Quarterly Information (ITR)

Magnesita Refratários S.A.

September 30, 2012

Company information / Breakdown of capital

Number of shares (Units)	Current quarter 9/30/2012
From paid-in capital	
Common	291,981,934
Preferred	0
Total	291,981,934
In treasury	
Common	0
Preferred	0
Total	0

Individual Financial Statements / Balance Sheet - Assets

(Reais Mil)

Account Code	Account description	Current Quarter 9/30/2012	Prior Year 12/31/2011
1	Total assets	4,278,816	4,007,420
1.01	Current assets	1,254,325	1,290,723
1.01.01	Cash and cash equivalents	522,931	595,498
1.01.02	Short-term investments	39,620	43,842
1.01.02.01	Short-term investments at fair value	39,620	43,842
1.01.02.01.01	Trading securities	39,620	43,842
1.01.03	Trade accounts receivable	371,386	358,805
1.01.03.01	Accounts receivable	354,443	345,780
1.01.03.01.01	Accounts receivable - domestic	177,565	172,841
1.01.03.01.02	Accounts receivable - foreign	152,507	154,053
1.01.03.01.03	Provision for credit risk	-1,121	-1,093
1.01.03.01.04	Measurements to be billed	25,492	19,979
1.01.03.02	Other accounts receivable	16,943	13,025
1.01.03.02.01	Sale of property	16,943	13,025
1.01.04	Inventories	247,506	234,590
1.01.06	Taxes recoverable	64,640	52,815
1.01.06.01	Current taxes recoverable	64,640	52,815
1.01.06.01.01	Income and social contribution taxes recoverable	23,893	13,616
1.01.06.01.02	Other taxes recoverable	40,747	39,199
1.01.07	Prepaid expenses	563	0
1.01.08	Other current assets	7,679	5,173
1.01.08.03	Other	7,679	5,173
1.02	Non-current assets	3,024,491	2,716,697
1.02.01	Long-term receivables	152,428	148,413
1.02.01.03	Accounts receivable	2,299	7,946
1.02.01.03.02	Other accounts receivable	2,299	7,946
1.02.01.08	Receivables from related parties	66,791	56,983
1.02.01.08.02	Receivables from subsidiaries	66,791	56,983
1.02.01.09	Other non-current assets	83,338	83,484
1.02.01.09.03	Goodwill on downstream merger, net of provision	55,546	62,211
1.02.01.09.04	Judicial deposits	11,626	9,731
1.02.01.09.05	Other taxes recoverable	16,166	11,542
1.02.02	Investments	1,237,485	1,037,645
1.02.02.01	Interest held	1,169,995	1,037,645
1.02.02.01.02	Interest held - subsidiaries	1,169,370	1,036,989
1.02.02.01.04	Other interest held	625	656
1.02.02.02	Investment property	67,490	0
1.02.03	Property, plant and equipment	556,861	447,956
1.02.03.01	Property, plant and equipment in progress	312,130	328,736
1.02.03.03	Construction in progress	244,731	119,220
1.02.04	Intangible assets	1,077,717	1,082,683
1.02.04.01	Intangible assets	1,077,717	1,082,683
1.02.04.01.02	Software and other	34,063	39,029
1.02.04.01.03	Goodwill	1,043,654	1,043,654

Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of reais)

Account Code	Account description	Current Quarter 9/30/2012	Prior Year 12/31/2011
2	Total liabilities	4,278,816	4,007,420
2.01	Current liabilities	335,098	370,123
2.01.01	Social and labor liabilities	62,102	60,438
2.01.01.01	Social charges	35,277	26,706
2.01.01.02	Labor liabilities	26,825	33,732
2.01.02	Trade accounts receivable	153,540	163,004
2.01.02.01	Trade accounts payable –domestic	140,470	147,102
2.01.02.02	Foreign suppliers	13,070	15,902
2.01.03	Tax liabilities	17,082	18,367
2.01.03.01	Federal tax liabilities	10,814	11,452
2.01.03.01.01	Income and social contribution taxes payable	1,240	0
2.01.03.01.02	Other federal and tax liabilities	9,574	11,452
2.01.03.02	State tax liabilities	5,761	6,806
2.01.03.03	Municipal tax liabilities	507	109
2.01.04	Loans and financing	69,382	85,479
2.01.04.01	Loans and financing	69,382	85,479
2.01.04.01.01	National currency	11,415	68,767
2.01.04.01.02	Foreign currency	57,967	16,712
2.01.05	Other liabilities	32,992	42,835
2.01.05.02	Other	32,992	42,835
2.01.05.02.01	Dividends and interest on equity (IOE)	103	9,415
2.01.05.02.04	Liabilities from assignment of rights	1,867	4,267
2.01.05.02.05	Other liabilities	31,022	29,153
2.02	Non-current liabilities	1,095,645	998,966
2.02.01	Loans and financing	907,142	853,455
2.02.01.01	Loans and financing	907,142	853,455
2.02.01.01.01	In local currency	298,977	731,528
2.02.01.01.02	In foreign currency	608,165	121,927
2.02.02	Other liabilities	53,065	51,056
2.02.02.02	Other	53,065	51,056
2.02.02.02.03	Post-employment liabilities	53,065	51,056
2.02.03	Deferred charges	68,934	30,569
2.02.03.01	Deferred income and social contribution taxes	68,934	30,569
2.02.04	Provisions	66,504	63,886
2.02.04.01	Tax, social security, labor and civil provisions	66,504	63,886
2.02.04.01.01	Tax provisions	40,281	38,987
2.02.04.01.02	Social security and labor provisions	26,096	24,772
2.02.04.01.04	Civil provisions	127	127
2.03	Net equity	2,848,073	2,638,331
2.03.01	Paid-up capital	2,528,146	2,528,146
2.03.02	Capital reserves	238,625	234,326
2.03.02.01	Goodwill on the issue of shares	-17,225	-16,829
2.03.02.02	Special goodwill reserve on downstream merger	88,874	88,874
2.03.02.04	Shares granted	21,676	16,981
2.03.02.07	Special reserve Law No. 8200/91	5,973	5,973
2.03.02.08	Reserve - shares issued	139,327	139,327

Individual financial statements / Balance sheet - liabilities

(In thousands of reais)

Account Code	Account description	Current Quarter 9/30/2012	Prior Year 12/31/2011
2.03.04	Income reserve	34,130	34,130
2.03.04.01	Legal reserve	1,982	1,982
2.03.04.05	Retained earnings reserve	32,148	32,148
2.03.05	Retained earnings (accumulated losses)	73,548	0
2.03.07	Cumulative translation adjustments	-62,337	-158,271
2.03.08	Other comprehensive income	35,961	0

Individual Financial Statements/ Income Statements

(In thousands of reais)

Account Code	Account description	Current quarter 7/1/2012 to 9/30/2012	YTD – current year 1/1/2012 to 9/30/2012	Same quarter - prior year 01/07/2011 to 9/30/2011	YTD – prior year 1/1/2011 to 9/30/2011
3.01	Revenue from goods sold and/ or services	303,998	920,040	288,251	868,407
3.02	Cost of goods sold and/ or services rendered	-201,748	-619,884	-186,464	-575,997
3.03	Gross income	102,250	300,156	101,787	292,410
3.04	Operating income/ expenses	-78,149	-186,909	-43,596	-132,115
3.04.01	Selling expenses	-32,362	-95,387	-31,928	-95,118
3.04.02	General and administrative expenses	-37,238	-99,258	-33,024	-89,785
3.04.04	Other operating revenue	2,116	4,948	23,591	38,135
3.04.05	Other operating expenses	-4,565	-14,810	-6,912	-17,372
3.04.06	Equity pickup	-6,100	17,598	4,677	32,025
3.05	Income before financial income/ expenses and taxes	24,101	113,247	58,191	160,295
3.06	Financial income	-8,770	-11,952	-8,091	-40,551
3.06.01	Financial expenses	20,073	74,984	51,107	75,375
3.06.01.01	Foreign exchange/ monetary gains	10,534	42,161	30,902	23,778
3.06.01.02	Gains from short-term investments	9,157	31,646	19,863	50,522
3.06.01.03	Other revenues	382	1,177	342	1,075
3.06.02	Financial expenses	-28,843	-86,936	-59,198	-115,926
3.06.02.01	Foreign exchange/ monetary losses	-5,414	-8,118	-26,538	-19,270
3.06.02.02	Interest on loans	-22,600	-76,680	-31,400	-94,713
3.06.02.03	Other expenses	-829	-2,138	-1,260	-1,943
3.07	Income before income taxes	15,331	101,295	50,100	119,744
3.08	Income and social contribution taxes on income	-5,633	-27,747	-15,959	-33,174
3.08.02	Deferred charges	-5,633	-27,747	-15,959	-33,174
3.09	Net income from continued operations	9,698	73,548	34,141	86,570
3.11	Income/ loss for the period	9,698	73,548	34,141	86,570
3.99	Earnings per share - (Reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Registered common shares	0.03321	0.25189	0.11845	0.30035
3.99.02	Diluted earnings per share				
3.99.02.01	Registered common shares	0.03199	0.03199	0.03199	0.29168

Individual financial statements/ Statements of comprehensive income

(In thousands of reais)

Account Code	Account description	Current quarter current year 7/1/2012 to 9/30/2012	YTD prior year 1/1/2012 to 9/30/2012	Same quarter - prior year 7/1/2011 to 9/30/2011	YTD 1/1/2011 to 9/30/2011
4.01	Net income for the period	9,698	73,548	34,141	86,570
4.02	Other comprehensive income	73,473	131,895	97,412	93,028
4.02.01	Foreign exchange variation at foreign subsidiaries	37,512	95,934	97,412	93,028
4.02.02	Fair value adjustment investment property	35,961	35,961	0	0
4.03	Comprehensive income for the period	83,171	205,443	131,553	179,600

Individual financial statements/ Cash flow statements – Indirect method

(In thousands of reais)

Account Code	Account description	YTD current year 1/1/2012 to 9/30/2012	YTD prior year 1/7/2011 to 9/30/2011
6.01	Net cash used in operating activities	140,097	401,760
6.01.01	Cash from operating activities	193,116	233,192
6.01.01.01	Net income for the year	73,548	86,570
6.01.01.02	Interest expenses and net foreign exchange/ monetary variations	68,376	103,545
6.01.01.03	Depreciation and depletion	31,376	32,276
6.01.01.04	Amortization of intangible assets	4,972	5,114
6.01.01.05	Equity pickup	-17,598	-32,025
6.01.01.06	Deferred income and social contribution taxes	27,747	33,174
6.01.01.07	Stock options	4,695	4,538
6.01.02	Changes in assets and liabilities	-53,019	168,568
6.01.02.01	Trade accounts receivable	-8,663	42,710
6.01.02.02	Inventories	-12,916	14,280
6.01.02.03	Taxes recoverable	-11,824	-4,454
6.01.02.04	Gain from PP&E disposed of	1,729	48,883
6.01.02.05	Variable income investment	4,222	0
6.01.02.06	Accounts receivable - Eletrobrás	0	63,116
6.01.02.07	Trade accounts payable	-9,465	38,609
6.01.02.08	Taxes payable	-1,285	-4,771
6.01.02.09	Dividends payable	-9,311	0
6.01.02.10	Other	-5,506	-29,805
6.02	Net cash from investing activities	-171,687	-99,769
6.02.01	Disposal of PP&E, investments and intangible assets	17	11
6.02.02	Additions to PP&E and intangible assets	-152,855	-99,780
6.02.03	Payment of capital in subsidiary	-18,849	0
6.03	Cash flow – financing activities	-40,977	-117,140
6.03.01	Loans and financing inflows	541,908	2,734
6.03.02	Payment of loans and financing	-490,092	-304,120
6.03.03	Payment of interest on loans and financing	-92,397	-84,091
6.03.04	Unclaimed interest on equity	0	410
6.03.05	Expenses with shares issued	-396	-10,675
6.03.06	Capital increase	0	278,602
6.05	Increase (decrease) in cash and cash equivalents	-72,567	184,849
6.05.01	Cash and cash equivalents – opening balance	595,498	518,974
6.05.02	Cash and cash equivalents – closing balance	522,931	703,823

Individual financial statements/ Statements of changes in equity - 1/1/2012 to 9/30/2012

(In thousands of reais)

Account Code	Account description	Paid-in capital	Capital reserve, stock options granted and Treasury shares	Income reserves	Retained earnings Accumulated losses	Other comprehensive income	Equity
5.01	Opening balances	2,528,146	234,326	34,130	0	-158,271	2,638,331
5.03	Adjustments to opening balances	2,528,146	234,326	34,130	0	-158,271	2,638,331
5.04	Capital transactions with shareholders	0	4,299	0	0	0	4,299
5.04.02	Expenses with shares issued	0	-396	0	0	0	-396
5.04.03	Stock options grants and recognized	0	4,695	0	0	0	4,695
5.05	Total comprehensive income	0	0	0	73,548	131,895	205,443
5.05.01	Net income for the period	0	0	0	73,548	0	73,548
5.05.02	Other comprehensive income	0	0	0	0	131,895	131,895
5.05.02.06	Exchange rate fluctuation - foreign investments	0	0	0	0	95,934	95,934
5.05.02.07	Fair value adjustment – investment property	0	0	0	0	35,961	35,961
5.07	Closing balances	2,528,146	238,625	34,130	73,548	-26,376	2,848,073

Individual financial statements/ Statements of changes in equity - 1/1/2012 to 9/30/2012

(In thousands of reais)

Account Code	Account description	Paid-in capital	Capital reserve, stock options granted and Treasury shares	Income reserves	Retained earnings Accumulated losses	Other comprehensive income	Equity
5.01	Saldos Iniciais	2,388,845	104,576	3,495	-67,774	-227,796	2,201,346
5.03	Saldos Iniciais Ajustados	2,388,845	104,576	3,495	-67,774	-227,796	2,201,346
5.04	Transações de Capital com os Sócios	139,301	133,165	410	0	0	272,876
5.04.01	Aumentos de Capital	139,301	0	0	0	0	139,301
5.04.02	Gastos com Emissão de Ações	0	-10,675	0	0	0	-10,675
5.04.03	Opções Outorgadas Reconhecidas	0	4,539	0	0	0	4,539
5.04.07	Juros sobre Capital Próprio	0	0	410	0	0	410
5.04.08	Reserva emissão de ações	0	139,301	0	0	0	139,301
5.05	Resultado Abrangente Total	0	0	0	86,570	93,028	179,598
5.05.01	Lucro Líquido do Período	0	0	0	86,570	0	86,570
5.05.02	Outros Resultados Abrangentes	0	0	0	0	93,028	93,028
5.05.02.06	Variação cambial investimentos no exterior	0	0	0	0	93,028	93,028
5.07	Saldos Finais	2,528,146	237,741	3,905	18,796	-134,768	2,653,820

Individual financial statements/ Statements of value added

(In thousands of reais)

Account Code	Account description current year	YTD prior year 1/1/2012 to 9/30/2012	YTD 1/1/2011 to 9/30/2011
7.01	Revenues	1,170,755	1,153,263
7.01.01	Goods, products and services	1,167,616	1,121,114
7.01.02	Other revenues	3,220	32,022
7.01.04	Allowance for/(reversal of) doubtful accounts	-81	127
7.02	Inputs acquired from third parties	-786,504	-718,736
7.02.01	Cost of products goods and services sold	-586,038	-531,807
7.02.02	Materials, energy, third-party services and other expenses	-200,466	-186,929
7.03	Gross value added	384,251	434,527
7.04	Retentions	-36,348	-37,390
7.04.01	Depreciation, amortization and depletion	-36,348	-37,390
7.05	Net value added produced by entity	347,903	397,137
7.06	Value added received in transfer	92,582	107,400
7.06.01	Equity pickup	17,598	32,025
7.06.02	Financial income	74,984	75,375
7.07	Total value added to be distributed	440,485	504,537
7.08	Distribution of value added	440,485	504,537
7.08.01	Personnel	245,073	259,506
7.08.02	Taxes, charges and contributions	27,747	33,175
7.08.03	Debt remuneration	94,117	125,286
7.08.03.01	Interest	76,680	94,713
7.08.03.02	Rent	7,181	9,360
7.08.03.03	Other	10,256	21,213
7.08.04	Equity remuneration	73,548	86,570
7.08.04.03	Retained earnings/ accumulated losses for the period	73,548	86,570

Consolidated financial statements/ Balance sheets - Assets

(In thousands of reais)

