</u>	<u>(19,285)</u>

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The subsidiary LWB has entered into certain Non-Deliverable Forward (NDF) contracts related to the euro exchange rate for purposes of protecting cash flows in connection with export contracts in pounds as follows:

Description	Maturity ranges month/year	Notional amount	LWB - 2009
			Fair value R\$
Exchange rate hedge (NDF):	Nov/09		
Assets		€ 2,031 thousand Pound 1,750 thousand	
Liabilities			(292)

Sensitivity analysis chart

Derivative instruments of Magnesita Refratários were settled in October 2009. Accordingly, the effective loss on the instruments at the maturity date is presented below.

Instrument	Risk	Parent company (Loss)	
		Fair value 9.30.09	Settlement amount
Swap	Appreciation of R\$ against US dollar	(47,763)	(52,980)
NDF	Appreciation of R\$ against US dollar	(17,069)	(25,742)
		<u>(64,832)</u>	<u>(78,722)</u>

It should be noted that on September 30, 2009, Magnesita Refratários had the following liabilities, which motivated the contracting of these derivative instruments and matured on the same date as the settlement of the derivatives:

- Advances on foreign exchange contracts: the Company raised funds in US dollars in the same amounts and terms as the swap contracts; and

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- Settlement of part of the debt with JP Morgan: the payment of US\$ 175,000 thousand should be supported by the capital increase of R\$ 350,000, in accordance with NDF contracted to hedge against the foreign exchange rate fluctuation.

Instrument	Risk	LWB Gain (loss) (R\$)		
		Scenario I (probable)	Scenario II	Scenario III
NDF	Appreciation of Pound against Euro	292	(1,384)	(4,717)

The sensitivity analysis was prepared using the quotations available in the financial market to calculate the future amounts of derivative transactions so as to present the scenario considered "probable" by management, which is the fair value of the contracts at September 30, 2009. In addition, scenarios II and III were calculated considering the devaluation of the Euro against the Pound by 25% and 50%, respectively, in comparison with the probable scenario, maintaining these hypotheses up to the end of the transaction.

19. Subsequent Events – Restructuring Plan

The Company is implementing an administrative and operational restructuring in its industrial plant located in Oberhausen, Germany. The plant will continue to produce refractory masses and will maintain its production of refractory tiles at minimum levels, corresponding to products that cannot be transferred to other plants in the region. This restructuring foresees a reduction in the number of employees, from 109 to 73 and the estimated costs, to be recorded in the 4th quarter of 2009, total approximately € 5 million.

Management is still evaluating possible adjustments relating to impairment of assets due to the reduction in the productive industrial activity of this plant. These adjustments, if applicable, are not included in the restructuring amount.

20. Orders/Contracts During The Quarter
(Not Reviewed By Independent Accountants)

The refractory industry, our business sector, is characterized by a special system of sale of its products, whereby the sales are made for deliveries over periods of up to one year, subject also to price renegotiation.

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

During the 3rd quarter of the current year, consolidated sales in the domestic market, to comply with the contracts already signed, amounted to 219,865 metric tons, which represents an increase of 15.13% in relation to sales levels achieved in the 2nd quarter of 2009 (volume of refractories).

* * *

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07.01 - Comments on Company Performance During the Quarter

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

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12.01 - Comments on Consolidated Performance During the Quarter

MAIN INDICATORS

Indicator	Quarter			Variation %		Accumulated		Variation %
	3Q09 (a)	2Q09 (b)	3Q08 * (c)	(a/b)	(a/c)	9M09 (d)	9M08* (e)	(d/e)
Net operating revenues (R\$ thousand)	483,628	454,229	636,055	6.5	(24.0)	1,388,857	1,833,298	(24.2)
<i>Net revenues in the domestic market (%)</i>	45.8	39.7	45.5	-	-	41.5	45.1	-
<i>Net revenues in the foreign market (%)</i>	54.2	60.3	54.5	-	-	58.5	54.9	-
Gross profit(R\$ thousand)	169,699	144,244	233,748	17.6	(27.4)	443,292	691,476	(35.9)
Gross margin (%)	35.1	31.8	36.7	-	-	31.9	37.7	-
Operating profit - EBIT (R\$ thousand)	80,196	39,278	96,829	104.2	(17.2)	130,337	249,422	(47.7)
Cash generation - EBITDA (R\$ thousand)	110,126	71,635	189,529	53.7	(41.9)	226,191	512,940	(55.9)
EBITDA margin (%)	22.8	15.8	29.8	-	-	16.3	28.0	-
Net income (loss) (R\$ thousand)	24,394	(12,216)	56,250	(299.7)	(56.6)	(49,744)	69,536	(171.5)
Net indebtedness (R\$ thousand)	1,434,425	1,918,568	383,499	(25.2)	274.0	1,434,425	383,499	274.0
Stockholders' equity (R\$ thousand)	1,886,065	1,916,822	1,573,972	(1.6)	19.8	1,886,065	1,573,972	19.8
CAPEX (R\$ million)	6.8	9.8	45.8	(30.6)	(85.2)	26.8	98.2	(72.7)

Note: *Pro forma data (unaudited) include the figures of the subsidiary LWB, for comparison purposes.

HIGHLIGHTS

CPP - Cost per Performance

Following the strategy of increasing the sales under its exclusive CPP business model, the Company took another step. Up to 3Q09, two units of Votorantim and one unit of Usiminas, as well as five plants abroad, four of Gerdau and one of ArcelorMittal started to operate under this model.

Recovery of profitability

Despite the fact that the world's economy has not completely overcome the crisis, the Company, once again, recorded profitability growth. In 3Q09, the gross margin reached 35.1% and EBITDA margin, 22.8%, an increase of 7.0 percentage points over the 2Q09 EBITDA. The accumulated margin of 9M09 increased to 16.3%.

Net results

The adjustments undertaken in all units to adapt to the new size and reality of the global market have started to show the first results. In 3Q09, net income was R\$ 24.4 million, versus a R\$ 12.2 million loss in 2Q09.

Capital increase

Through the issuance and payment of 44,871,795 common shares, the Company increased its capital by R\$350.0 million. The success of this transaction confirms the shareholders' confidence in the Company's

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12.01 - Comments on Consolidated Performance During the Quarter

business model and growth action plans, which now include the BNDES as another strategic partner.

OPERATING PERFORMANCE

Comparison basis

The operating and financial data presented and commented upon in this report on quarterly information include the results of LWB for the period prior to its acquisition, on a pro forma (sum of numbers) and unaudited basis, exclusively for comparison purposes.

Net Revenues

Net revenues totaled **R\$ 483.6 million** in 3Q09, 6.5% over R\$ 454.2 million in 2Q09. The domestic market contributed 45.8% of net revenues in the period, compared with 39.7% in 2Q09. The increased participation was mainly due to the quick recovery of the local industry and the effects of appreciation of the Brazilian real against the US dollar on external sales.

Net Revenue - R\$ thousand

Products/Market	Quarter			Variation %		Accumulated		Variation %
	3Q09 (a)	2Q09 (b)	3Q08 * (c)	(a/b)	(a/c)	9M09 (d)	9M08* (e)	(d/e)
Domestic Market	221,426	180,214	289,441	22.9	(23.5)	576,523	826,523	(30.2)
Refractories - units in S.Amer.	180,222	148,763	229,768	21.1	(21.6)	471,453	649,122	(27.4)
Magnesite Sinter	1,836	530	1,008	246.4	82.1	4,555	2,734	66.6
Other Minerals (*)	14,417	9,651	18,508	49.4	(22.1)	32,441	51,310	(36.8)
Services	24,951	21,270	40,157	17.3	(37.9)	68,074	123,357	(44.8)
Foreign Market	262,202	274,015	346,614	(4.3)	(24.4)	812,334	1,006,775	(19.3)
Refractories - units in S.Amer.	34,004	52,751	63,641	(35.5)	(46.6)	129,403	146,958	(11.9)
Refractories – other units	214,602	195,022	253,607	10.0	(15.4)	632,452	787,171	(19.7)
Magnesite Sinter	7,359	19,780	20,592	(62.8)	(64.3)	28,220	36,894	(23.5)
Dolomite Sinter	2,515	1,983	3,396	26.8	(25.9)	7,755	10,695	(27.5)
Other Minerals (**)	3,548	4,428	4,579	(19.9)	(22.5)	13,791	17,007	(18.9)
Other (***)	174	51	778	239.2	(77.8)	696	7,476	(90.7)
Services	-	-	21	-	-	17	574	(97.0)
Total	483,628	454,229	636,055	6.5	(24.0)	1,388,857	1,833,298	(24.2)
Refractories	428,828	396,536	547,016	8.1	(21.6)	1,233,308	1,583,251	(22.1)
Magnesite/Dolomite Sinter	11,710	22,293	24,996	(47.5)	(53.2)	40,530	50,323	(19.5)
Other Minerals (**)	17,965	14,079	23,087	27.6	(22.2)	46,232	68,317	(32.3)
Other (***)	174	51	778	239.2	(77.8)	696	7,476	(90.7)

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Products/Market	Quarter			Variation %		Accumulated		Variation %
	3Q09 (a)	2Q09 (b)	3Q08 * (c)	(a/b)	(a/c)	9M09 (d)	9M08* (e)	(d/e)
Services	24,951	21,270	40,178	17.3	(37.9)	68,091	123,931	(45.1)

Note: S.Amer. = South America

(*) Pro-forma data (unaudited) include the figures from the subsidiary LWB, for the purpose of comparison.