Account Code	Account description	Current quarter 9/30/2012	Prior year 12/31/2011
1	Total assets	5,680,830	5,334,169
1.01	Current assets	2,139,352	2,063,992
1.01.01	Cash and cash equivalents	767,606	770,466
1.01.02	Short-term investments	39,620	43,842
1.01.02.01	Short-term investments at fair value	39,620	43,842
1.01.02.01.01	Trading securities	39,620	43,842
1.01.03	Accounts receivable	537,629	518,568
1.01.03.01	Accounts receivable	520,686	505,543
1.01.03.01.01	Accounts receivable - domestic	182,695	178,362
1.01.03.01.02	Accounts receivable - foreign	324,632	317,463
1.01.03.01.03	Provision for credit risk	-12,133	-10,261
1.01.03.01.04	Measurements to be billed	25,492	19,979
1.01.03.02	Other accounts receivable	16,943	13,025
1.01.03.02.01	Sale of property	16,943	13,025
1.01.04	Inventories	632,555	601,708
1.01.06	Taxes recoverable	121,332	102,846
1.01.06.01	Current taxes recoverable	121,332	102,846
1.01.06.01.01	Income before income and social contribution taxes	50,362	38,222
1.01.06.01.02	Other taxes recoverable	70,970	64,624
1.01.07	Prepaid expenses	12,303	0
1.01.08	Other current assets	28,307	26,562
1.01.08.03	Other	28,307	26,562
1.02	Non-current assets	3,541,478	3,270,177
1.02.01	Long-term receivables	140,420	149,213
1.02.01.03	Accounts receivable	2,299	7,946
1.02.01.03.02	Other accounts receivable	2,299	7,946
1.02.01.06	Deferred charges	48,344	45,854
1.02.01.06.01	Deferred income and social contribution taxes	48,344	45,854
1.02.01.09	Other non-current assets	89,777	95,413
1.02.01.09.03	Goodwill on downstream merger, net of provision	55,546	62,211
1.02.01.09.04	Judicial deposits	18,065	21,660
1.02.01.09.05	Other	16,166	11,542
1.02.02	Investments	68,721	1,179
1.02.02.01	Interest held	1,231	1,179
1.02.02.01.04	Other interest held	1,231	1,179
1.02.02.02	Investment property	67,490	0
1.02.03	Property, plant and equipment	1,029,030	898,017
1.02.03.01	Property, plant and equipment in operation	732,269	743,072
1.02.03.03	Property, plant and equipment in progress	296,761	154,945
1.02.04	Intangible assets	2,303,307	2,221,768
1.02.04.01	Intangible assets	35,880	40,826
1.02.04.02	Goodwill	2,267,427	2,180,942

Consolidated financial statements /Balance sheet - Liabilities

(In thousands of reais)

Account Code	Account description	Current Quarter 9/30/2012	Prior Year 12/31/2011
2	Total liabilities	5,680,830	5,334,169
2.01	Current liabilities	660,512	689,198
2.01.01	Social and labor liabilities	96,370	90,763
2.01.01.01	Social charges	40,826	33,435
2.01.01.02	Labor liabilities	55,544	57,328
2.01.02	Trade accounts payable	318,578	346,047
2.01.02.01	Trade accounts payable - domestic	137,624	146,760
2.01.02.02	Trade accounts payable - foreign	180,954	199,287
2.01.03	Tax liabilities	51,692	51,877
2.01.03.01	Federal tax liabilities	36,950	38,428
2.01.03.01.01	Income and social contribution taxes payable	16,769	14,885
2.01.03.01.02	Other federal tax liabilities	20,181	23,543
2.01.03.02	State tax liabilities	14,230	13,335
2.01.03.03	Municipal tax liabilities	512	114
2.01.04	Loans and financing	125,746	124,799
2.01.04.01	Loans and financing	125,746	124,799
2.01.04.01.01	Local currency	11,415	68,890
2.01.04.01.02	Foreign currency	114,331	55,909
2.01.05	Other liabilities	68,126	75,712
2.01.05.02	Other	68,126	75,712
2.01.05.02.01	Dividends and interest on equity (IOE)	125	9,437
2.01.05.02.04	Liabilities from assignment of rights	1,867	4,267
2.01.05.02.05	Other liabilities	66,134	62,008
2.02	Non-current liabilities	2,153,323	1,991,810
2.02.01	Loans and financing	922,024	871,021
2.02.01.01	Loans and financing	922,024	871,021
2.02.01.01.01	In local currency	298,977	731,528
2.02.01.01.02	In foreign currency	623,047	139,493
2.02.02	Other liabilities	1,042,534	973,428
2.02.02.02	Other	1,042,534	973,428
2.02.02.02.03	Debt bonds	794,272	731,898
2.02.02.02.04	Post-employment obligations	231,055	222,926
2.02.02.02.05	Other liabilities	17,207	18,604
2.02.03	Deferred taxes	122,249	83,463
2.02.03.01	Deferred income and social contribution taxes	122,249	83,463
2.02.04	Provisions	66,516	63,898
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	66,516	63,898
2.02.04.01.01	Tax provisions	40,293	38,999
2.02.04.01.02	Social security and labor provisions	26,096	24,772
2.02.04.01.04	Civil provisions	127	127
2.03	Total consolidated equity	2,866,995	2,653,161
2.03.01	Paid-up capital	2,528,146	2,528,146
2.03.02	Capital reserves	238,625	234,326
2.03.02.02	Special goodwill reserve from downstream merger	88,874	88,874
2.03.02.04	Stock options granted	21,676	16,981
2.03.02.07	Special reserve - Law No. 8200/91	5,973	5,973

Consolidated financial statements/ Balance sheet - Liabilities

(In thousands of reais)

Account Code	Account description	Current quarter 9/30/2012	Prior year 12/31/2011
2.03.02.08	Reserve – shares issued	139,327	139,327
2.03.02.09	Expenses with shares issued	-17,225	-16,829
2.03.04	Income reserves	34,130	34,130
2.03.04.01	Legal reserve	1,982	1,982
2.03.04.05	Retained earnings reserve	32,148	32,148
2.03.05	Retained earnings/ Accumulated losses	73,548	0
2.03.07	Cumulative translation adjustments	-62,337	-158,271
2.03.08	Other comprehensive income	35,961	0
2.03.09	Non-controlling interest	18,922	14,830

Consolidated financial statements/ Income statements

(In thousands of reais)

Account Code	Account description	Current quarter 7/1/2012 to 9/30/2012	YTD current year 1/1/2012 to 9/30/2012	Same quarter prior year 7/1/2011 to 9/30/2011	YTD prior year 1/1/2011 to 9/30/2011
3.01	Revenue goods sold and/or services rendered	608,139	1,852,627	561,469	1,719,777
3.02	Cost of goods sold and/or services rendered	-422,612	-1,283,775	-383,354	-1,172,712
3.03	Gross income	185,527	568,852	178,115	547,065
3.04	Operating income/ expenses	-129,118	-372,400	-88,548	-308,643
3.04.01	Selling expenses	-69,800	-205,299	-61,894	-187,851
3.04.02	General and administrative expenses	-56,061	-151,940	-59,329	-167,214
3.04.04	Other operating revenue	6,203	16,306	44,418	77,739
3.04.05	Other operating expenses	-9,460	-31,467	-11,743	-31,317
3.05	Income before financial income/ expenses and taxes	56,409	196,452	89,567	238,422
3.06	Financial income	-33,472	-73,571	-34,637	-91,249
3.06.01	Financial expenses	22,295	85,819	53,404	82,858
3.06.01.01	Foreign exchange and monetary losses	11,918	50,670	32,350	29,309
3.06.01.02	Gain from investment	9,759	33,530	21,372	52,135
3.06.01.03	Other revenues	618	1,619	-318	1,414
3.06.02	Financial expenses	-55,767	-159,390	-88,041	-174,107
3.06.02.01	Foreign exchange/ monetary losses	-13,059	-25,866	-41,065	-30,499
3.06.02.02	Interest on loans	-39,026	-123,119	-43,404	-134,255
3.06.02.03	Other expenses	-3,682	-10,405	-3,572	-9,353
3.07	Income before income taxes	22,937	122,881	54,930	147,173
3.08	Income and social contribution taxes	-12,221	-47,108	-20,498	-60,179
3.08.01	Current taxes	-7,331	-26,184	-5,099	-21,430
3.08.02	Deferred taxes	-4,890	-20,924	-15,399	-38,749
3.09	Net income from continued operations	10,716	75,773	34,432	86,994
3.11	Profit (loss) for the period	10,716	75,773	34,432	86,994
3.11.01	Attributed to Company shareholders	9,698	73,548	34,141	86,570
3.11.02	Attributed to non-controlling shareholders	1,018	2,225	291	424
3.99	Earnings per share - (Reais / share)				
3.99.01	Basic earnings per share				
3.99.01.01	Registered common shares	0.03321	0.25189	0.11845	0.30035
3.99.02	Diluted earnings per share				
3.99.02.01	Registered common shares	0.03199	0.24259	0.11503	0.29168

Consolidated financial statements/ Statement of comprehensive income

(In thousands of reais)

Account Code	Account description	Current quarter 7/1/2012 to 9/30/2012	YTD current year 1/1/2012 to 9/30/2012	Same quarter prior year 7/1/2011 to 9/30/2011	YTD prior year 1/1/2011 to 9/30/2011
4.01	Net consolidated income for the year	10,716	75,773	34,432	86,994
4.02	Other comprehensive income	74,574	133,762	99,860	95,395
4.02.01	Foreign exchange variation for foreign subsidiaries	38,613	97,801	99,860	95,395
4.02.02	Fair value adjustment – investment property	35,961	35,961	0	0
4.03	Consolidated comprehensive income for the period	85,290	209,535	134,292	182,389
4.03.01	Attributed to Company shareholders	83,171	205,443	131,553	179,598
4.03.02	Attributed to non-controlling shareholders	2,119	4,092	2,739	2,791

Consolidated financial statement/ Statements of Cash Flows - Indirect Method

(In thousands of reais)

Account Code	**Account description**	**YTD current year 1/1/2012 to 9/30/2012**	**YTD prior year 1/1/2011 to 9/30/2011**
6.01	Net cash used in operating activities	250,594	460,585
6.01.01	Cash from operating activities	332,080	339,570
6.01.01.01	Net income for the year	75,773	86,994
6.01.01.02	Interest expenses and exchange rate gains/losses, net	147,791	132,059
6.01.01.03	Depreciation and depletion	75,583	71,875
6.01.01.04	Amortization of intangible assets	5,089	5,355
6.01.01.05	Deferred income and social contribution taxes	20,924	38,749
6.01.01.06	Stock options	4,695	4,538
6.01.01.07	Non-controlling interest	2,225	0
6.01.02	Changes in assets and liabilities	-81,486	121,015
6.01.02.01	Trade accounts receivable	-14,261	21,359
6.01.02.02	Inventories	-9,687	-58,130
6.01.02.03	Taxes recoverable	-8,853	166
6.01.02.04	Gain from sale of PP&E items	1,729	48,883
6.01.02.05	Variable income short-term investments	4,222	0
6.01.02.06	Accounts receivable Eletrobrás	0	63,116
6.01.02.07	Trade accounts payable	-25,377	119,321
6.01.02.08	Taxes payable	-6,530	-2,899
6.01.02.09	Derivative instruments – fair value swap	5,622	-663
6.01.02.10	Dividends payable	-9,311	0
6.01.02.11	Other	-19,040	-70,138
6.02	Net cash from investing activities	-178,952	-119,576
6.02.01	Disposal of PP&E, investments and intangible assets	906	154
6.02.02	Additions to PP&E and intangible assets	-179,858	-119,730
6.03	Cash flow - financing activities	-86,593	-165,688
6.03.01	Loan and financing inflows	541,908	9,227
6.03.02	Payment of loans and financing	-507,353	-312,439
6.03.03	Interest paid - loans and financing	-120,752	-130,813
6.03.04	Unclaimed interest on equity	0	410
6.03.05	Expenses with shares issued	-396	-10,675
6.03.06	Capital increase	0	278,602
6.04	Exchange rate fluctuation on cash and cash equivalents	12,091	12,353
6.05	Increase (decrease) in cash and cash equivalents	-2,860	187,674
6.05.01	Cash and cash equivalents - opening balance	770,466	669,516
6.05.02	Cash and cash equivalents - closing balance	767,606	857,190

Consolidated financial statements/ Statement of changes in equity - 1/1/2012 to 9/30/2012

(In thousands of reais)

Account Code	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Income reserve	Retained earnings Accumulated losses	Other comprehensive income	Equity	Non-controlling shareholders	Equity Consolidated
5.01	Opening balances	2,528,146	234,326	34,130	0	-158,271	2,638,331	14,830	2,653,161
5.03	Adjustment to opening balances	2,528,146	234,326	34,130	0	-158,271	2,638,331	14,830	2,653,161
5.04	Capital transactions with shareholders	0	4,299	0	0	0	4,299	0	4,299
5.04.02	Expenses with shares issued	0	-396	0	0	0	-396	0	-396
5.04.03	Stock options granted and recognized	0	4,695	0	0	0	4,695	0	4,695
5.05	Total comprehensive income	0	0	0	73,548	131,895	205,443	4,092	209,535
5.05.01	Net income for the period	0	0	0	73,548	0	73,548	2,225	75,773
5.05.02	Other comprehensive income	0	0	0	0	131,895	131,895	1,867	133,762
5.05.02.06	Exchange rate fluctuation foreign investments	0	0	0	0	95,934	95,934	1,867	97,801
5.05.02.07	Fair value adjustment – investment property	0	0	0	0	35,961	35,961	0	35,961
5.07	Closing balances	2,528,146	238,625	34,130	73,548	-26,376	2,848,073	18,922	2,866,995

Consolidated financial statements/ Statements of changes in equity - 1/1/2011 to 9/30/2011

(In thousands of reais)

Account Code	Account description	Paid-in capital	Capital reserves, stock options granted And treasury shares	Income reserves	Retained earnings accumulated losses	Other comprehensive income	Equity	Non-controlling shareholders	Equity Consolidated
5.01	Opening balances	2,388,845	104,576	3,495	-67,774	-227,796	2,201,346	14,294	2,215,640
5.03	Adjusted opening balances	2,388,845	104,576	3,495	-67,774	-227,796	2,201,346	14,294	2,215,640
5.04	Capital transactions with shareholders	139,301	133,165	410	0	0	272,876	0	272,876
5.04.01	Capital increase	139,301	0	0	0	0	139,301	0	139,301
5.04.02	Expenses with shares issued	0	-10,675	0	0	0	-10,675	0	-10,675
5.04.03	Stock options granted and recognized	0	4,539	0	0	0	4,539	0	4,539
5.04.07	Interest on equity capital	0	0	410	0	0	410	0	410
5.04.08	Expenses with shares issued	0	139,301	0	0	0	139,301	0	139,301
5.05	Total comprehensive income	0	0	0	86,570	93,028	179,598	2,791	182,389
5.05.01	Net income for the period	0	0	0	86,570	0	86,57	424	86,994
5.05.02	Other comprehensive income	0	0	0	0	93,028	93,028	2,367	95,395
5.05.02.06	Exchange rate fluctuation – foreign investments	0	0	0	0	93,028	93,028	2,367	95,395
5.07	Closing balances	2,528,146	237,741	3,905	18,796	-134,768	2,653,820	17,085	2,670,905

Consolidated financial statements/ Statements of value added

(In thousands of reais)

Account Code	Account description	YTD Prior year 1/1/2012 to 9/30/2012	YTD current year 1/1/2011 to 9/30/2011
7.01	Revenues	2,111,774	2,040,731
7.01.01	Sale of goods, products and services	2,110,478	1,982,923
7.01.02	Other revenues	3,220	57,681
7.01.04	Allowance for (reversal of) doubtful accounts	-1,924	127
7.02	Inputs acquired from third parties	-1,446,903	-1,353,540
7.02.01	Costs of products/ goods sold and services rendered	-1,080,570	-994,359
7.02.02	Materials, energy, third-party services and other expenses	-366,333	-359,181
7.03	Gross value added	664,871	687,191
7.04	Retentions	-80,672	-77,230
7.04.01	Depreciation, amortization and depletion	-80,672	-77,230
7.05	Net value added produced by entity	584,199	609,961
7.06	Value added received in transfer	85,819	82,858
7.06.02	Financial income	85,819	82,858
7.07	Total value added to be distributed	670,018	692,819
7.08	Distribution of value added	670,018	692,819
7.08.01	Personnel	380,925	364,001
7.08.02	Taxes, charges and contributions	46,567	58,269
7.08.03	Debt remuneration	166,753	183,555
7.08.03.01	Interest	123,119	134,255
7.08.03.02	Rent	7,363	9,448
7.08.03.03	Other	36,271	39,852
7.08.04	Equity remuneration	75,773	86,994
7.08.04.03	Profit (loss) / in the period	73,548	86,570
7.08.04.04	Non-controlling interest in retained profits	2,225	424

1 Operations

Magnesita Refratários S.A. ("Company", "Magnesita" or "Magnesita Group"), controlled through investment vehicles of GP Investments, Ltd. and Grupo Rhône, is a company listed in the "Novo Mercado" of BM&F BOVESPA and whose business purpose, in conjunction with its subsidiaries located in South America, North America, Europe and Asia, is to manufacture refractory products, which are essential for processes performed under high temperatures.