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

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

Sales Volume (metric tons)

Products/Market	Quarter			Variation %		Accumulated		Variation %
	3Q09 (a)	2Q09 (b)	3Q08 * (c)	(a/b)	(a/c)	9M09 (d)	9M08* (e)	(d/e)
Domestic Market	98,261	72,526	118,818	35.5	(17.3)	240,830	567,020	(57.5)
Refractories - Units in S.Amer.	69,749	57,765	78,898	20.7	(11.6)	180,404	234,831	(23.2)
Magnesite Sinter	1,978	390	1,592	407.2	24.2	4,198	4,285	(2.0)
Other Minerals (**)	26,534	14,371	38,328	84.6	(30.8)	56,228	327,904	(82.9)
Foreign Market	439,943	353,964	323,788	24.3	35.9	1,085,177	1,021,765	6.2
Refractories - Units in S.Amer.	15,201	20,594	28,806	(26.2)	(47.2)	52,100	78,201	(33.4)
Refractories - Other units	134,915	112,620	167,952	19.8	(19.7)	359,089	523,194	(31.4)
Magnesite Sinter	11,321	24,411	33,641	(53.6)	(66.3)	36,590	63,052	(42.0)
Dolomite Sinter	9,298	6,375	12,354	45.9	(24.7)	23,634	42,615	(44.5)
Other Minerals (**)	268,442	189,452	80,093	41.7	235.2	611,884	311,773	96.3
Other (***)	765	512	942	49.4	(18.8)	1,879	2,930	(35.9)
Total	538,204	426,490	442,606	26.2	21.6	1,326,007	1,588,785	(16.5)
Refractories	219,865	190,979	275,656	15.1	(20.2)	591,593	836,226	(29.3)
Magnesite/Dolomite	22,597	31,176	47,587	(27.5)	(52.5)	64,422	109,952	(41.4)
Other Minerals (**)	294,976	203,823	118,421	44.7	149.1	668,112	639,677	4.4
Other (***)	765	512	942	49.4	(18.8)	1,879	2,930	(35.9)

S.Amer. = South America

(*) Pro-forma data (unaudited) include the figures from the subsidiary LWB, for the purpose of comparison.

(**) "Other minerals" correspond to dolomite, chromite, talc and magnesium oxide, etc. Exceptionally, in 2Q08, 210,000 metric tons of magnesium silicate were sold (R\$ 2.5 million).

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

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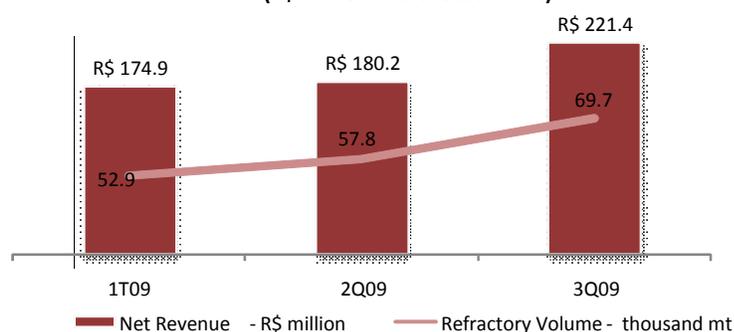
Domestic Market

The sales in the domestic market continue to improve due to the rapid recovery of the Brazilian economy. So far, the incentives and fiscal concessions adopted by the Government to fight the crisis effects have proven to be efficient. The reduction in the basic interest rate in an environment of controlled inflation has permitted companies and individuals to once again obtain credit. Therefore, the cement and steel industries recovered the demand for refractories, basically to meet the needs of the durable consumer goods and civil construction sectors. The production of crude steel in Brazil increased by 41.1% in 3Q09 as compared with 2Q09, reaching 7.8 million metric tons, according to data from the Brazilian Institute of Siderurgy. September was the best month of 2009 for steel production, following the growth trend already shown in 2Q09, with an 11.3% increase over 1Q09.

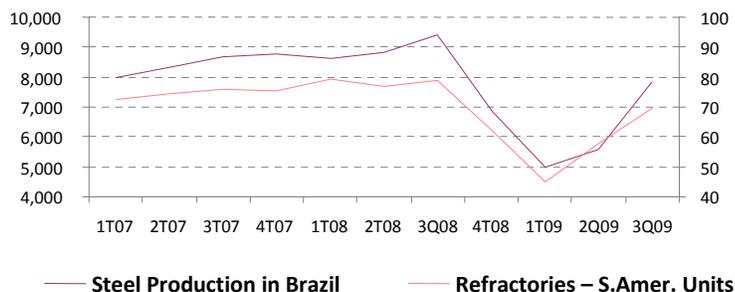
In 3Q09, **refractories** accounted for 71.0% of the sales volume in the Brazilian market, 8.6 percentage points lower than in 2Q09; however, in terms of revenues, their relative participation remained practically constant, at 81.4%. Domestic sales of **refractories** by South American units totaled R\$ 180.2 million, a 21.1% increase over 2Q09, but still lower than in 3Q08, when the sales volume was higher by 9.1 thousand mt. In the first nine months of 2009, net revenue of these units from the sale of refractories totaled R\$ 471.4 million, against R\$ 649.1 million in the same period of 2008.