Company products are basically made of magnesite or dolomite and are available in a wide range of forms, such as: bricks, masses, mortars and concrete. Taking advantage of its synergy with customers, the Company renders electromechanical maintenance and refractory assembly services. In addition to the plant located in Contagem, State of Minas Gerais, Brazil (Company headquarters), the Company owns plants which manufacture refractory materials, through these subsidiaries and jointly-controlled entities:

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

Additionally, the Company has other direct and indirect subsidiaries mining or non-operating, holding and trading companies, which comprise the consolidated financial statements ("Magnesita Group" or "Group").

2 Approval of quarterly financial information

This quarterly information was approved by Company Board of Directors on November 8, 2012.

3 Summary of significant accounting practices

Company and consolidated quarterly financial information for the three-month and nine-month periods ended on September 30, 2012 was prepared and presented in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in the Brazilian Corporation Law, the pronouncements issued by the Brazilian FASB (CPC) and the rules issued by the Brazilian SEC (CVM), as well as with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), except for the valuation of investments in subsidiaries by the equity method.

Company interim financial information was prepared in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Statements - Revised (Company and consolidated) and IAS 34 - Interim Financial Reporting (consolidated).

This interim financial information is to be read jointly with Company financial statements for the year ended December 31, 2011.

The accounting practices adopted in this interim financial information are consistent with the practices described in Note 3 of Company financial statements for the year ended December 31, 2011, filed with the CVM except for Investment Property described below in Note 3.1.

The accounting practices were consistently applied in the period presented, unless otherwise stated.

Adoption of Pronouncements IAS 1 - Presentation of Financial Statements and IAS 12 - Income Tax - Recoverability of Underlying Assets did not impact the quarterly information as at September 30, 2012.

3.1 Basis of preparation and presentation of quarterly financial information

The quarterly financial information for Company and consolidated was prepared under the historical cost convention and was adjusted to reflect the fair value of certain financial assets and liabilities (including derivative instruments), measured at fair value.

The quarterly information was prepared based on certain critical accounting estimates and use of professional judgment by Company management in the process of applying the accounting practices. The areas which require a higher degree of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the consolidated financial statements, are disclosed in Note 4.

3 Summary of significant accounting practices (Continued)

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

The consolidated financial statements as at September 30, 2012 were prepared based on the information about the subsidiaries presented in the financial statements for the year ended December 31, 2011, since the Group's corporate structure did not change.

Investment Property

Investment property is initially measured at cost, including transaction costs. The book value includes the cost of a replacement part of an existing investment property under the period in which it was incurred assuming the recognition criteria were met; excluding the daily costs of the investment property. After initial recognition investment properties are stated at fair value that reflects market conditions on the balance sheet date.

Gains or losses stemming from changes in the fair value of investment property are included in the income statement in the year they were generated.

Investment properties are written-off when sold or when that investment property ceases to be used on a permanent basis and no future economic benefit is expected from its sale. The net difference from the sale amount and net book value of the asset is recognized in the income statement in the period when it was written-off.

Transfers are made to the investment property account, or this account, only when there is any change in its use. If the property occupied by the owner becomes an investment property the Group records that property in accordance with the policy described in the Tangible assets item up to the date of change in its use.

4 Critical accounting judgments and estimates

Critical accounting judgments and estimates used in the preparation of these interim financial information are continuously assessed and did not present any changes as compared to the judgments and estimates described in Note 4 to Company financial statements for the year ended December 31, 2011, filed with the CVM.

(In thousands of reais)

5 Financial risk management

Company policies relating to financial risk management and the financial risk factors in this interim financial information are consistent with the policies and factors described in Note 5 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

The policies for using financial instruments, financial risk, credit risk, liquidity risk and market risk were consistently applied in all periods presented.

As a precautionary measure and for the purpose of reducing the effects of exchange rate fluctuation, management has adopted the policy of performing swap transactions and having exchange rate-indexed assets, as follows:

	Consolidated – 9/30/2012		
	In R$ thousand		
	USD	€	Other currencies
Assets and liabilities in foreign currencies			
Cash and banks	93,193	151,438	44,646
Market able securities	16,247	-	533
Variable income investments	-	39,620	-
Accounts receivable, net of allowance for credit risk	116,586	144,114	51,799
Trade accounts payable	(80,609)	(76,982)	(23,366)
Loans and financing	(203,900)	(21,598)	-
Perpetual bonds	(511,880)	-	-
Debt bonds issued	(794,272)	-	-
Other monetary liabilities net- abroad	(73,463)	(124,106)	(21,760)
	(1,438,098)	**112,486**	**51,852**

Management seeks to mitigate the risks posed by exposure to foreign exchange related to loans through transactions made with the United States and Europe. In addition derivative financial instruments were contracted to reduce this exposure.

With respect to interest rate risk deriving from loans and financing, which the Magnesita Group is exposed to, the interest rates contracted for loans and financing, and long-term debt bonds in current and non-current liabilities are as follows:

(In thousands of reais)

5 Financial risk management (Continued)

	Consolidated				Company			
	9/30/2012	**%**	**12/31/2011**	**%**	**9/30/2012**	**%**	**12/31/2011**	**%**
Loans and financing								
TJLP	**-**	-	623	-	**-**	-	500	-
Libor	**106,730**	6	97,056	6	**106,730**	11	97,056	10
CDI	**330,061**	18	839,653	48	**330,061**	34	839,653	90
	436,791	24	937,332	54	**436,791**	45	937,209	100
Other loans not subject to interest rate risk								
Pre-fixed loans	**578,998**	31	43,901	3	**539,733**	55	1,725	-
Pre-fixed long-term debt bonds (interest)	**31,981**	2	14,587	1	**-**	-	-	-
Pre-fixed long term debt bonds (Principal)	**794,272**	43	731,898	42	**-**	-	-	-
	1,405,251	76	790,386	46	**539,733**	55	1,725	-
	1,842,042	100	1,727,718	100	**976,524**	100	938,934	100

The interest rate risk relating to short-term investments is as follows:

	Consolidated				Company			
	9/30/2012	**%**	**12/31/2011**	**%**	**9/30/2012**	**%**	**12/31/2011**	**%**
- CDB and repurchase agreement	**473,853**	100	564,577	100	**440,707**	100	539,693	100
	473,853	100	564,577	100	**440,707**	100	539,693	100

The Company has no derivative financial instruments for the purpose of managing the risk to which the Company is exposed in connection with loans and financing subject to rate variation.

5.1 Capital management

The objectives of the Magnesita Group in managing capital are consistent with the policies described in Note 5.2 of Company financial statements for the year ended December 31, 2011, filed with the CVM and were consistently applied in the period presented.

The Magnesita group monitors capital based on the financial leverage index. Net debt corresponds to the total loans, financing and long-term debt bonds less the amounts referring to cash and cash equivalents. Total capital is calculated by adding equity, as per the balance sheet, and net debt.

Debt equity ratio as under:

(In thousands of reais)

5 Financial risk management (Continued)

5.1 Capital management (Continued)

	Consolidated		Company	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Total loans, financing, REFIS and debt bonds	**1,843,341**	1,729,114	**977,823**	940,330
Less: cash and cash equivalents	**(767,606)**	(770,466)	**(522,931)**	(595,498)
Net debt	**1,075,735**	958,648	**454,892**	344,832
Total equity	**2,866,995**	2,653,161	**2,848,073**	2,638,331
Total Capital	**3,942,730**	3,611,809	**3,302,965**	2,983,163
Financial leverage índex	**27%**	27%	**14%**	12%

5.2 Financial leverage índex

The accounting balances of trade accounts receivable,
less allowance for doubtful accounts, and trade accounts payable are supposedly close to fair value, due to their short-term mature.

For swap and (Non-Deliverable Forwards) NDF transactions, long positions and short positions are calculated by the Company on an independent basis, using the mark-to market methodology at the rates practiced and found in the BM&F, Broadcast and Bloomberg websites.

In case there is no negotiation regarding the term of Company portfolio operations, the interpolation method is used for the purpose of finding the rates referring to specific maturities.

In both cases, the present value of the flows is calculated.
The difference between amounts payable and amounts receivable is the fair value of the operations.

5.3 Sensitivity analysis

Our analyses take into account the following risks:

1. Derivative contracts were used for the purpose of hedging against currency risk. In this case, management defined a reasonably possible scenario as scenario I, based on the fair value of the contracts at September 30, 2012. Scenarios II and III were calculated applying depreciation at 25% and 50% respectively on scenario I for September 30, 2012, as follows

(In thousands of reais)

5 Financial risk management (Continued)

5.3 Sensitivity analysis (Continued)

Operation	Risk	Gain (Loss)		
		Scenario I	Scenario II	Scenario III
Swap (Germany - hedge)	Appreciation of the Euro against the dolar	1,395	(88,567)	(178,529)
NDF (United Kingdom – hedge)	Appreciation of the pound against the Euro	(28)	5,134	15,460

2. Interest rate risk Management adopted the estimates defined by the Brazilian Central Bank (BACEN) for the 2012 CDI and Libor rates as scenario I (reasonably possible). Additionally, scenarios II and III were calculated based on depreciation of CDI and Libor rates at 25% and 50%, respectively, on scenario I, considering these hypotheses for 2012. For LIBOR (0.65% for scenario I, 0.81% for scenario II and 0.97% for scenario III). This situation would lead to the following amount of Company financial expenses at September 30, 2012, taking into consideration the post-fixed portion of the interest rate:

Operation	Risk	Reduction (increase) in financial expenses		
		Scenario I	Scenario II	Scenario III
Export credit note contract	CDI Variation	202	(1,421)	(2,824)
Pre-paid export	Increase in Libor	1,658	(27,082)	(52,993)

Management estimates that the future variations in post-fixed interest rates would not create impacts unable to be supported by Company business.

6 Derivative financial instruments

The Company has no derivative operations for speculative purposes and in general does not settle them before respective maturities.

The Company monitors the currency risks to which it is exposed as a result of its debt in foreign currencies in excess of the volume of operations in these currencies. Such monitoring takes into consideration the changes in the exchange rates, especially the dollar and the euro, for the purpose of making decisions regarding swap operations.

6 Derivative financial instruments (Continued)

Desciption	Maturity Month / year	Consolidated - 9/30/2012 In thousands Reference value (notional)	Consolidated - 9/30/2012 In thousands Fair Value R$
Exchange rate hedge:			
Swap (Germany)	3/30/2015		
Asset position		US$ 150,000	1,395
Liabiliy positon		Euro 118,110	
NDF (United Kingdom)	10/29/2010 a 9/30/2012		
Asset position		GBP 4,340	(28)
Liablity position		Euro 4,896	

7 Financial instruments by category

	Consolidated			Company		
	Financial assets measured at fair value through P&L	Loans and receivables	Total	Financial assets measured at fair value through P&L	Loans and receivables	Total
Assets September 30, 2012						
Cash and cash equivalents						
- Cash and Banks	293,753	-	293,753	82,224	-	82,224
- CDB and Repurchase agreements	473,853	-	473,853	440,707	-	440,707
Short-term investments variable income	39,620	-	39,620	39,620	-	39,620
Derivative financial instruments	1,395	-	1,395	-	-	-
Trade accounts receivable	-	520,686	520,686	-	354,443	354,443
Other accounts receivable (excluding prepayments)	-	19,242	19,242	-	19,242	19,242
Judicial deposits	-	18,065	18,065	-	11,626	11,626
	808,621	557,993	1,366,614	562,551	385,311	947,862

(In thousands of reais)

7 Financial instruments by category (Continued)

	Consolidated			Company		
	Financial assets measured at fair value through P&L	Loans and receivables	Total	Financial assets measured at fair value through P&L	Loans and receivables	Total
Asssets						
December 31, 2011						
Cash and cash equivalents						
- Cash and Banks	205,889	-	205,889	55,805	-	55,805
- CDB and Repurchase agreements	564,577	-	564,577	539,693	-	539,693
Short-term investments variable income	43,842	-	43,842	43,842	-	43,842
Derivative financial instruments	-	505,543	505,543	-	345,780	345,780
Trade accounts receivable	5,568	-	5,568	-	-	-
Other accounts receivable (excluding prepayments)	-	20,971	20,971	-	20,971	20,971
Judicial deposits	-	21,660	21,660	-	9,731	9,731
	819,876	548,174	1,368,050	639,340	376,482	1,015,822

	Consolidated	Company
	Other financial liabilities	Other financial liabilities
Liabilities		
September 30, 2012		
Loans and financing	1,047,770	976,524
Suppliers, contractors and haulage costs	318,578	153,540
	1,366,348	1,130,064

	Consolidated	Company
	Other financial liabilities	Other financial liabilities
Liabilities		
December 31, 2011		
Loans and financing	981,233	938,934
Suppliers, contractors and haulage costs	346,047	163,004
	1,327,280	1,101,938

(In thousands of reais)

8 Credit quality of financial assets

The credit quality of financial assets which are not overdue or impaired may be judged by referring to external credit ratings (if any) or historical information about the default rates of counterparties:

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Trade accounts receivable				
Courter parties with no external credit rating				
Group 1	**485,423**	478,700	**308,230**	309,792
Group 2	**15,129**	22,891	**15,129**	22,891
Group 3	**32,267**	14,213	**32,205**	14,190
Provision for impairment losses	**(12,133)**	(10,261)	**(1,121)**	(1,093)
Total trade accounts receivable	**520,686**	505,543	**354,443**	345,780
Bank accounts and short-term bank deposits				
AAA	**293,753**	205,889	**82,224**	55,805
Marketable securities				
AAA	**473,853**	564,577	**440,707**	539,693
Total cash and cash equivalents	**767,606**	770,466	**522,931**	595,498

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

9 Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Cash and banks	**293,753**	205,889	**82,224**	55,805
Marketable securities				
Fixed income securities	**473,853**	564,577	**440,707**	539,693
	767,606	770,466	**522,931**	595,498

At September 30, 2012, “Cash and banks” heading states in the Consolidated R$ 4,476 (12/31/2011 - R$ 2,872) in local currency and R$ 289,277 (12/31/2011 – R$ 203,017) in foreign currency and basically states deposits in a checking account. “Marketable securities” were classified as “financial assets at fair value through profit or loss” and correspond to fixed-income operations with yield close to CDI variation, redeemable immediately. In the consolidated financial statements part of these fixed-income operations amounting to R$ 16,780 (12/31/2011 - R$ 708) is linked to exchange rate fluctuation, especially the US dollar.

(In thousands of reais)

10 Trade accounts receivable

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Trade accounts receivable – domestic	**182,695**	178,362	**177,483**	172,663
Trade accounts receivable – abroad	**324,632**	317,463	**43,146**	60,066
Accounts receivable – subsidiaries	**-**	-	**109,443**	94,165
Provision for impairment losses	**(12,133)**	(10,261)	**(1,121)**	(1,093)
Trade notes receivable, net	**495,194**	485,564	**328,951**	325,801
Measurements to be billed	**25,492**	19,979	**25,492**	19,979
Trade accounts receivable	**520,686**	505,543	**354,443**	345,780

Accounts receivable are not of a financing nature and upon initial recognition are measured and recorded at fair value.

The aging list of notes receivable is as follows:

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Falling due:				
Within 90 days	**331,368**	345,836	**188,059**	210,002
Over 90 days	**47,866**	46,669	**58,743**	53,741
Overdue:				
Within 30 days	**48,490**	56,087	**24,266**	33,388
Over 30 days	**79,603**	47,233	**59,004**	29,763
(-) Provision for impairment losses	**(12,133)**	(10,261)	**(1,121)**	(1,093)
	495,194	485,564	**328,951**	325,801

Maximum exposure to credit risk at the date of the consolidated financial statements is the book value of each type of accounts receivable mentioned above.

Changes in the provision for impairment losses were as follows:

	Consolidated	Company
At December 31, 2011	(10,261)	(1,093)
Additions	(1,094)	
Write-offs	56	56
Exchange rate fluctuation	(834)	(84)
September 30, 2012	(12,133)	(1,121)

(In thousands of reais)

11 Inventories

	Consolidated		Company	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Finished products	**334,507**	316,979	**81,892**	90,329
Work-in-process	**33,842**	35,671	**22,580**	25,536
Raw materials	**222,548**	204,106	**107,569**	88,379
Materials and supplies (Replacement material and other)	**57,678**	62,700	**35,465**	30,346
Provision for losses	**(16,020)**	(17,748)	**-**	-
	632,555	601,708	**247,506**	234,590

Changes in the provision for impairment losses were as follows:

	Consolidated
Balance at 12/31/2011	(17,748)
Addition	(1,194)
Write-off	3,689
Foreign exchange variation	(767)
Balance at 9/30/2012	(16,020)

12 Other taxes recoverable

	Consolidated			
	9/30/2012		12/31/2011	
	Current	Non current	Current	Non current
Indirect taxes, mainly ICMS	**56,619**	**16,166**	45,493	11,542
Taxes on shipments of goods on consignment	**7,809**	**-**	12,381	-
Others	**6,542**	**-**	6,750	-
	70,970	**16,166**	64,624	11,542

	Company			
	9/30/2012		12/31/2011	
	Current	Non current	Current	Non current
Indirect taxes, mainly ICMS	**32,055**	**16,166**	26,009	11,542
Taxes on shipments of goods on consignment	**7,422**	**-**	11,511	
Others	**1,270**	**-**	1,679	-
	40,747	**16,166**	39,199	11,542

(In thousands of reais)

13 Income and social contribution taxes

(a) Deferred income and social contribution taxes

The Company recognizes under long-term receivables the income (25%) and social contribution (9%) tax credits on interim additions, income and social contribution tax losses, whose realization does not exceed the expected generation of future taxable profit. Tax credits by nature of these interim additions are as follows:

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Tax credits on temporary losses				
Provision for impairment losses	**193**	313	**193**	313
Provision for legal proceedings	**16,655**	15,492	**16,655**	15,492
Post-employment obligations	**49,110**	48,712	**18,042**	17,359
Provision for bonuses	**8,057**	9,840	**8,057**	9,840
Accelerated depreciation	**2,975**	2,774	**-**	-
Non-realized exchange losses On long-term debt bonds - Non-hedged position	**8,867**	-	**-**	-
Other	**6,067**	12,284	**3,058**	3,205
Total	**91,924**	89,415	**46,005**	46,209
Tax credits on income and Social contribution tax losses	**285,203**	231,883	**282,778**	229,235
Total tax credits	**377,127**	321,298	**328,783**	275,444

The realization of deferred income and social contribution tax credits is subject to future events which will allow the provisions which generated them to be deducted, in accordance with the provisions of tax legislation currently in force, as well as to the generation of future taxable profits.