With respect to the **segment of minerals**, except for magnesite and dolomite sinter, we would highlight talc sales, which are directed mostly to the cosmetic and automobile markets. As a result of the tax reduction granted by the Federal Government, the automobile industry reached record highs in production and sales, even during the crisis period. The cosmetic industry demand is practically unaffected. Also improved were the sales of chromite for use in FeCr alloys (production of stainless steel) and magnesium oxide, mainly used in fertilizers by the agricultural sector, which

Net Revenue and Volume - DM (R\$ million and thousand mt)



Steel Production x Refractory Sales (10³ mt)



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is also recovering. In 3Q09, net revenues from the sales of these minerals totaled R\$ 14.4 million versus R\$ 9.6 million in 2Q09, representing a 49.4% growth. Compared with 3Q08, which recorded net revenues of R\$ 18.5 million, there was a decrease of 22.1%.

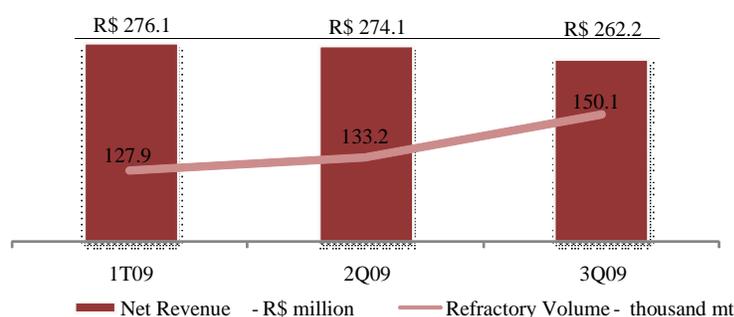
In the **segment of services**, the main activities of which relate to refractory and mechanic maintenance provided to steel metallurgy customers, the Company obtained another contract with an important player in the steel sector. Accordingly, net revenues from this segment totaled R\$ 24.9 million in the quarter, 17.3% higher than in 2Q09. In order to fulfill the requirements of this contract, 56 employees were hired. The increased production of steel in the quarter also led to the growth in the revenues of this segment.

Boosted by the improvement in the sales of refractories and other minerals and the increase in the volume of services related to these products, net revenue grew by 22.9% over 2Q09. In total, the Brazilian market accounted for **R\$ 221.4 million** in the quarter, or 45.8% of total net revenues, against R\$ 180.2 million in 2Q09. In 3Q08, net revenues from the domestic market totaled R\$ 289.4 million, or 45.5% of total revenues. In the first nine months of 2009, R\$ 576.5 million were obtained in the domestic market, against R\$ 826.5 million in the same period of last year.

Foreign Market

The third quarter of 2009 showed a reversal of the trend in foreign market sales. Since the end of 2008 and up to 2Q09, this market had been presenting a reduction in the demand and production of many activity sectors of the Company. Some steel plants have announced the reactivation of their blast furnaces, mainly in the United States. In Europe, there is a gradual recovery, although at a slower pace than that observed in the Americas. The refractory sales in the foreign market largely depend on the steel sector, particularly stainless steel, which, for being a product with higher value added, was one of the first markets to feel the effects of the crisis. In general, the higher demand for this type of steel in the last months may be seen more as inventory replacement rather than an increase in consumption.

Net Revenue and Volume-FM (R\$ million and thousand mt)



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The cement industry recorded a slight decrease in demand, already expected, due to the seasonality of some regions, mainly in the United States, but should soon return to its normal levels. In the units outside of South America, this sector accounted for 8% of the revenues from refractory sales in 9M09.

The foreign market recovery can be noted in the volumes sold during 3Q09. However, the same is not true when it comes to net revenue, mainly because of the foreign exchange impact on the translation to the Brazilian currency. The appreciation of the real against the US dollar, which in 3Q09 alone reached 8.9%, totals 23.9% in the nine months of the year.

Net revenues totaled **R\$ 262.2 million** in 3Q09, decreasing by 4.3% in comparison with 2Q09 and 24.4% when compared with 3Q08. The foreign market accounted for 54.2% of total net revenues against 60.3% in 2Q09 and 54.5% in 3Q08. Comparing the accumulated figures of the year, revenues totaled R\$ 812.3 million in the first nine months of 2009 against R\$ 1,006.8 million in the same period of 2008. The lower export revenues vis-à-vis the higher volume in the accumulated of the nine-month period is mostly explained by the worsening in the mix of products, either between the big groups like refractories and sinter, or in their individual composition, in addition to the already mentioned foreign exchange effects.