The income estimates available, combined with Company operations history, indicate that Company and subsidiaries will earn future taxable profits at an amount sufficient to absorb referred to assets. The projections of future taxable profits are based on estimates relating to Company performance, among others, as well to the behavior of the market where the Company operates and certain economical aspects. Actual amounts may differ from the estimates adopted.

(In thousands of reais)

13 Income and social contribution taxes (Continued)

(a) Deferred income and social contribution taxes (Continued)

Management estimates that the realization of deferred tax assets will be as follows:

	Provision for impairment losses	Provision for contingencies	Post employment obligations	Provision for bonuses	Accelerated depreciation	Non-realized exchange losses	Others	Income and social contribution tax losses	Total
1 year	-	1,665	1,168	8,057	-	-	-	10,122	21,012
2 years	-	1,665	1,168	-	-	-	-	20,688	23,521
3 years	193	1,665	1,168	-	2,975	8,867	6,067	22,302	43,237
4 years	-	1,665	1,168	-	-	-	-	23,918	26,751
5 years	-	1,665	1,168	-	-	-	-	25,533	28,366
6 to 8 years	-	4,997	3,506	-	-	-	-	91,330	99,833
9 to 11 years	-	3,333	3,506	-	-	-	-	91,310	98,149
After 11 years	-	-	36,258	-	-	-	-		36,258
Balance at 9/30/2012	**193**	**16,655**	**49,110**	**8,057**	**2,975**	**8,867**	**6,067**	**285,203**	**377,127**

Tax credits from income and social contribution tax losses are generated especially from the amortization of goodwill on future profitability due to the acquisition of subsidiaries. Referred to goodwill will be amortizable by 2013 (R$ 91,435) and at 2018 (R$ 370,704) which provides a basis for management’s expectation concerning the realization of these credits.

It is important to stress that these tax credits recorded are supported by the technical study which CVM Ruling No. 371/02 refers to.

(In thousands of reais)

13 Income and social contribution taxes (Continued)

(a) Deferred income and social contribution taxes (Continued)

Non-current liabilities are as follows:

	Consolidated		Controladora	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Deferred taxes on tax amortization of goodwill (i)	**372,098**	297,678	**372,098**	297,678
Social contribution on tax incentive	**548**	1,788	**548**	1,788
Deferred taxes on accelerated tax depreciation	**53,315**	52,894	**-**	-
Deferred taxes on net gains of fair value	**18,524**	-	**18,524**	-
Others	**6,547**	6,547	**6,547**	6,547
	451,032	358,907	**397,717**	306,013

(i) As from January 1, 2009, goodwill on expected future profitability ceased to be amortized in Company books, under Accounting Pronouncement CPC 13. The Company has been recognizing the tax amortization of this goodwill in accordance with the provisions of Law No. 11941/09, through the Transition Tax Regime (RTT). The tax effect of this amortization gave rise to deferred income and social contribution tax credits.

Deferred income and social contribution tax assets and liabilities are recorded net in this quarterly information, as under:

	Company	
	9/30/2012	12/31/2011
Tax credits	**328,783**	275,444
Non-current liabilities	**397,717**	306,013
	68,934	30,569

	Consolidated	
	9/30/2012	9/30/2012
Tax credits	**377,127**	321,298
Tax credits - Company	**328,783**	275,444
	48,344	**45,854**
Non-current liabilities	**451,032**	358,907
Non-current liabilities - Company	**397,717**	306,013
	53,515	52,894
Net balance - Company	**68,934**	30,569
	122,249	83,463

(In thousands of reais)

13 Income and social contribution taxes (Continued)

(b) Reconciliation between income and social contribution tax expense

	Consolidated		Company	
	9/30/2012	9/30/2011	9/30/2012	9/30/2011
Income before income and social contribution taxes	**122,881**	147,173	**101,295**	119,744
Combined statutory rate- %	**34%**	34%	**34%**	34%
Tax benefit at statutory rate	**(41,780)**	(50,039)	**(34,440)**	(40,713)
Income and social contribution taxes on				
Equity pickup	**-**	-	**5,983**	10,888
Effect of different rates used by the Subsidiaries located in other jurisdictions	**(6,326)**	(3,845)	**-**	-
Effect of the limited liability deductibility Rule - Germany	**(2,768)**	(3,227)	**-**	-
Other permanent differences, net	**3,766**	(3,068)	**710**	(3,349)
Income and social contribution taxes	**(47,108)**	(60,179)	**(27,747)**	(33,174)
Effective rate	**38%**	41%	**27%**	28%
Current	**(26,184)**	(21,430)	**-**	-
Deferred	**(20,924)**	(38,749)	**(27,747)**	(33,174)

14 Sale of property

The Company sold urban and rural areas located in the municipality of São Caetano do Sul (approximately 195,938.06 m²) and in the region of Uberaba, State of Minas Gerais (approximately 2,266 hectares).

These receivables are classified as follows:

	Consolidated and Company	
	9/30/2012	12/31/2011
Group 1	**2,501**	2,387
Group 2	**16,741**	18,584
	19,242	20,971
Current	**16,943**	13,025
Non current	**2,299**	7,946

- Group 1 – Large economic groups, whose default risk level is very low.
- Group 2 - Customers that are backed by top-tier financial institutions.

(In thousands of reais)

15 Investments in subsidiaries

(a) Investment information

Book value

	Equity interest %	Interest in: Equity	Interest in: Adjusted net income (loss)
Iliama II Trading (Sociedade Unipessoal) Lda. Capital of 3 thousands EUROS 3,010 units of interest	100	(46,050)	(1,407)
Magnesita Finance Ltd. Capital of 285,429 thousand EUROS and 1,286 units of interest	100	743,920	4,873
Magnesita Grundstucks Beteiligungs GmbH Capital of 25 thousand EUROS and 1 unit of interest	100	419	-
Metal Data S.A. - Mineração e Metalurgia Capital of R$382 thousand and 381,703 units of interest	50	2,000	1,225
Magnesita Insider Refratários Ltda. Capital of R$ 1,590 thousand and 1,590,000 units of interest	100	90,157	9,186
MAG-Tec Ltda. Capital of R$ 200 thousand and 800.000 units of interest	100	245	-
RASA - Refractarios Argentinos S.A. I. C. y M. Capital of ARS 1,000 thousand and 1,000,000 shares	100	11,781	(524)
Refractários Magnesita Colômbia S.A Capital of COP 25,413,801 thousand 1,167,320,000 units of interest	100	20,618	3,447
Refractários Magnesita Peru S.A.C. Capital of PEN 7,490 thousand and 1.000 units of interest	100	7,253	710
Refractários Magnesita Uruguay S.A. Capital of UYU 450 thousand and 450,000 thousands	100	297	88
Total in 09/30/2012		830,640	17,598
Total in 12/31/2011		718,198	12,866

Goodwill

	Goodwill generated on acquisition
Of subsidiary LWB Island Company Ltd.	328,151
Of subsidiary Metal Data S.A. - Mineração e Metalurgia	10,579
Total at September 30, 2012	338,730
Total in 2011	318,791

(In thousands of reais)

15 Investments in subsidiaries (Continued)

(b) Changes in investments in subsidiaries (Continued)

The changes in Company investments for the years ended December 31 were as follows:

	Company	
	9/30/2012	**12/31/2011**
Opening balance	**1,037,645**	936,370
Additions	**-**	18,888
Capital paid-in in subsidiary (i)	**18,849**	-
Equity pickup	**17,598**	12,866
Exchange rate fluctuation - investments (ii)	**75,995**	46,301
Exchange rate fluctuation – goodwill (iii)	**19,939**	23,224
Other investments disposed of	**(31)**	(4)
Balance at the end of the year	**1,169,995**	1,037,645

(i) In 2012, this refers to a capital increase in subsidiaries Magnesita Refratários Colômbia S.A R$13,224, Magnesita Refratários Peru S.A.C R$ 436 and Magnesita Finance Ltd. R$5,189. In 2011, this refers to the acquisition of Metal Data S.A. - Metalurgia e Mineração in the amount of R$ 11,300 and the capital increase in subsidiary Refractarios Magnesita Peru S.A.C. in the amount of R$ 7,588.

(ii) Exchange rate fluctuation on investments matched against equity (Note 23 (c)).

(iii) Exchange rate fluctuation on goodwill matched against equity (Note 23).

(c) Related parties (Company)

Balances and transactions

At September 30, 2012, major trade accounts receivable and payable and key transactions carried out in the year then ended, such as sales, purchases of services and products and dividends received, involving Company subsidiaries were as follows:

(In thousands of reais)

15 Investments in subsidiaries (Continued)

(c) Related parties (Company) (Continued)

Balances and transactions (Continued)

	Balances			Transactions	
	Accounts receivable	Trade accounts payable	Credits (Debt)	Sales	Purchase of procucts
Magnesita Insider Refratários Ltda. (i)	82	4,367	(611)	1,641	7,311
RASA - Refractarios Argentinos S.A. I. C. y M. (ii)	53,548	7	-	10,744	41
Metal Data S.A. - Mineração e Metalurgia	-	849	-	-	2,618
Iliama II Trading (Sociedade Unipessoal) Lda.	-	-	60,468	-	-
Refractários Magnesita Uruguay S.A. (iii)	303	-	-	298	-
Refractários Magnesita Colômbia S.A. (iii)	10,563	-	-	19,803	-
Refractários Magnesita Peru S.A.C. (iii)	2,712	-	-	4,724	-
Refractários Magnesita Chile (iii)	3,725	2	-	3,816	-
Companies LWB (i)	38,511	3,597	6,934	95,116	-
Total at September 2012	109,444	8,822	66,791	136,142	9,970
At December 31, 2011	94,165	1,998	56,983		
At September 31, 2011				105,971	7,662

(i) Sales of raw materials by the Company to the subsidiary destined to the manufacturing of refractory materials;

(ii) Sales of raw materials and refractory materials by the Company to the subsidiary destined to the manufacturing and sale of refractory materials;

(iii) Sale of refractory products for resale in the countries where the subsidiaries are located

These credits refer to non-remunerated transactions carried out for the purpose of satisfying operational needs of the subsidiaries.

The products and services purchase and sale transactions between Company and subsidiaries are performed under terms which have been agreed on by the parties. Since the interest held by the Company in the subsidiaries is 100%, the subsidiaries are eliminated in the consolidated information.

(In thousands of reais)

16 Investment property

Investment property can be described bellow:

	Consolidated and Company	
	9/30/2012	12/31/2011
Opening balance at January 1	-	-
Fair value adjustment gain (matched against equity)	**67,490**	-
Closing balance	**67,490**	-

The Company has some land in the city of Suzano in the state of São Paulo which is not used in the performance of its operations and after an environmental assessment process had been substantially completed it was considered an
"Investment Property". The Company began a sales plan for the property and expects to conclude it in future years.

Investment properties are recorded at fair value, with the first positive valuation recorded matched against Equity given that this classification is given to an item recorded under PP&E. Fair value was determined based in studies undertaken by a specialist company at September 30, 2012. The fair value of real estate was established through the evolutionary method, in which the value of the land was established through the comparative market data method and the value of improvements through the improvement cost quantification method. The following main data was used:

	9/30/2012
Approved unit value	**R$ 650.41/m2**
Total land área	**91,800 m2**
Capital – land (rounded-up)	**59,710**
Capital – improvements	**7,780**
Final value of real estate	**67,490**

(In thousands of reais)

17 Tangible Assets

	Consolidated						
	9/30/2012			12/31/2011			
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Annual weighted depreciation rate %
Land	**64,741**	**-**	**64,741**	61,449	-	61,449	
Mineral deposits	**42,266**	**(5,039)**	**37,227**	39,725	(4,360)	35,365	As from volume
Buildings and leasehold improvements	**388,526**	**(174,216)**	**214,310**	369,340	(155,561)	213,779	4
Machinery, facilities and equipments including IT equipment	**1,221,242**	**(827,793)**	**393,449**	1,163,902	(748,911)	414,991	7 a 10
Transport equipment	**15,612**	**(14,540)**	**1,072**	15,355	(14,043)	1,312	6 a 20
Furniture, fixtures and other	**49,543**	**(28,073)**	**21,470**	36,953	(20,777)	16,176	9 a 10
Construction in progress (iii)	**296,761**	**-**	**296,761**	154,945	-	154,945	
Total property, plant and equipment	**2,078,691**	**(1,049,661)**	**1,029,030**	1,841,669	(943,652)	898,017	

	Company						
	9/30/2012			12/31/2011			
	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount	Annual depreciation rate %
Lands (ii)	**12,128**	**-**	**12,128**	12,564	-	12,564	
Mineral deposits	**9,132**	**(2,625)**	**6,507**	9,132	(2,469)	6,663	As from volume
Buildings and improvements (i) (ii)	**148,521**	**(91,740)**	**56,781**	147,878	(89,447)	58,431	3,5
Machinery, facilities and equipment, including IT equipment (i)	**743,037**	**(520,743)**	**222,294**	728,610	(493,558)	235,052	9
Transport equipment	**11,997**	**(11,776)**	**221**	12,088	(11,614)	474	20
Furniture, facilities and other	**27,046**	**(12,847)**	**14,199**	27,005	(11,453)	15,552	10
Construction in progress (iii)	**244,731**	**-**	**244,731**	119,220	-	119,220	
Total property, plant and equipment	**1,196,592**	**(639,731)**	**556,861**	1,056,497	(608,541)	447,956	

(In thousands of reais)

17 Tangible Assets (Continued)

(i) The Company reassessed the useful life of these assets for 2012 and concluded that there were no significant changes which would impact the depreciation rates currently used.

(ii) The Company has assets given in guarantee in administrative and legal proceedings, in the amount of R$ 18,584.

(iii) No financial charges from loans and financing were capitalized in 2011, given that there were no costs directly attributable to the acquisition, construction or production of qualifying assets.

Changes in property, plant and equipment were as follows:

	Consolidated	**Company**
Balances at December 31, 2011	898,017	447,956
Additions	179,765	152,855
Write-offs	(906)	-
Depreciation	(75,583)	(31,376)
Transfer to investment property	(12,568)	(12,568)
Transfer to intangible assets	(6)	(6)
Exchange rate fluctuation (assets abroad)	40,311	-
September 30, 2012	**1,029,030**	**556,861**

(In thousands of reais)

18 Intangible assets

	Consolidated						
	9/30/2012			12/31/2011			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	Annual amortization rate %
Software and other (i)	**76,635**	**(40,755)**	**35,880**	76,492	(35,666)	40,826	12 a 20
Goodwill on investment acquisition							
Magnesita S.A.	**1,316,509**	**(272,855)**	**1,043,654**	1,316,509	(272,855)	1,043,654	
LWB	**1,175,959**	**(2,602)**	**1,173,357**	1,089,474	(2,602)	1,086,872	
Insider - Insumos Refratários para Siderurgia Ltda.	**40,536**	**(699)**	**39,837**	40,536	(699)	39,837	
Metal Data S.A. - Mineração e Metalurgia	**10,579**	**-**	**10,579**	10,579	-	10,579	
Total intangible assets	**2,620,218**	**(316,911)**	**2,303,307**	2,533,590	(311,822)	2,221,768	

	Company						
	9/30/2012			12/31/2011			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	Annual amortization rate %
Software and other	**72,746**	**(38,683)**	**34,063**	72,740	(33,711)	39,029	12 a 20
Goodwill on investment acquisition							
Magnesita S.A.	**1,316,509**	**(272,855)**	**1,043,654**	1,316,509	(272,855)	1,043,654	
Total intangible assets	**1,389,255**	**(311,538)**	**1,077,717**	1,389,249	(306,566)	1,082,683	

(i) The Company reassessed the useful life of these assets for 2012 and concluded that there were no significant changes which would impact the depreciation rates currently used.

(In thousands of reais)

18 Intangible assets (Continued)

Changes in PP&E were as follows:

	Consolidated	Company
Balances at December 31, 2011	2,221,768	1,082,683
Addition	114	-
Transfers	6	6
Exchange fluctuation	86,508	-
Amortization	(5,089)	(4,972)
Balance at September 30, 2012	2,303,307	1,077,717

19 Loans and financing

	Consolidated			
	Currency	Average annual interest rate	9/30/2012	12/31/2011
Export credit notes	R$	CDI+1.23%	**305,816**	812,508
(-) Transaction costs to be amortized	-	-	**(13,028)**	(12,713)
Perpetual bonds	US$	8.625%	**518,458**	-
(-) Transaction costs to be amortized	US$	-	**(6,578)**	-
Import financing	US$	2.99%+Libor	**4,322**	2,432
	US$	8.18%	**-**	1,725
PP&E financing				
Domestic currency	R$	7.51%	**17,604**	623
Advances on export invoices	US$	4.71%	**37,273**	39,858
	US$	3.55%+Libor	**102,408**	94,624
Others	US$	7.25%	**59,897**	29,553
Others	€	5.31%	**21,598**	12,623
			1,047,770	981,233
		Current	**125,746**	110,212
		Non current	**922,024**	871,021

(In thousands of reais)

19 Loans and financing (Continued)

	Company			
	Currency	Average annual interest rate	9/30/2012	12/31/2011
Export credit notes	R$	CDI+1.23%	**305,816**	812,508
	US$	8.80%	**518,458**	-
(-)Transaction costs to be amortized	-	-	**(13,028)**	(12,713)
Import financing	US$	2.99%+Libor	**-**	2,432
	US$	8.18%	**4,322**	1,725
PP&E financing				
Domestic currency	R$	7.51%	**17,604**	500
Advances on export invoices	R$	4.71%	**37,273**	39,858
	US$	3.55%+Libor	**102,408**	94,624
Others	US$		**3,671**	
			976,524	938,934
		Current	**69,382**	85,479
		Non current	**907,142**	853,455

(a) Perpetual bonds - Consolidated

In the second quarter of 2012, the Company issued US$ 250 million in perpetual bonds denominated in US dollars through its wholly-owned subsidiary Magnesita Finance Ltd. (“Magnesita BVI”). These bonds are not backed by or subordinated to Magnesita BVI and are fully and unconditionally guaranteed by the Company, its subsidiary Magnesita Insider Refratários Ltda. and other subsidiaries headquartered abroad.

Characteristics of these perpetual bonds are as follows:

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

Transaction costs to be amortized in the amount of R$ 6,512 correspond to expenses incurred for issuing these perpetual bonds, which will be amortized at the effective interest rate

At September 30, 2012, long-term debt / perpetual bonds total R$ 501,072 and short-term debt, referring to interest, total R$ 10,808. Referred to perpetual bonds were used mainly for the purpose of prepaying 100% (approximately R$ 400 million) of the debt represented by the Export Credit Note entered into with Banco Itaú BBA S.A. at March 20, 2008.

(In thousands of reais)

19 Loans and financing (Continued)

(b) Export credit notes (Consolidated)

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

- Creditor: Banco Bradesco S.A.
- Amount: R$ 103,224
- Term: 5 years
- Grace period: 2 years
- Annual interest: CDI + 1.35% (from 08/15/2009 to 02/10/2010, CDI + 4.0%; 02/11/2010 to 12/07/2010, CDI + 2.75%)

- Creditor: Banco do Brasil S.A.
- Amount: R$ 202,592
- Term: 7 years
- Grace period: 3 years
- Annual interest: CDI + 1.50% up to 9/4/2012 and as from the addition becomes CDI + 1,10%
- Covenants: Net debt / EBITDA (4.75 up to 12/31/2010; 4 up to 12/31/2011; and 3.75 onwards)

Transaction costs to be amortized refer to the commission paid upon renegotiation of the contracts and will be amortized over the terms of the contracts.

Annual financial covenants of the Export Credit Notes (NCEs) of Banco Bradesco S.A. are as follows:

	Net Debt / EBITDA - maximum	EBITDA / Financial expenses - net
4Q 2010	4,5	2,00
1Q 2011 to 4Q2011	4,0	2,00
1Q 2012 onwards	3,75	2,00

The requirements for December 31, 2011 and September 30, 2012 were complied with.

(c) Advances on export invoices

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

(In thousands of reais)

19 Loans and financing (Continued)

(d) Maturity

At September 30, 2012, loans and financing by maturity are as follows:

	Consolidated	Company
Within 180 days	32,603	32,603
After 180 and within 360 days	89,334	33,108
2013	22,690	17,029
2014	89,045	85,700
2015	156,903	153,218
After 2016	657,195	654,866
	1,047,770	976,524

At September 30, 2012, the fair value of loans and financing do not differ significantly from respective book values, since these loans and financing were entered into and registered at rates and under conditions prevailing in the market for operations of similar nature, risk and maturity.

(e) Credit limits

The Company has non-used credit lines, as under:

	9/30/2012	12/31/2011
Variable rate		
- Maturity within one year	**13,180**	90,038
- Maturity over one year	**1,380,400**	661,255
Fixed rate		
- Maturity within one year	**30,670**	21,000
- Maturity over one year	**22,830**	5,000
	1,447,090	777,293

The credit lines which mature within one year are credit lines subject to annual review on different dates in 2012. The other credit lines were contracted for the purpose of assisting the financing of the proposed expansion of the Group activities.

20 Long-term debt bonds

General conditions and characteristics of the debt bonds issued in the first quarter of 2010, amounting to US$ 400 million, remain unchanged.

At September 30, 2012, total long-term debt bonds amount to R$ 794,272.

(In thousands of reais)

21 Other taxes payable

	Consolidated		Company	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Indirect taxes, mainly ICMS	**22,497**	21,842	**13,534**	15,000
Others	**12,426**	15,150	**2,308**	3,367
	34,923	36,992	**15,842**	18,367

22 Provision for legal proceedings

The Company and its subsidiaries are party to legal and administrative proceedings in various courts and government entities arising in the normal course of business, especially on tax matters and also on labor and social security matters. The provisions for contingencies are determined based on analysis of ongoing litigation, unfavorable outcomes and risk assessment. Breakdown of the provision for legal proceedings is as follows:

	Consolidated		Company	
	9/30/2012	12/31/2011	9/30/2012	12/31/2011
Tax - Provisions	**40,293**	38,999	**40,281**	38,987
Tax – judicial deposit	**(4,153)**	(2,029)	**(4,153)**	(2,029)
Labor - Provision	**23,722**	22,546	**23,722**	22,546
Labor – judicial deposit	**(9,109)**	(14,975)	**(3,401)**	(3,302)
Civil - Provision	**127**	127	**127**	127
Social security - Provision	**2,374**	2,226	**2,374**	2,226
Social security – Judicial deposit	**(4,072)**	(4,400)	**(4,072)**	(4,400)
Other – Judicial deposit	**(731)**	(256)	**-**	-
	48,451	42,238	**54,878**	54,155
Non-current - Provision	**66,516**	63,898	**66,504**	63,886
Non-current – Judicial deposit	**(18,065)**	(21,660)	**(11,626)**	(9,731)
	48,451	42,238	**54,878**	54,155

Changes in the provision for the first nine-months of 2012 are as follows:

	Consolidated	Company
Balance at December 31, 2011	63,898	63,886
Additions	1,176	1,176
Write-offs	(96)	(96)
Monetary restatement	1,538	1,538
Balance at September 30, 2012	66,516	66,504

Management, based on information provided by its legal counsel, set up provisions in amounts deemed sufficient to cover probable losses on ongoing litigation, classified into short and long-term, in accordance with the expected outcomes, as above.

(In thousands of reais)

22 Provision for legal proceedings (Continued)

Major contingencies whose likelihood of loss is estimated as probable and for which a provision was set in this interim financial information did not change significantly in the course of litigation and remain consistent with the discussion and rationale presented in Note 23 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

The provisions and estimates for tax, civil, social security, labor and other proceedings were consistently applied in all periods presented. The provisions set up for the major proceedings were as follows:

	Company	
	9/30/2012	**12/31/2011**
Social security tax (INSS)	**2,374**	2,226
Federal VAT (IPI)	**8,238**	7,961
Financial Compensation for the Exploration of Mineral Resources	**1,885**	1,614
Income and social contribution taxes on profits earned abroad	**21,361**	20,707

Proceedings of a tax, civil and labor nature, whose likelihood of loss is estimated by management as possible, based on the opinion of legal counsel, did not change significantly in the course of litigation, nor did respective estimates, and remain consistent with the discussion and rationale presented in Note 23 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

23 Post employment obligations

The Company and its subsidiaries offer retirement plans to employees, whose actuarial losses, recognized in the consolidated financial statements for 2011, are as follows:

	Region				
	Subsidiaries			Company	Consolidated
Descrição	**Europe**	**United States**	**China**	**South America**	
Defined benefit plan	98,134	39,713	-	53,065	190,912
Seniority bonus	3,791	-	-	-	3,791
Early retirement plan	-	-	36,352	-	36,352
September 30, 2012	101,925	39,713	36,352	53,065	231,055
December 31, 2011	96,426	40,447	34,997	51,056	222,926

(In thousands of reais)

23 Post employment obligations (Continued)

Company

The general characteristics and conditions of the defined contribution plans and defined benefit plans, supported by the Company, in these interim financial information, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 24 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

For 2012, the projected funding expenses regarding the Defined Contribution Plan amount to R$ 5,864 and will be charged to cost of products sold and services rendered, selling expenses or general and administrative expenses, as apportioned by Company stakeholders. At September 30, 2012 Company pension plan had 7,065 active participants (12/31/2011 – 7,147).

September 30, 2012, BB Previdência had 262 (12.31.2011- 241) inactive members – retirees and pensioners and 1,258 (12.31.2011 – 1,277) members who remain entitled to deferred benefits.

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

	Company		
	Present value of obligations	**Fair value of assets**	**Liabilities recgnized**
At December 31, 2011	(203,862)	152,806	(51,056)

Projected actuarial costs for the Defined Benefit Plan for 2012 are as follows:

	9/30/2012
Current service costs	(776)
Interest expenses	(19,977)
Yield from plan assets	14,889
	(5,864)

(In thousands of reais)

23 Post employment obligations (Continued)

Subsidiaries

(i) Defined Contribution Plans

The general characteristics and conditions of the defined contribution plans in the United States and United Kingdom in these interim financial information, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 24 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

The total cost of these Plans amounted to R$ 1,832 in the first nine months of 2012 (R$ 1,432 in the nine months of 2011), calculated at the rates defined in respective rules. R$ 868 of this total were posted to cost of products sold, R$ 432 to selling expenses and R$ 532 to administrative expenses (9 months 2011: R$ 684, R$ 318, R$ 430, respectively).

(ii) Defined Plan Assets

The subsidiaries also have Defined Benefit Plans in Europe and the United States, which are determined based on the projected unit credit method and whose valuation was prepared by an independent actuary, who maintained the actuarial economical hypotheses in line and consistent with those presented in Note 24 of Company financial statements for the year ended December 31, 2011, as follows:

	Region			
	Europe		**United States**	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Present value of actuarial obligations	**(98,134)**	(92,926)	**(263,766)**	(240,543)
Fair value of assets	**-**	-	**224,053**	200,096
Actuarial liabilities	**(98,134)**	(92,926)	**(39,713)**	(40,447)
Active members	**443**	424	**305**	305
Inherited members	**1,144**	1,175	**576**	576
Terminated members, but eligible for the plan	**325**	283	**234**	234

The total cost of the defined benefit plans amounted to R$ 2,260 in the first 9 months of 2012 ((R$ 19,496) in 9 months of 2011), with R$ 1,137 stemmed from expenses posted under cost of goods sold, R$ 472 in selling expenses R$ 651 under administrative expenses (9 months of 2011 - R$ 536, R$ 322 and (R$ 20,354), respectively).

(In thousands of reais)

23 Post employment obligations (Continued)

Subsidiaries (Continued)

(iii) Early retirement plan

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

24 Equity

(a) Capital

At September 30, 2012 and December 31, 2011, capital amounts to R$ 2,528,146 and is divided into 291,981,934 common registered shares with no par value.

Changes in capital 2012 and 2011 are as follows:

		Change		Capital	
Date	Event	Number of shares thousand	R$ thousand	Number of shares thousand	R$ thousand
12/31/2010	Balance	-	-	258,212	2,388,845
02/14/2011	Capital increase in cash (i)	33,770	139,301	291,982	2,528,146
12/31/2011	Balance			291,982	2,528,146
09/30/2012	Balance	-	-	291,982	2,528,146

(i) In total 33,770 shares were issued at R$ 8.25 (eight reais and twenty five centavos) totaling R$ 278,602. 50% of this amount, net of the expenses with advisory and audit charges and fees, was recorded under capital and the remaining amount allocated to capital reserve.

The Company is authorized to increase capital by R$ 4,000,000, irrespective of any amendments to Company Articles of Association, through a decision made by the Board of Directors establishing the conditions for issue.

(In thousands of reais)

24 Equity (Continued)

(a) Capital (Continued)

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

The limit in the number of shares to be acquired is 8,581,563 (eight million, five hundred and eighty one thousand, five hundred and sixty three) common shares that correspond to 5% (five percent) of shares in circulation. At September 30, 2012, Magnesita does not hold shares in treasury.

(b) Reserves

The general characteristics and conditions of the provisions referring to dividends, capital reserves and income reserves in this interim financial information did not suffer any significant changes and remain consistent with the information presented in Note 25 of Company financial statements for the year ended December 31, 2011, filed with the CVM.

The amount of R$ 4,695 was constituted by way of share options granted to Board of Directors and officers in the 9 months of 2012 matched against the expense recorded in net income for the year.

(c) Equity valuation adjustment

This records the matching entry for the exchange rate fluctuation on investments in subsidiaries abroad, on loans from subsidiaries abroad and goodwill. The exchange rate fluctuation amounts recorded referring to investments and goodwill abroad were as follows:

	Company
Balance at 12/31/2011	(158,271)
Exchange rate fluctuation – foreign investments	75,995
Exchange rate fluctuation – goodwill abroad	19,939
Balance at 9/30/2012	(62,337)

(In thousands of reais)

25 Information by segment

Management defined the operational segments of the Magnesita Group based on the reports used for the purpose of making strategic decisions, reviewed by the Board of Directors. The Board of Directors analyses Company business and segments it under a geographical region perspective.

Revenue from the reported operational segments derives basically from the manufacturing and trading of refractory products.

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

Information by business segment, reviewed by management, for the nine periods ended September 30, 2012, September 30, 2011, are as follows:

	Consolidated – 9/30/2012				
	South America	Europe	North America	China	Total
Total revenue by segment, net	**1,009,149**	**463,011**	**436,480**	**112,333**	**2,020,973**
Net revenue between segments	**(84,061)**	**(38,568)**	**(36,358)**	**(9,357)**	**(168,345)**
Net revenue from third parties	**925,088**	**424,442**	**400,122**	**102,976**	**1,852,627**
Net income (loss)	**68,675**	**(11,646)**	**26,426**	**(7,682)**	**75,773**
Total accounts receivable by segment	**320,463**	**154,921**	**95,239**	**26,115**	**596,738**
Accounts receivable by segments	**(40,842)**	**(19,744)**	**(12,138)**	**(3,328)**	**(76,052)**
Trade accounts receivable, net	**279,621**	**135,177**	**83,101**	**22,786**	**520,686**
Inventories	**322,876**	**137,280**	**143,161**	**29,238**	**632,555**
PP&E	**568,784**	**231,046**	**109,411**	**119,789**	**1,029,030**
Total suppliers by segments	**178,147**	**88,110**	**90,457**	**27,370**	**384,083**
Suppliers between segments	**(30,383)**	**(15,027)**	**(15,427)**	**(4,668)**	**(65,505)**
Accounts payable net of third parties	**147,764**	**73,083**	**75,030**	**22,702**	**318,578**

	Consolidated – 9/30/2011				
	South America	Europe	North America	China	Total
Total revenue by segment, net	941,189	466,965	343,908	92,576	1,844,638
Net revenue between segments	(63,708)	(31,608)	(23,279)	(6,266)	(124,861)
Net revenue from third parties	877,481	435,357	320,629	86,310	1,719,777
Net income (loss)	54,771	6,188	31,892	(5,857)	86,994
Total accounts receivable by segment	261,960	164,963	96,494	24,875	548,292
Accounts receivable by segments	(26,174)	(16,482)	(9,641)	(2,485)	(54,782)
Trade accounts receivable, net	235,786	148,481	86,853	22,390	493,510
Inventories	295,549	145,317	153,949	27,113	621,928
PP&E	413,355	224,692	89,790	155,021	882,858
Total suppliers by segments	129,713	98,532	109,888	34,233	372,366
Suppliers between segments	(15,543)	(11,806)	(13,167)	(4,102)	(44,618)
Accounts payable net of third parties	114,170	86,726	96,721	30,131	327,748

(In thousands of reais)

26 Stock option plan

In accordance with its Charter, the Company has a stock option plan approved at the Annual Shareholders' Meeting to integrate executives into the process of developing the Company's medium and long goals. This plan is administered by the Executive Board or at the discretion of a committee, which will approve the stock option program.The options represent at most 6% of the total share capital.