In 3Q09, the revenues from the sales of **refractories** by South American units in the external market totaled R\$ 34.0 million, 35.5% and 46.6% lower than those obtained in 2Q09 and 3Q08, respectively. Such decrease was mostly motivated by the transfer of the management of cement sector customers' portfolio to units in United States and Europe, where these customers are concentrated. In the accumulated figures of the year, export revenues of South American units reached R\$ 129.4 million, 11.9% lower than in 9M08, when they totaled R\$ 147.0 million.

The sales of **refractories** by the other units during the quarter generated revenues of **R\$ 214.6 million** against R\$ 195.0 million in 2Q09, or a 10.0% growth, even considering the negative effect of the exchange variation. The steel sector, from which these units obtain more than 90% of their billings, presented the best performance. When compared to 3Q08, when these units obtained R\$ 253.6 million, the reduction was 15.4%. In the accumulated figures of the year, revenue was R\$ 632.5 million, still 19.7% lower the R\$ 787.2 million obtained in 9M08.

Pursuing the objective of exporting its business model (Cost per Performance (CPP)) to other regions, up to the third quarter of 2009 Magnesita expanded the activities to 5 steel plants located in the United States. In Brazil, where this business model is already widely used, the Company signed 3 new contracts up to now.

With the recovery in the refractory market, the sales of Magnesite Sinter tend to diminish since the product is directed to the internal consumption for manufacturing of refractories. Accordingly, the volumes sold in the foreign market in 3Q09 decreased by 53.6% and 66.3% when compared with

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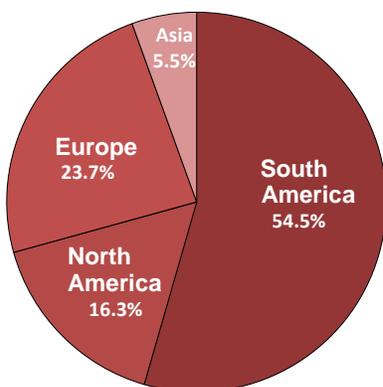
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2Q09 and 3Q08, respectively. Revenues totaled R\$7.4 million, a reduction of R\$12.4 million and R\$13.2 million in comparison with 2Q09 and 3Q08, respectively.

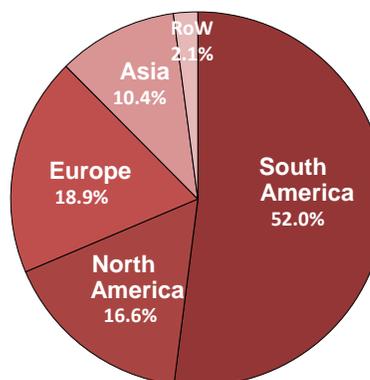
**BREAKDOWN OF NET SALE REVENUES
 DOMESTIC AND FOREIGN MARKET**



**TOTAL NET REVENUES
 By LOCATION OF OPERATION - 3Q09**



**TOTAL NET REVENUES
 By LOCATION OF CUSTOMER - 3Q09**



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COSTS

In 3Q09, the Cost of Goods Sold (COGS) totaled R\$ 313.9 million, an increase of 1.3% versus 2Q09, reflecting the increase in revenues for the period (+6.5%). Compared to 3Q08, there was a **reduction** of 22.0%, also

reflecting the 24.0% decrease in revenues. Taking into consideration only the South American units, COGS totaled R\$ 157.4 million in 3Q09 against R\$ 153.4 million in 2Q09, an increase of 2.6% vis-à-vis an increase of 4.0% in net revenues. Costs of 3Q09 already include the re-contracting of 538 employees for the units in South America. As these contracts are directly linked to production and rendering of services to meet the increase in demand, their costs are substantially recorded as COGS.

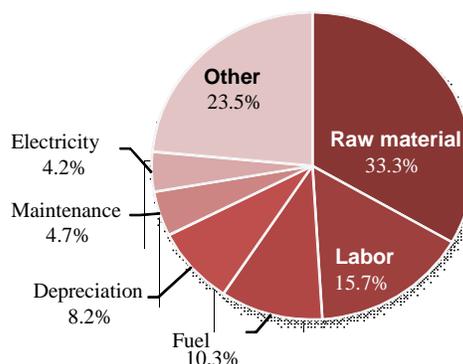
In the other units, COGS remained practically the same as that of the previous quarter, totaling R\$ 156.5 million in 3Q09, against R\$ 156.6 million in 2Q09. In the same period, net revenues increased by 9.6%.