The options granted entitle holders the right to acquire shares over a five year period as from the grant date limited to 20% of the total number awarded each year, a condition for the exercise of its option associated with the Company upon the exercise of the option. The shares acquired each year remain inalienable for one year.

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

The number of stock options granted corresponds to the weighted average prices for the year as follows:

	9/30/2012		12/31/2011	
	Quantity (thousands)	**Average price at fair value of option (R$)**	**Quantity (thousands)**	**Average price at fair value of option (R$)**
Outstanding	**11,016**	**3,85**	10,316	4,10
Approved (cancelled) during the period	**2,863**	**3,95**	700	3,25
Option balance	**13,879**	**3,87**	11,016	3,85
Probability adjustment (average)	**79,5%**		77,8%	
Quantity to be recognized in account by year	**11,034**	**3,87**	8,570	3,85

The amount to be recognized on an accrual basis considering a five-year term to exercise the options, adjusted for probability, is R$ 42,714 for the entire period, and R$ 4,696 to September 30, 2012 (R$ 4,538 to September 30, 2011), totaling R$ 21,676 in a specific equity account.

(In thousands of reais)

26 Stock option plan (Continued)

The model and assumptions adopted for the purpose of measuring fair value were:

	Original substituted plan	New plan
Model used	Black-Scholes-Merton	Binomial
Annual volatility	Historical volatility based on periods with the same duration of the option calculated to grant period	As from April 2008
Actual interest rate	8,15% p.a.	7% p.a.
Spot value	Value of Company shares at grant date	Value of Company shares at grant date
Strike price	R$ 10.00 restated by IGP-M	R$ 6.30 restated by IPCA
Term	Average option term	Average option term
Dividend	1.2% on market value of shares	1.2% on market value of shares

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

27 Expenses by nature

	Consolidated		Company	
	To Sep/12	To Sep/11	To Sep/12	To Sep/11
Depreciation and amortization	**80,672**	77,230	**36,348**	37,390
Employee benefits	**380,925**	364,001	**245,073**	259,506
Raw materials for use and consumption	**849,902**	729,092	**335,710**	312,994
Expenses with transport and commission	**102,878**	86,382	**54,561**	45,783
Services rendered by third parties	**115,327**	114,896	**90,234**	72,216
Other expenses	**111,310**	156,176	**52,604**	33,011
	1,641,014	1,527,777	**814,529**	760,900
Classification				
Cost of goods and service sold	**1,283,775**	1,172,712	**619,884**	575,997
Selling expenses	**205,299**	187,851	**95,387**	95,118
General and administrative expenses	**151,940**	167,214	**99,258**	89,785
	1,641,014	1,527,777	**814,529**	760,900

(In thousands of reais)

27 Expenses by nature (Continued)

	Consolidado		Controladora	
	3º. trim/12	3º. trim/11	3º. trim/12	3º. trim/11
Depreciation and amortization	**27,848**	29,103	**12,171**	15,902
Benefits to employees	**129,934**	116,991	**82,240**	89,689
Raw materials for use and consumption	**282,352**	239,371	**111,401**	106,855
Transport expenses and commissions	**34,369**	18,891	**18,410**	11,388
Services rendered by third parties	**44,988**	53,205	**36,681**	24,302
Other expenses	**28,982**	47,016	**10,445**	3,280
	548,473	504,577	**271,348**	251,416
Classification				
Cost of goods and service sold	**422,612**	383,354	**201,748**	186,464
Selling expenses	**69,800**	61,894	**32,362**	31,928
General and administrative expenses	**56,061**	59,329	**37,238**	33,024
	548,473	504,577	**271,348**	251,416

28 Expenses with employee benefits

	Consolidated		Company	
	To Sep/12	To Sep/11	To Sep/12	To Sep/11
Salaries and compensation	**264,066**	261,531	**155,481**	161,154
Social charges	**97,059**	99,266	**74,241**	77,451
Profit sharing	**14,536**	20,262	**10,543**	15,460
Retirement plan	**5,264**	(17,058)	**4,808**	5,441
	380,925	364,001	**245,073**	259,506

	Consolidated		Company	
	Q3/12	Q3/11	Q3/12	Q3/11
Salaries and compensation	**92,866**	89,114	**55,168**	54,668
Social charges	**33,021**	32,596	**24,593**	25,270
Profit sharing	**2,337**	8,987	**921**	8,016
Retirement plan	**1,710**	(13,706)	**1,558**	1,735
	129,934	116,991	**82,240**	89,689

(In thousands of reais)

29 Other operating income (expenses), net

	Consolidated		Company	
	To Set/12	**To Set/11**	**To Set/12**	**To Set/11**
Labor claims	**(7,361)**	(6,867)	**(7,361)**	(6,867)
Assignment of rights and payroll processing	**2,400**	2,400	**2,400**	2,400
Reversal – health insurance		28,238		
Development	**820**	20,821	**820**	20,821
Supplementary judicial gain – Eletrobrás Benefits	**-**	7,083	**-**	7,083
Employee benefits	**(4,396)**	(4,392)	**(4,396)**	(4,392)
Uncommon inventory losses	**(4,015)**	-	**-**	-
Other, net	**(2,609)**	861	**(1,325)**	1,718
	(15,161)	46,422	**(9,862)**	20,763

	Consolidated		Company	
	Q3/12	**Q3/11**	**Q3/12**	**Q3/11**
Labor claims	**(3,035)**	(3,000)	**(3,035)**	(3,000)
Assignment of rights and payroll processing	**800**	800	**800**	800
Reversal – health plan	**-**	17,461	**-**	
Gains (losses) net of real estate venture	**582**	18,309	**582**	18,309
Supplementary gain – lawsuit - Eletrobrás	**-**	553	**-**	553
Benefits to employees	**(1,465)**	(1,466)	**(1,465)**	(1,466)
Unusual losses with inventories	**-**	-	**-**	-
Other, net	**(139)**	18	**669**	1,483
	(3,257)	32,675	**(2,449)**	16,679

30 Earnings per share

(a) Basic

Earnings per share are calculated by dividing the income attributable to Company shareholders by the weighted average number of common shares issued in the year.

	Consolidated	
	To Sep/12	**To Sep/11**
Basic		
Basic numerator		
Net income attributable to shareholders	**73,548**	86,570
Net income attributable to shareholders		
Weighted average number of shares outstanding (thousand)	**291,982**	288,230
Basic earnings per share (in R$)	**0.25**	0.30

(b) Diluted earnings

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

	Consolidated	
	To Sep/12	**To Sep/11**
Diluted earnings		
Basic numerator		
Net income attributable to shareholder	**73,548**	86,570
Basic denominator		
Weighted average number of shares outstanding (thousand)	**291,982**	288,230
Number of potential shares (stock options) (in thousands)	**8,438**	8,570
Weighted average number of shares for diluted earnings (in thousands)	**300,420**	296,800
Diluted earnings (in R$)	**0.24**	0.29

(In thousands of reais)

31 Net sales and service revenues

	Consolidated		Company	
	To Sep/12	**To Sep/11**	**To Sep/12**	**To Sep/11**
Gross revenue from sales and services				
Domestic market	**1,002,326**	1,007,775	**974,569**	975,730
Foreign market	**1,108,152**	975,148	**193,047**	145,384
	2,110,478	1,982,923	**1167,616**	1,121,114
Taxes on Sales	**(257,851)**	(263,146)	**(247,576)**	(252,707)
Net revenue from sales and services	**1,852,627**	1,719,777	**920,040**	868,407

	Consolidated		Company	
	Q3/12	**Q3/11**	**Q3/12**	**Q3/11**
Gross revenue from sales Services				
Domestic market	**319,822**	331,993	**310,539**	322,318
External market	**369,947**	316,784	**71,306**	50,083
	689,769	648,777	**381,845**	372,401
Taxes on sales	**(81,630)**	(87,308)	**(77,847)**	(84,150)
Net revenue from sales and services	**608,139**	561,469	**303,998**	288,251

32 Insurance coverage

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

	Consolidated		Company	
	9/30/2012	**12/31/2011**	**9/30/2012**	**12/31/2011**
Amount insured	2,960,735	2,760,557	1,761,766	1,593,092
Loss of profits	833,399	777,986	92,937	92,937
Civil liability	286,523	268,856	25,000	25,000

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

33 Management fees

Management (members of the Board of Directors and officers) fees up to September 2012 corresponded to R$ 6,507 (R$ 5,719 up to September 2011). Furthermore, the fair value of the stock options granted in the amount of R$ 4,695 (R$ 4,538 up to September 2011).

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

Statements and Report / Special Review Report - Unqualified

Review Report of Quarterly Financial Information
The Shareholders, Board of Directors and Officers
Magnesita Refratários S.A.
Contagem, Minas Gerais

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Financial Information (ITR) of Magnesita Refratários S.A. ("Company") for the quarter ended September 30, 2012, comprising the balance sheet as of September 30, 2012 and the related income statements and statements of comprehensive income for the three-month and nine-month periods then ended, and the statements of changes in equity and cash flow statements for the nine-month period then ended, including the explanatory notes.

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

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively), which consisted of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not fairly prepared and presented, in all material aspects, in accordance with CPC 21 applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the CVM.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the quarterly information referred to above is not fairly prepared and presented, in all material aspects, in accordance with CPC 21 and IAS 34 applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statement of value added (SVA) for the nine-month period ended September 30, 2012, whose presentation in the interim financial information is required by rules issued by the CVM applicable to preparation of Quarterly Information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not fairly presented, in all material respects, in relation to the overall accompanying individual and consolidated interim financial information.

Audit of prior year and periods corresponding figures

The individual and consolidated financial information, included in the interim financial information, relating to the balance sheet as at December 31, 2011 and the income statements, statements of comprehensive income for the quarter and nine-month period ended September 30, 2011 , cash flow statements, statements of changes in equity and statements of value added for the nine-month period ended September 30, 2011, included for comparison purposes, were audited and reviewed, respectively, by other independent auditors who issued an unqualified audit report dated March 07, 2012 and a review report dated November 09, 2011.

Belo Horizonte, November 8, 2012.

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

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

Reports and Statements/ Audit Committee Report or Equivalent Body

Audit Committee Report

The Supervisory Board of Magnesita Refratários S.A. ("Company"), in carrying out their legal and statutory duties, examined the Management Report, the accounts of the Board of Directors, the audited consolidated financial statements of the Company and the limited review of the quarterly financial statements of the independent auditors , referring to the nine month period ended September 30, 2012, having also examined the technical feasibility study that supports the expectation of generating future taxable income and, at present, in compliance with Article 163, paragraphs II, III and VII, of Law 6404/76, and in Articles 2, II, and 4, of CVM Rule 371/02, concurs favorably with full approval of the documents.

Contagem, November 8, 2012

Pedro Wagner Pereira Coelho Alexei Ribeiro Nunes
Sergio Antonio Cordeiro de Oliveira Ricardo Scalzo
Sergio Valadares Portella

Reports and Statements/ Board of Directors Statement on the Financial Statements

STATEMENT

We, the Statutory Officers of Magnesita Refratários S.A., state that pursuant to CVM Rule 480 of December 7, 2009, art. 25 paragraph 1 items V and VI that:

We have analyzed, discussed and agreed on the limited review of the quarterly financial statements (Company and Consolidated) for the 9 month period ended September 30, 2012.

We have analyzed, discussed and agreed on the terms of the independent auditor's limited review of the quarterly financial statements on the financial statements (Company and Consolidated) for the 9 month period ended September 30, 2012.

Contagem, November 8, 2012

Octavio Cortes Pereira Lopes
Chief Executive Officer and Investor Relations Officer
José Roberto Beraldo
Vice President - Finance
Directors with no specific portfolio:

Peter Paul Lorenço Estermann Luís Rodolfo Mariani Bittencourt
Gilmar Fava Carrara   Afonso Celso de Resende
Fabrício Rodrigues Amaral   Otto Alexandre Levy Reis
Milton José de Oliveira Sacramento Vinicius Santos Silva Felipe Sommer

Technical professional responsible
Leonardo Figueiredo Moreira
Accountant - CRC-MG 76.170/O-4

Reports and Statements/ Board of Directors Statement on the Independent Auditor's Review Report

STATEMENT

We, the Statutory Officers of Magnesita Refratários S.A., state that pursuant to CVM Rule 480 of December 7, 2009, art. 25 paragraph 1 items V and VI that:

We have analyzed, discussed and agreed on the limited review of the quarterly financial statements (Company and Consolidated) for the 9 month period ended September 30, 2012.

We have analyzed, discussed and agreed on the terms of the independent auditor's limited review of the quarterly financial statements on the financial statements (Company and Consolidated) for the 9 month period ended September 30, 2012.

Contagem, November 8, 2012

Octavio Cortes Pereira Lopes
Chief Executive Officer and Investor Relations Officer
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Technical professional responsible
Leonardo Figueiredo Moreira
Accountant - CRC-MG 76.170/O-4

MAGNESITA POSTS REVENUES OF R$608.1 MILLION AND EBITDA OF R$84.3 MILLION IN 3Q12

Contagem, Brazil – November 8, 2012 – Magnesita Refratários S.A. (BM&FBOVESPA, Novo Mercado: MAGG3) announces today its results for the third quarter of 2012 (3Q12). The Company's consolidated operating and financial information, except where otherwise stated, is posted in thousands of Reais, pursuant to the Brazilian Corporate Law.

3Q12 HIGHLIGHTS

- **Results:** Net revenues of R$608.1 million in the quarter, up 8.3% year-on-year but down 4.6% quarter-on-quarter in a quarter impacted by seasonality due to summer vacation in the Northern Hemisphere, as well as the strong slowdown of the steel industry in the company's key markets, driving refractory sales volumes down 4.0% and 10.9% year-on-year and quarter-on-quarter, respectively.
- **Services:** Recovery of gross margin in the services segment to 13.9% in 3Q12, comparable to its historical level and significantly higher than the 3Q11 and 2Q12 margins of 8.6% and 10.4%, respectively.
- **Brumado expansion:** The new furnace (HW4) for high-grade magnesite sinter production (M-30) went into operation, which, beginning in 4Q12, will produce at the expected rate of 60,000 tonnes/year, increasing total M-30 production capacity to 240,000 tonnes/year.
- **Graphite Project:** In September, the Company obtained the preliminary environmental license for mining, processing and purification unit with capacity of up to 40,000 tonnes of graphite per year in Almenara, Brazil.

KEY INDICATORS

In R$ million	Quarter			Var. %		YTD		Var.%
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	*(d/e)*
Net Revenues	608.1	637.6	561.5	-4.6%	8.3%	1,852.6	1,719.8	7.7%
Gross Profit	185.5	201.6	178.1	-8.0%	4.2%	568.9	547.1	4.0%
Gross Margin (%)	30.5%	31.6%	31.7%	-112 bp	-122 bp	30.7%	31.8%	-111 bp
EBIT	56.4	78.3	89.6	-28.0%	-37.0%	196.5	238.4	-17.6%
EBITDA	84.3	105.2	118.7	-19.9%	-29.0%	277.0	315.7	-12.2%
EBITDA Margin (%)	13.9%	16.5%	21.1%	-264 bp	-728 bp	15.0%	18.4%	-340 bp
Net Income	10.7	36.7	34.4	-70.8%	-68.9%	75.8	87.0	-12.9%
Net Margin (%)	1.8%	5.8%	6.1%	-400 bp	-437 bp	4.1%	5.1%	-97 bp
CAPEX	61.7	62.4	39.4	-1.2%	56.4%	179.9	86.8	107.3%
Operating Cash Flow	90.0	96.9	188.4	-7.2%	-52.2%	250.6	460.6	-45.6%
Net Debt	1,074.4	1,060.0	900.2	1.4%	19.4%	1,074.4	900.2	19.4%
Net Debt/EBITDA	2.76x	2.51x	2.11x	10.3%	30.8%	2.76x	2.11x	30.8%

Message from the CEO

"This quarter, we saw a very challenging macroeconomic scenario, with perceptible deterioration in all of Magnesita's markets with a strong industrial slowdown in the Eurozone. The global steel industry is experiencing a decline in demand, resulting in excess capacity. According to the World Steel Association, steel production fell 9.8% and 3.6% in the European Union and North America, respectively, as compared to the previous quarter, with seasonal effect in these regions due to summer vacations. In South America, production fell 3.5%, while Asian production fell 1.6% quarter-on-quarter. In this context, we closed the quarter with consolidated sales of R$608.1 million, up 8.3% over 3Q11 but down 4.6% over 2Q12, despite the 4.0% and 10.9% lower refractory sales volumes.