In the accumulated figures of the year, COGS totaled R\$ 945.6 million, a **fall** of 17.2% in relation to R\$ 1,141.8 million in 9M08. As with operating expenses, the measures taken to minimize the effects of the crisis helped the consolidated gross margin to increase by 3.3 percentage points in 3Q09.

ADMINISTRATIVE AND OPERATING EXPENSES

In 3Q09, operating expenses followed the sale activities, maintaining the relative participation of slightly more than 10.0% in net revenues. These expenses corresponded to R\$ 49.1 million, with an increase of 3.2% in relation to 2Q09 and a decrease of 18.9% in relation to 3Q08. The administrative expenses for the quarter, also reflecting the adjustments and the Company's restructuring process, decreased by 6.1% when compared to 2Q09 and 28.2% in relation to 3Q08, totaling R\$ 47.3 million.

Breakdown of COGS9M09



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In the accumulated figures of the first nine months of 2009, the administrative expenses totaled R\$ 160.9 million, with a 13.4% decrease over 9M08 and the operating expenses, of R\$ 148.8 million, **decreased** by 16.9% when compared to the same period of 2008.

OTHER OPERATING INCOME (EXPENSES)

The account "Other operating income (expenses)" changed from net expenses of R\$ 7.0 million in 2Q09 to income of R\$ 6.9 million in 3Q09.

In its unremitting efforts to improve efficiency and achieve growth, the Company, since the change in the shareholding control in 2007, has been focusing on a broad restructuring of all units, mainly seeking cost reduction, improvement of revenues and better business management. The results obtained in 3Q09 show how important this process was to overcome the period of uncertainties created by the global economic crisis and will be for the future of Magnesita. Today the Company is more efficient, streamlined and its administrative and productive processes are more transparent and logical. Its exclusive business model is based on solutions that add value to the products and may be expanded to steel plants located anywhere in the world.

As explained in previous reports, the adjustments in units outside of South America are implemented more slowly. Regional cultures, legislations and union activities often prevent the changes from being implemented at the same rhythm and intensity as in Brazilian units.

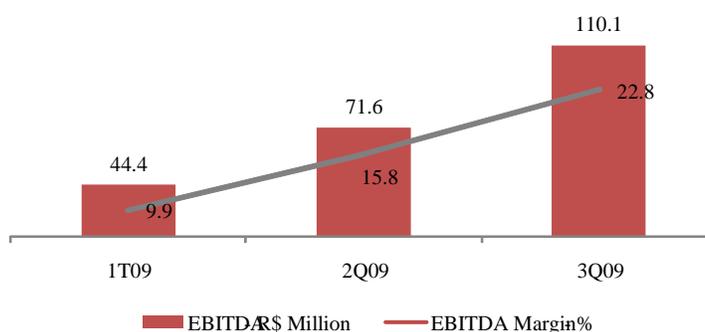
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EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) was R\$ 110.1 million in 3Q09, an increase of 53.7% over R\$ 71.6 million in 2Q09. The South American units accounted for R\$ 91.0 million of this (82.6%), compared to R\$ 60.2 million in 2Q09 (84.0%), which corresponds to a 51.2% growth. In the other units, EBITDA increased by 111.2%, from R\$ 11.5 million in 2Q09 to R\$ 24.2 million in 3Q09.

EBITDA and EBITDA Margin (R\$ million and %)



This performance resulted in an increase of 7.0 percentage points in **operating profitability** in 3Q09, compared to 2Q09, with the EBITDA margin reaching 22.8%. Taking into consideration the regional results separately, South American units achieved an increase of 10.8 p.p., with EBITDA margin of 34.5%, while the other units recorded a margin of 11.0%, an increase of 5.3 p.p. over 2Q09.

However, the consolidated EBITDA in 9M09, in comparison with the same period of 2008, still decreased by 55.9%, reflecting the different market conditions in each period, especially with the worsening of the world economic crisis in the first quarter of 2009. In the first nine months of 2009, EBITDA totaled R\$ 226.2 million, a margin of 16.3%, versus R\$ 512.9 million and a margin of 28.0% in 9M08.

The better EBITDA result was due to the increase in refractory sales, reduction in the cost of sales, stricter control over expenses and implementation of measures to mitigate the effects of the crisis.

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12.01 - Comments on Consolidated Performance During the Quarter

FINANCIAL INCOME (LOSS)

In 3Q09, the Company's financial result was a net financial expense of R\$ 54.0 million, of which R\$ 63.4 million refer to net financial expenses, compared to R\$ 90.9 million in 2Q09 and R\$ 53.8 million in 3Q08. The devaluation of the US dollar against the Real, of 8.9% in the period, resulted in losses of R\$ 33.4 million on derivative instruments contracted by the Company to protect lines of Advances on Foreign Exchange Contracts (ACC) and the prepayment of a portion of the long-term financing amounting to US\$ 175 million. On the other hand, the appreciation of the Real against the US dollar favored the liabilities denominated in this currency, which resulted in net monetary variation accounting gains of R\$ 9.4 million in the quarter, against R\$ 58.0 million in 2Q09.