Regarding vertical integration projects, we concluded the adjustment phase on the new HW4 furnace in Brumado (Brazil), making it operational and increasing M30 production capacity from 180,000 tonnes/year to 240,000 tonnes/year. In the Graphite Project, we took an important step, obtaining the preliminary environmental license for the mine and processing and purification unit of up to 40 thousand tonnes of graphite/year in Almenara, Minas Gerais State.

Despite the challenges we have faced in an adverse economy, this quarter saw important advances for Magnesita. We finalized our strategic planning project, re-evaluating our efforts over recent years with the global expansion of the Company and consolidating Magnesita's leadership as most profitable company in this industry.

This project culminated in the definition of a new vision for Magnesita: "Be the best provider of refractories solutions and industrial minerals, leveraging and developing our raw material base." This means that we need to be the best in our markets, offering the best products and services to our clients, with excellence in research and development, retaining, attracting and developing the best professionals.

To sustain our new vision and drive our growth, we have defined four pillars that will guide our strategic decisions for the coming years:

1) Ensure leadership in our core markets: Through our mineral and industrial assets base, the differentiated relationship with our clients, as well as the quality of our products and services, we have maintained our leadership in key markets such as steel and cement in South America and stainless steel in North America and Europe. Recent gains in market share within clients such as NAS, Thyssen, Usiminas and Votorantim Cimentos, demonstrate our strength on these markets. We will continuously seek to maintain our leadership, offering the best combination of quality, innovation and value for our clients.

2) Grow selectively and aggressively: We will pursue expansion in selected markets where we can deliver superior value to our clients and shareholders, leveraging our nonreplicable competitive advantages. Our expansion in the South American steel market outside of Brazil in the past four years is an example of a market where an aggressive and focused commercial strategy, combined with competitive advantages, allowed significant gains in a relatively short period.

3) Expand industrial minerals base: We will continue investing to develop and expand our raw materials base. Our global mineral resources cannot be replicated and we will seek to not only increase our vertical integration and competitiveness in the refractory market, but also to expand in other industrial minerals where we can leverage our experience and expertise in mining and take advantage of our unexplored mineral rights in Brazil. The recently-concluded Brumado (Brazil) expansion project was an important step in this direction, as is the Graphite Project which is currently under implementation.

4) Maintain a global low cost production base: Strict cost and expense control throughout our supply chain, from production of raw materials to transportation, factories and our sales and administrative activities is, and will continue to be, a daily focus of everyone at Magnesita. In 2012, through several initiatives, we increased productivity (tonnes/employee) by 18% over 2011 at the refractories production units in South America and we have an extensive pipeline of productivity projects for years to come.

To support this new strategic vision, we are implementing important changes in our organization. Beginning in January of 2013, all of our industrial plants and mines will report to a single division responsible for global production, supply chain and procurement. In parallel, all support services, which were previously geographically decentralized, will be consolidated under a global leadership center with the creation of a new global division of People and Management and the strengthening the global division responsible for research and development, product portfolio management and quality.

We are beginning this new phase with absolute determination and motivation, while at the same time we remain aware of the challenges ahead. Management and all of our employees are committed to the new vision and to overcoming the challenges and, therefore, I am confident that we will be able to take Magnesita to a new level in the coming years! Thank you."

Octavio Pereira Lopes

CONSOLIDATED OPERATING AND FINANCIAL PERFORMANCE

REVENUE AND VOLUME

Revenue in the quarter reached R$608.1 million, up 8.3% YoY, but down 4.6% QoQ

In a quarter impacted by seasonality due to summer vacation in the Northern Hemisphere, net revenues amounted to R$608.1 million, up 8.3% over 3Q11 but down 4.6% over 2Q12. In addition to the seasonality, there was a decline in steel production across Magnesita's markets.

The year-on-year growth mainly reflects foreign exchange impacts on the translation of sales of the North American and European operations into Reais (US$ up 24.0% against Real and the Euro up 9.9% vs Real).

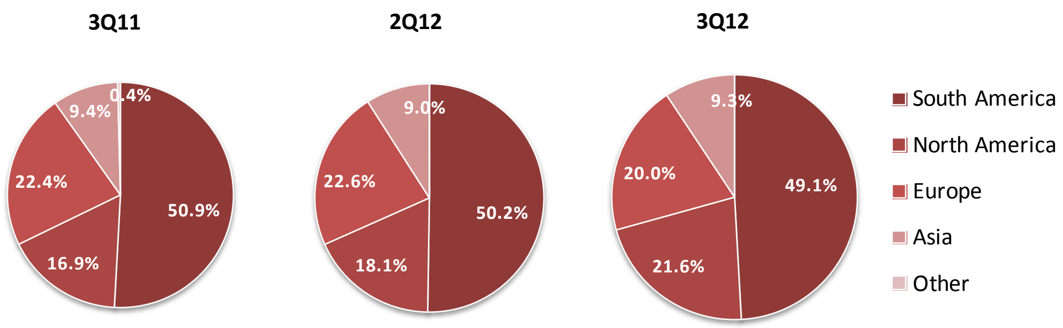
Quarter-on-quarter, the 4.6% decline is primarily due to the lower sales volume and seasonality. In the first nine months of the year (9M12), revenue totaled R$1,852.6 million, up 7.7% over the same period of 2011 as a result of the Real's depreciation against the Dollar and the Euro.

Revenues from the refractory solutions segment reached R$535.2 million in the quarter, representing 88.0% of total consolidated sales, compared to 88.5% in 3Q11 and 88.9% in 2Q12. Industrial mineral sales totaled R$30.3 million, accounting for 5.0% of total revenues, stable over 3Q11's 5.0% and 5.3% in 2Q12. Revenues from the service segment totaled R$42.7 million, accounting for 7.0% of total revenues, compared to 6.5% in 3Q11 and 5.8% in 2Q12.

Revenue and Volume by segment

Segment	Quarter			Var. %		YTD		Var. %
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	(d/e)
Refractory Solutions								
Volume ('000 ton)	252.5	283.5	262.9	-10.9%	-4.0%	810.8	830.6	-2.4%
Revenues (R$ million)	535.2	566.9	496.7	-5.6%	7.7%	1,652.4	1,517.8	8.9%
Industrial Minerals								
Volume ('000 ton)	169.3	212.9	172.2	-20.5%	-1.7%	611.5	452.9	35.0%
Revenues (R$ million)	30.3	34.0	28.2	-10.7%	7.7%	89.4	83.6	7.0%
Services								
Revenues (R$ million)	42.7	36.8	36.6	15.9%	16.6%	110.8	118.4	-6.5%
TOTAL								
Revenues (R$ million)	608.1	637.6	561.5	-4.6%	8.3%	1,852.6	1,719.8	7.7%

Net revenue by region – Client location



Refractory solutions

Revenue of R$535.2 million, up 7.7% over 3Q11

The year-on-year growth is primarily a reflection of the foreign exchange effect on translation of sales in foreign currency, in addition to the strong sales performance in South America, in both the steel and industrial sectors. These effects offset the 4.0% decline in sales volume caused by the reduced sales in the European market.

Quarter-on-quarter, revenues fell 5.6%, driven by lower sales in the Northern Hemisphere (seasonal effect) and industrial sectors, as well as the reduced steel production across all of the Company's markets.

Sales to the steel industry represented 86.3% of revenues in the refractory solutions segment, compared to 87.0% in 3Q11 and 84.0% in 2Q12, while sales to the industrial sector represented 13.7%, compared to 13.0% in 3Q11 and 16.0% in 2Q12.

Refractory Solutions – Steel Industry

Sales up 6.9% year-on-year

Sales to the steel industry reached R$462.0 million in the quarter, compared to R$432.0 million in 3Q11 and R$476.3 million in 2Q12.

The 6.9% year-on-year rise is primarily explained by the appreciation of the Dollar and Euro against the Real, impacting the translation of sales in these currencies to Real. Sales volume fell 5.3% due to a reduction in sales in South America and Europe as a reflection of the 6.8% and 4.3% declines in steel production in these regions, respectively.

The quarter-on-quarter decline in revenues is explained by the reduced sales volume in Europe and North America due to seasonality and reduced steel production. North American steel production fell 3.6% in the period, while in Europe, production fell 9.8% against the previous quarter.

Refractory Solutions – Industrial

Revenue up 13.1% over 3Q11

Sales to the industrial sectors reached R$73.1 million, compared to R$64.7 million in 3Q11 and R$90.6 million in 2Q12. Sales to the cement industry represented 60.9% of total sales, compared to 67.5% in 3Q11 and 60.1% in 2Q12.

The 13.1% year-on-year rise in revenues is explained by the strong performance of South American sales, where the industry, especially cement, has grown with capacity increases, in addition to the effect of foreign exchange conversion into Real from North American and European sales.

The 19.2% quarter-on-quarter decline in revenues is explained by the reduced sales volume across all regions due to seasonality in sales to industrial sectors. In addition to seasonality, European sales were also impacted by the economic crisis.

Minerals

Revenues of R$30.3 million, up 7.7% over 3Q11 and down 10.7% over 2Q12

Mineral sales reached R$30.3 million, compared to R$28.2 million in 3Q11 and R$34.0 million in 2Q12. The year-on-year increase was due to a higher level of magnesite sinter shipments for export. The Real's depreciation also positively impacted the value of minerals sold to North America and Europe.

The quarter-on-quarter decline in sales is explained by lower shipments of magnesite sinter.

With the conclusion of the HW4 furnace expansion, Magnesita has achieved a level of integration of about 80% and has reallocated its domestic demand to different plants, exports and raw material purchases in order to maximize its results according to price trends in different markets.

Services

Revenues of R$42.7 million, compared to R$36.6 million in 3Q11 and R$36.8 million in 2Q12

The 16.6% and 15.9% year-on-year and quarter-on-quarter increases are mainly due to execution of spot contracts. Magnesita has sought better positioning of its services division. We have expanded our activities in higher added-value (and higher margin) segments, focusing on longer-term projects, larger spot contracts and recurring contracts directly connected to the installation and maintenance of refractories, not only for steelmakers, but also for mining and cement clients. At the same time, we have been gradually phasing out our operations in lower-value spot contracts and industrial maintenance not directly related to refractories, which have historically shown much more volatile profitability and drove the decline in profitability in the first half of 2012.

COST OF GOODS SOLD, GROSS PROFIT AND MARGIN

Gross profit up 4.2% year-on-year but down 8.0% over 2Q12

In the quarter, COGS totaled R$422.6 million, up 10.2% year-on-year and down 3.1% quarter-on-quarter. The year-on-year rise is mainly due to the impact of the Real's depreciation on production costs in Dollars and Euros and recurring raw material price increases, with an increase in the total cost, slightly higher than the increase of 8.3% in revenues. A portion of this impact is also related to the start up costs of the HW4 furnace in Brumado and increases in energy and labor costs in Brazil.

Quarter-on-quarter, the reduction is explained by lower production volume due to reduced sales in the period.

Consolidated gross margin reached 30.5%, compared to 31.7% and 31.6% in 3Q11 and 2Q12, respectively. The retraction in the margin is related to the refractory solutions segment, which saw higher cost pressures and weaker sales.

Gross Margin by segment

Segment (R$ million)	Quarter			Var. %		YTD		Var. %
Refractory Solution	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	(d/e)
Gross Profit (R$ million)	165.9	183.6	160.1	-9.6%	3.7%	519.1	494.4	5.0%
Gross Margin (%)	31.0%	32.4%	32.2%	-139 bp	-122 bp	31.4%	32.6%	-116 bp
Minerals								
Gross Profit (R$ million)	13.6	14.8	14.2	-8.1%	-4.2%	38.9	38.7	0.6%
Gross Margin (%)	45.0%	43.7%	50.6%	128 bp	-559 bp	43.5%	46.2%	-275 bp
Services								
Gross Profit (R$ million)	5.9	3.2	3.8	87.7%	56.3%	10.8	14.0	-22.5%
Gross Margin (%)	13.9%	8.6%	10.4%	533 bp	354 bp	9.8%	11.8%	-202 bp
TOTAL								
Gross Profit (R$ million)	185.5	201.6	178.1	-8.0%	4.2%	568.9	547.1	4.0%
Gross Margin (%)	30.5%	31.6%	31.7%	-112 bp	-122 bp	30.7%	31.8%	-111 bp

Refractory solutions

Gross margin at 31.0%, compared to 32.2% in 3Q11 and 32.4% in 2Q12

In comparison to the same period of the previous year, the retraction of the margin is due to the increased cost of raw materials due to the start-up of the HW4 furnace and foreign exchange effects on external raw materials. These effects were partially offset by several initiatives to increase productivity at the Contagem (Brazil) and Brumado (Brazil) units. The margin compression is also a reflection of reduced volumes, especially in Europe with lower dilution of fixed costs.

Due to weaker sales in the Northern Hemisphere as a result of seasonality and reduced steel production across Magnesita's markets, especially in Western Europe, with lower dilution of fixed costs and the costs related to the HW4 furnace mentioned above, margin fell as compared to the previous quarter.

Minerals

Margin at 45.0% in the quarter, compared to 50.6% in 3Q11 and 43.7% 2Q12

Gross margin for the mineral segment tends to be more volatile due to changes in the product mix - the key products sold in this segment are talc and caustic magnesia, in addition to other products with lower added value. When it is opportune, the Company also sells magnesite sinter, which depends largely on internal demand for refractory production, as well as international price fluctuations of magnesite sinter and eletrofused magnesia. Due to the change in the sales mix in this quarter, gross margin was above the 2Q12 margin but below that of 3Q11.

Services

Margin at 13.9% in the quarter, compared to 10.4% in 3Q11 and 8.6% in 2Q12

Since the start of the year, when this segment was impacted by higher labor costs with some contracts under renegotiation with unions as well as a strike in that period, Magnesita has implemented a margin management and recovery plan with strong focus on the current contracts and repositioning its operations in the segment as mentioned above. This allowed for a significant improvement in the margin of this division as compared to the previous twelve months.

SELLING EXPENSES

Stable over previous quarters

In 3Q12, selling expenses totaled R$69.8 million, as compared to R$61.9 million in the same period of the previous year and R$69.6 million in the previous quarter. As a percentage of revenue, selling expenses were at 11.5% in the quarter, compared to 10.9% 2Q12 and 11.0% in 3Q11. This increase, compared to the previous quarters, is mainly due to a change in the sales mix to include a higher share of external sales. In addition, with the decline in sales of refractory solutions in the Northern Hemisphere, there was lower dilution of the fixed portion of selling expenses in the region.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

Down 5.5% year-on-year but up 20.8% over 2Q12

General and administrative expenses totaled R$56.1 million in the quarter, compared to R$59.3 million in 3Q11 and R$46.4 million in 2Q12. G&A represented 9.2% of revenues in the quarter, against 10.6% in 3Q11 and 7.3% in 2Q12.

The year-on-year reduction in G&A reflects the fact that, nonrecurring, the Company has provisioned compensation expenses significantly lower in this quarter and in 2Q12, due to adjustments related to provisions for variable compensation and expenses with the stock option plan. This event was partially offset by expenses for consultancy work, nonrecurring, related to the strategic planning project of approximately R$6 million in 3Q12.

Quarter-on-quarter, the increase in G&A reflects the expenses of consultancy work, as mentioned above, and less relevant nonrecurring effects which impacted both quarters.

EBITDA

R$84.3 million with margin at 13.9%

EBITDA in the quarter was impacted by lower volumes due to seasonality, reduced steel production in all of the Company's markets and economic deterioration in Europe, as already explained.

In comparison to 3Q11, the fall of margin reflects the higher cost pressures over last year, in addition to the impact of lower volumes on fixed costs dilution. In addition, in 3Q11, there was a one-off revenue (reversal of the provision for expenses with health insurance plans for U.S. employees and real estate sale), which increased the EBITDA margin in the quarter from 15.3% to 21.1%.

Quarter-on-quarter, the lower margin is related to lower dilution of fixed costs due to weaker sales, in addition to higher general and administrative expenses.

EBITDA calculation

EBITDA Conciliation (R$ million)	Quarter			Var. %		YTD		Var. %
	3Q12 (a)	2Q12 (b)	3Q11 (c)	(a/b)	(a/c)	9M12 (d)	9M11 (e)	(d/e)
Operational Profitl (EBIT)	56.4	78.3	89.6	-28.0%	-37.0%	196.5	238.4	-17.6%
Depreciation/Amortization	27.8	27.0	29.1	3.2%	-4.3%	80.7	77.2	4.5%
EBITDA	84.3	105.2	118.7	-19.9%	-29.0%	277.1	315.7	-12.2%
EBITDA Margin	13.9%	16.5%	21.1%	-264 bp	-728 bp	15.0%	18.4%	-340 bp

FINANCIAL INCOME/EXPENSES

Net expense of R$33.5 million in the quarter

In the quarter, financial income/expenses including foreign exchange variations were a net expense of R$33.5 million, compared to R$34.6 million in 3Q11 and R$23.6 million in 2Q12. Compared to 2Q12, the higher expense is explained by the reduced impact of foreign exchange variation on receivables abroad, which generated significant revenue in the previous quarter.