At September 30, 2009, consolidated net indebtedness was R\$ 1,434.4 million, or R\$ 484.1 million lower than the R\$ 1,918.6 million at June 30, 2009. This reduction was mainly due to the increase in cash and cash equivalents provided by the capital increase and cash generation during the period.

Upon the completion of the process of capital increase, with a cash injection of R\$ 350.0 million, the Company will prepay US\$175.0 million of its credit line with JP Morgan. Also, during the quarter, some covenants established in certain contracts were renegotiated. Although not measured at September 30, the limits established for December 31 were not exceeded: net debt/EBITDA = 4.6 times (maximum: 6.0 times) and EBITDA/net financial expenses = 1.6 (minimum: 1.5 times). Furthermore, the higher flexibility in managing its finances will make it possible for the Company to use the opportunities provided by the financial market to renegotiate these debts.

NET INCOME (LOSS)

The Company reversed the R\$ 12.2 million net loss in 2Q09 to a **net income** of R\$ 24.4 million in 3Q09. The higher sales volume in some regions, added to the results from the adjustment measures taken, contributed to the performance of the quarter, indicating a positive trend. Net income for 3Q08 was R\$ 56.2 million. Considering the accumulated of the year, the Company recorded a net loss of R\$ 49.7 million, against net income of R\$ 69.5 million in 9M08.

The South American units presented **net income** of R\$ 19.2 million in 3Q09, over R\$ 5.5 million net income in 2Q09. The other units recorded net income of R\$ 5.2 million, compared to a net loss of R\$ 17.7 million in 2Q09. This improvement already reflects the effects of the adjustments which are gradually being implemented.

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12.01 - Comments on Consolidated Performance During the Quarter

Magnesita has been recovering the profitability reached soon after the change in its shareholding control. These gains may increase even more with the new capital structure and when the adjustments in process are completed.

TAXES

In the quarter, a total of R\$ 1.3 million was provisioned for income tax and social contribution, distributed as follows: South American units – credit of R\$ 5.1 million; other units – expenses of R\$ 6.5 million. In the accumulated figures of the year, the provision for income tax and social contribution resulted in expenses of R\$ 9.8 million, versus expenses of R\$ 60.1 million in 9M08.

INVESTMENTS

During 3Q09, investments in all units totaled R\$ 7.8 million and basically referred to renovations, maintenance, system adjustments, environment and investments in customers. In South America, the units received 74.1% of the investments in the quarter.

In the accumulated figures of the year, the investments totaled R\$ 28.3 million, of which South America received R\$ 17.1 million, Asia R\$ 4.1 million, Europe R\$ 5.7 million and North America R\$ 1.4 million.

Notwithstanding the recovery of the economy, the Company's investments will be limited to those considered to be strictly necessary.

QUALITY AND ENVIRONMENTAL AUDIT

In the second half of 2009, the external audit carried out by Complete Integrated Certification Services Ltd. (CICS) in the unit RASA (San Nicolas - Argentina), in the services branch of Magnesita located at ArcelorMittal Tubarão-AMT (Serra - ES) and in our mining and sintering unit at Brumado-BA was completed and the results were as follows:

- RASA - maintenance of the certification ISO 9001 and approval of the transition to ISO 9001:2008.
- Magnesita Refratários (services branch at AMT) - recommendation for certification ISO 14001, maintenance of the certification ISO 9001 and approval of the transition to ISO 9001:2008.
- Brumado - maintenance of the certifications ISO 9001 and ISO 14001 and approval of the transition to ISO 9001:2008 for the units of Brumado and Terminal Marítimo de Aratu (Candeias - BA).

In the 11 certified sites of Magnesita Refratários, the transition to ISO 9001:2008 is in progress. CICS initiates now the evaluation of the units' documentation, which is foreseen to be concluded in January 2010.

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20.01 – Other Information Considered Relevant by the Company

1. Composition of Stockholders with more than 5% of Voting Capital

COMPOSITION OF STOCKHOLDERS WITH MORE THAN 5% OF EACH TYPE AND CLASS OF COMPANY SHARES, UP TO THE LEVEL OF INDIVIDUALS				
Company: MAGNESITA REFRATÁRIOS S.A.			Position at 9/30/09 (In units of shares)	
Stockholder	Common Shares		Total	
	Number	%	Number	%
Alumina Holdings LLC	76,248,799	35.78	76,248,799	35.78
GIF II FDO INVEST. PARTICIP.	22,699,623	10.65	22,699,623	10.65
Rearden L Holdings 3 Sa RL	19,553,561	9.18	19,553,561	9.18
Fama Investimentos	13,137,846	6.2	13,137,846	6.2
Other	81,442,754	38.2	81,442,754	38.2
Total	213,082,583	100	213,082,583	100

We inform that Alumina Holdings LLC, headquartered in Delaware, has Grafita Holdings Inc., as its only shareholder (headquartered in Cayman Islands), whose only shareholders that indirectly hold more than 5% of the voting capital of Magnesita Refratários S.A. ("Company") are the private equity funds Magma Fund LP ("Magma") and GP Capital Partners IV LP ("GPCP4"). Magma indirectly holds 8.83% of Magnesita Refratários whereas GPCP4 indirectly holds 18.04% of the Company's capital.

Magma fund has no quotaholder who, indirectly, holds more than 5% of the Company's total capital. GPCP4, in turn, has GP Investments Ltd. as the only quotaholder that indirectly holds 7.89% of Magnesita Refratários total capital. GP Investments Ltd., a listed company headquartered in Bermudas, has no shareholder with indirect holding in the Company above 5%.

GIF II Fundo de Investimento em Participações ("FIP") owns a 10.65% investment in Magnesita Refratários capital, and no individual shareholder with indirect holding above 5%.

Rearden L Holdings 3 S.À R.L, which owns 9.18% of Magnesita Refratários capital, has as the majority stockholder Rhône Onshore Partners III LP, which owns an indirect holding in the Company of 4.99%.

Fama Investimentos informs that it has no individual stockholder with holding above 5%.

2. Consolidated Shareholding of the Controlling Stockholders, Directors and Shares Outstanding in the Market

At September 30, 2009, the shareholding position of the directors and the audit committee, as well as the position of majority stockholders and shares outstanding in the market is as follows:

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20.01 – Other Information Considered Relevant by the Company

CONSOLIDATED SHAREHOLDING OF THE CONTROLLING STOCKHOLDERS, DIRECTORS AND SHARES OUTSTANDING IN THE MARKET				
Position at 9/30/2009				
Stockholder	Number of Common Shares (In units)	%	Total Number of Shares (In units)	%
Controlling stockholders	127,647,002	59.90	127,647,002	59.90
Management	210,424	0.10	210,424	0.10
Board of Directors	15,147	0.01	15,147	0.01
Executive Board	195,277	0.09	195,277	0.09
Audit Committee	76,401	0.04	76,401	0.04
Other Stockholders	85,148,756	39.96	85,148,756	39.96
Treasury shares	0	0.00	0	0.00
Total	213,082,583	100	213,082,583	100
Shares outstanding in the market	85,225,157	40.00	85,225,157	40.00

CONSOLIDATED SHAREHOLDING OF THE CONTROLLING STOCKHOLDERS, DIRECTORS AND SHARES OUTSTANDING IN THE MARKET				
Position at 9/30/2008 (12 months ago)				
Stockholder	Number of Common Shares (In units)	%	Total Number of Shares (In units)	%
Controlling stockholders	108,093,441	56.77	108,093,441	56.77
Management	106,328	0.06	106,328	0.06
Board of Directors	8,328	0.00	8,328	0.00
Executive Board	98,000	0.05	98,000	0.05
Audit Committee	64,540	0.03	64,540	0.03
Other Stockholders	82,151,361	43.14	82,151,361	43.14
Treasury shares	0	0	0	0
Total	190,415,670	100.0	190,415,670	100.0
Shares outstanding in the market	82,215,901	43.18	82,215,901	43.18

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20.01 – Other Information Considered Relevant by the Company

3. New Market

As established in the Commitment Clause contained in its By-Laws, the Company is subject to the Market Arbitration Chamber of BOVESPA, in accordance with its related Arbitration Regulations.

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21.01 - Report on the Special Review - Without Exceptions

Magnesita Refratários S.A.

Review Report of Independent Accountants on Quarterly Information (ITR) September 30, 2009

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21.01 - Report on the Special Review - Without Exceptions

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) of Magnesita Refratários S.A. and subsidiaries (parent company and consolidated), for the quarter ended September 30, 2009, comprising the balance sheet, the statements of operations, of changes in stockholders' equity and of cash flows, the explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of the significant information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information, including CVM Instruction No. 469/08.

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21.01 - Report on the Special Review - Without Exceptions

- 4 As mentioned in Note 2, the accounting practices adopted in Brazil were altered during 2008 and the effects of the first-time adoption were recorded by the Company and its subsidiaries only during the fourth quarter of 2008 and disclosed in the financial statements at December 31, 2008. The statements of operations and of cash flows for the quarter ended September 30, 2008, presented together with the information for the current quarter, were not restated for comparison purposes, as permitted by the Circular Letter/CVM/SNC/SEP No. 02/2009.

Belo Horizonte, November 13, 2009

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

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

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