INCOME TAX AND SOCIAL CONTRIBUTION

Cash disbursement of R$7.3 million

Magnesita has tax credits generated by tax losses in previous fiscal years and goodwill amortization. In the quarter, the Company provisioned R$12.2 million for payment of income tax and social contribution, however, due to these credits, the cash disbursement will be

R$7.3 million.

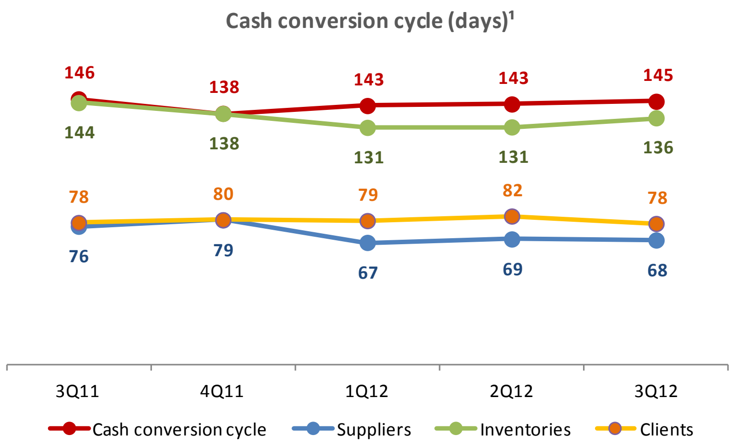
NET INCOME

R$10.7 million with net margin at 1.8%

Net income in the quarter totaled R$10.7 million, compared to R$34.4 million in 3Q11 and R$36.7 million in 2Q12. In this quarter, net income was affected by the weaker operational result, as explained above.

WORKING CAPITAL

Cash conversion cycle of 145 days



1 The cash conversion cycle is calculated on the basis of LTM results.

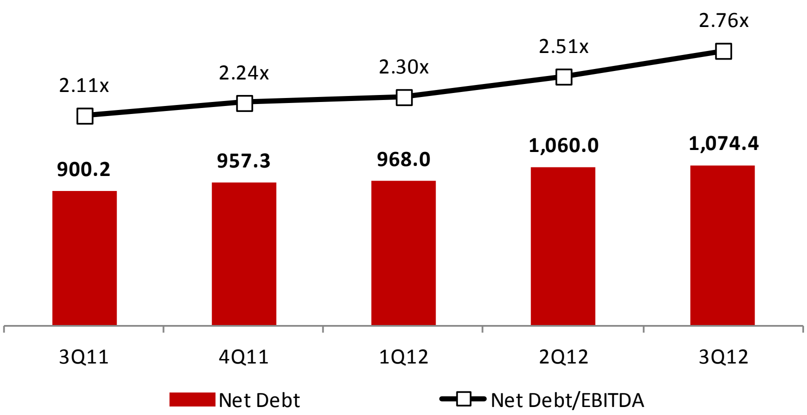
Magnesita has focused its efforts on improving working capital with the consequent reduction in the cash conversion cycle. Due to weaker sales in Europe and North America as a result of seasonality, a lower-than-expected sales volume in the steel industry due to reduced steel production, the postponement of some significant spot sales of minerals and refractories to 4Q12 and the expected increase in inventories of some minerals with higher seasonal sales in the last quarter, this quarter saw a slight increase in inventories. It should be noted that the calculation of working capital is also impacted by foreign exchange, as the balance is converted by the closing rate and results occur at the average exchange rate. The Company's management will continue to seek improvements, primarily focusing on inventory management and increased payment terms with suppliers.

DEBT

Stable in the quarter

Magnesita's gross debt in the closing period was R$1,842.0 million, compared to R$1,872.6 million in 2Q12 and R$1,757.3 million in 3Q11, with 16.9% in local currency and 83.1% in foreign currencies. Of this total, 6.8% matures in the short term and 93.2% in the long-term. Total debt includes the amount of R$501.1 million related to the perpetual bonds issued by Company in April of this year. Magnesita closed the quarter with cash of R$767.6 million and net debt of R$1,074.4 million.

Due to lower cash generation in the quarter, the Company's leverage, as measured by Net Debt/EBTIDA, was at 2.76 times, compared to 2.5 times in the previous quarter. It should be noted that the Company has made investments in maintenance and expansion over the last twelve months, which amount R$263.9 million. In addition to that, the calculation of leverage is influenced by the mismatch between the closing exchange rate (R$2.03) and the LTM average rate (R$1.92). The Company's management believes the leverage will be reduced in the coming quarters, with the investments in Brumado finished, as well as the cash generation from the project, in addition to the reduction on the exchange rate effect. The graph below shows the evolution of net debt (in R$ thousand), as well as the leverage index:



CAPITAL EXPENDITURES

CAPEX of R$61.7 million in the quarter

In 3Q12, investments made by all Magnesita units totaled R$61.7 million, with R$20.0 million allocated to vertical integration projects and R$41.7 million to refurbishments, maintenance, system upgrades, environmental expenses and investments in clients. In 9M12, CAPEX totaled R$179.8 million, as compared to R$86.8 million in 9M11, with R$77.6 million in maintenance and R$102.2 million in expansion projects.

This quarter, after a commissioning phase which began in the previous quarter, the HW4 furnace in Brumado came on-stream, adding 60 ktpa of high-grade magnesite sinter (>98.5% MgO) production capacity. With this expansion, Magnesita reached self-sufficiency in this raw material, increasing its vertical integration level.

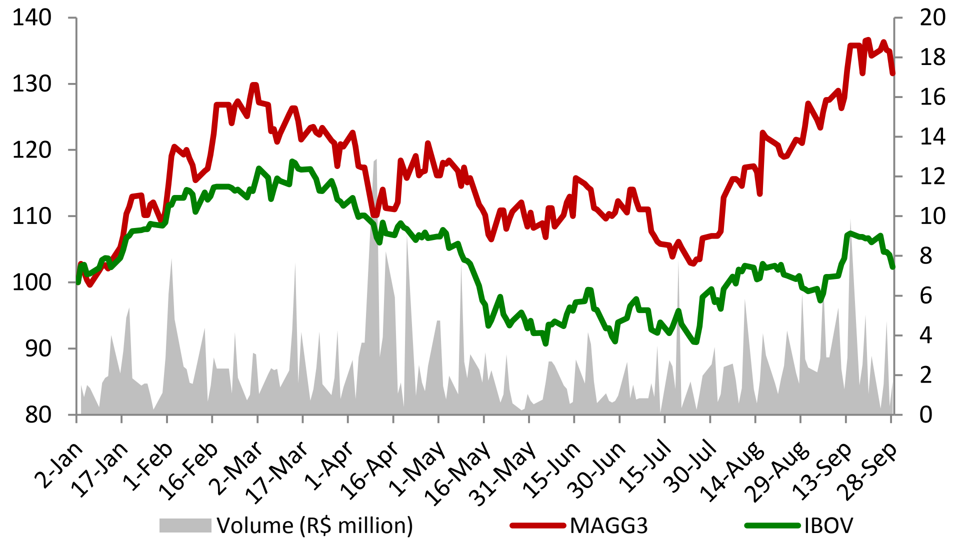
The Graphite Project continues to advance in the process of obtaining the environmental license, the geological studies and the definition of the industrial routes, necessary to begin the project implementation. This quarter, the Company took an important step in this process, securing the preliminary license on September 13 for mining, processing and purification unit with capacity of up to 40,000 tonnes of graphite/year in Almenara (Brazil).

CAPITAL MARKETS

Stock Performance

Magnesita's common shares (BM&FBOVESPA: MAGG3) closed the quarter at R$7.50, rising 30.0% in the year. In the same period, the Ibovespa Index increased by 4.3% to close the period at 59,176 points. The average daily trading volume in the year was 2.4 million, with an average of 364.9 thousand shares traded each day.

Stock vs. Ibovespa in the year – IBF (Dec/11=100)



About Magnesita Refratários S.A.

Magnesita Refratários S.A. is a publicly-held company, with shares traded on the BM&FBovespa's Novo Mercado in Brazil and through Level 1 ADRs in the U.S., dedicated to mining, producing and trading an extensive line of refractory materials and industrial minerals. Its products are used mainly by the steel, cement and glass industries. Its industrial activities started in 1940, shortly after magnesite deposits were discovered in Brumado, Brazil. At present, it operates 28 industrial and mining plants: sixteen in Brazil, three in Germany, three in China, one in the United States, two in France, one in Belgium, one in Taiwan and one in Argentina, with a capacity to produce over 1.6 million tons per year of refractories. The Company is the market leader in Brazil and South America and sold to over 70 countries in 2011.

Mission

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

Vision

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

Values

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

Conference Call - Results 3Q12

November 9, 2012 at 11 A.M. (Brasília) - 8 A.M. EST

(in Portuguese with simultaneous translation into English)

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Disclaimer

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

APPENDIX I – CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R$ million)	09/30/12	30/06/12	09/30/11
ASSETS			
Current	2,139.4	2,177.8	2,134.9
Cash ans cash equivalents	767.6	812.5	857.2
Accounts receivable	520.7	537.9	493.5
Inventories	632.6	595.1	621.9
Accounts receivable - PP&E sale	16.9	15.9	12.0
Recoverable taxes	121.3	125.6	76.8
Others	80.2	90.8	71.5
Long term	140.4	142.8	137.0
Legal deposits	18.1	16.7	18.0
Recoverable and deferred taxes	48.3	49.0	43.4
Accounts receivable - PP&E sale	2.3	3.5	8.7
Tax benefits on merger of subsidiaries	55.5	57.8	64.4
Others	16.2	15.8	2.5
Fixed	3,401.1	3,273.3	3,108.0
Investments	68.7	1.2	1.1
Property, plant and equipment	1,029.0	992.1	882.9
Intangibles	2,303.3	2,280.0	2,224.0
Total Assets	5,680.8	5,593.9	5,379.9
LIABILITIES			
Current	660.5	619.1	671.4
Suppliers	318.6	313.8	327.7
Loans	125.7	91.3	125.6
Interests on equity payable	0.1	0.1	0.0
Taxes and contributions	51.7	62.6	64.6
Salaries and social charges	96.4	93.8	90.8
Others	68.0	57.4	62.8
Long term liabilities	2,153.3	2,196.3	2,037.6
Loans	1,716.3	1,781.2	1,631.8
Taxes and contributions	122.2	101.0	66.2
Severance payment	231.1	230.2	224.9
Provision for contigencies	66.5	66.3	96.7
Others	17.2	17.5	18.0
Shareholder's equity	2,867.0	2,778.6	2,670.9
Capital	2,528.1	2,528.1	2,528.1
Capital and revenue reserves	272.8	269.6	106.9
Cumulative translation adjustments	-62.3	-99.8	0.0
Retained earnings (losses)	73.5	63.9	18.8
Other comprehensive income	36.0	0.0	0.0
Equity attributable to equity holders	2,848.1	2,761.8	2,653.8
Non-controlling interests	18.9	16.8	17.1
Total liabilities and Shareholder's equity	5,680.8	5,593.9	5,379.9
Total number of shares outstanding ('000)	291,981.9	291,981.9	291,981.9
Book Value Per Share	9.82	9.52	9.15

APPENDIX II – CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R$ million)	Quarter			Var. %		YTD		Var. %
	3Q12	2Q12	3Q11			9M12	9M11	
	(a)	(b)	(c)	(a/b)	(a/c)	(d)	(e)	(d/e)
Net operating revenues	**608.1**	**637.6**	**561.5**	***-4.6%***	***8.3%***	**1,852.6**	**1,719.8**	***7.7%***
Cost of goods sold	-422.6	-436.0	-383.4	*-3.1%*	*10.2%*	-1,283.8	-1,172.7	*9.5%*
Gross Profit	**185.5**	**201.6**	**178.1**	***-8.0%***	***4.2%***	**568.9**	**547.1**	***4.0%***
Gross margin (%)	30.5%	31.6%	31.7%	-112pb	-122pb	30.7%	31.8%	*-3.5%*
Selling expenses	-69.8	-69.6	-61.9	*0.3%*	*12.8%*	-205.3	-187.9	*9.3%*
General and administrative expenses	-56.1	-46.4	-59.3	*20.8%*	*-5.5%*	-151.9	-167.2	*-9.1%*
Other operating income (expenses)	-3.3	-7.4	32.7	*-55.8%*	*-110.0%*	-15.2	46.4	*-132.7%*
Operating profit (EBIT)	**56.4**	**78.3**	**89.6**	***-28.0%***	***-37.0%***	**196.5**	**238.4**	***-17.6%***
Operating margin (%)	9.3%	12.3%	16.0%	*-300pb*	*-668pb*	10.6%	13.9%	*-23.5%*
Financial income (expenses)	-32.3	-37.7	-25.9	*-14.2%*	*24.7%*	-98.4	-90.1	*9.2%*
Currency variation, net	-1.1	14.1	-8.7	*-108.1%*	*-86.9%*	24.8	-1.2	*-2184.4%*
Income before income tax and social contrib.	**22.9**	**54.7**	**54.9**	***-58.1%***	***-58.2%***	**122.9**	**147.2**	***-16.5%***
Income tax and social contribution	-12.2	-18.0	-20.5	*-32.1%*	*-40.4%*	-47.1	-60.2	*-21.7%*
Net income (losses)	**10.7**	**36.7**	**34.4**	***-70.8%***	***-68.9%***	**75.8**	**87.0**	***-12.9%***
Equity holders	9.7	35.9	34.1	*-73.0%*	*-71.6%*	73.5	86.6	*-15.0%*
Non-controlling interests	1.0	0.8	0.3	*26.7%*	*249.9%*	2.2	0.4	*424.9%*
Net margin (%)	1.8%	5.8%	6.1%	*-400pb*	*-437pb*	4.1%	5.1%	*-19.1%*
Depreciation/amortization	27.8	26.9	29.1	*3.6%*	*-4.3%*	80.5	77.2	*4.3%*
EBITDA	**84.3**	**105.2**	**118.7**	***-19.9%***	***-29.0%***	**277.0**	**315.7**	***-12.2%***
EBITDA Margin (%)	**13.9%**	**16.5%**	**21.1%**	**-264pb**	**-728pb**	**15.0%**	**18.4%**	***-18.5%***
CAPEX	61.7	62.4	39.4	*-1.2%*	*56.4%*	179.9	86.8	*107.3%*

APPENDIX III – CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R$'000)	3T12	2T12	3T11	9M12	9M11
Cash flows from operating activities:					
Net income (losses)	**10.7**	**36.7**	**34.4**	**75.8**	**87.0**
Adjustments	**53.3**	**141.9**	**146.4**	**256.3**	**252.6**
Depreciation and amortization	27.8	27.0	29.1	80.7	77.2
Deferred income tax and social contribution	4.9	9.4	15.4	20.9	38.7
Charges and monetary/exchange variations, net	16.4	104.8	100.4	147.8	132.1
Stock Option	3.1	(0.0)	1.5	4.7	4.5
Minority interests	1.0	0.8	-	2.2	-
Change in assets and liabilities	**25.9**	**(81.7)**	**7.5**	**(81.5)**	**121.0**
Investments in variable income	18.4	(2.9)	-	4.2	-
Accounts receivable	3.1	(19.8)	44.4	(14.3)	21.4
Inventories	(31.4)	2.5	(37.4)	(9.7)	(58.1)
Account receivable – law suit	-	-	-	-	63.1
Taxes recoverable	6.7	(20.3)	11.4	(8.9)	0.2
Accounts receivable - PP&E sale	(1.6)	1.1	25.3	-	48.9
Suppliers	16.5	9.4	28.5	(25.4)	119.3
Accrued taxes	(14.0)	(1.0)	(5.6)	(6.5)	(2.9)
Derivativos - fair value swap	9.5	(15.3)	-	5.6	-
Interests on equity payable	-	(9.3)	-	(9.3)	-
Others	18.9	(26.1)	(59.1)	(17.3)	(70.8)
Net cash provided from used in operating activities	**90.0**	**96.9**	**188.4**	**250.6**	**460.6**
Cash flows from investing activities:					
Disposal of property, plant and equipment	0.2	(1.5)	(0.3)	0.9	0.2
Additions to fixed, investments and intangible assets	(61.7)	(62.4)	(72.4)	(179.9)	(119.7)
Net cash provided from (used in) investing activities	**(61.5)**	**(64.0)**	**(72.7)**	**(179.0)**	**(119.6)**
Cash flows from financing activities					
New loans and financing	5.1	527.2	1.1	541.9	9.2
Payment of loans and financing	(83.8)	(423.0)	(51.4)	(628.1)	(443.3)
Shares issue costs/goodwill due to shares issue	-	(0.0)	(0.3)	(0.4)	(10.7)
Capital increase	-	-	-	-	278.6
Expired interest on own capital	-	-	-	-	0.4
Dividends/Interests on equity payable	-	-	-	-	-
Net cash provided from (used in) financing activities	**(78.7)**	**104.1**	**(50.6)**	**(86.6)**	**(165.7)**
Increase (decrease) in cash and cash equivalents	**(50.2)**	**137.1**	**65.1**	**(15.0)**	**175.3**
Opening balance of cash and cash and equivalents	**812.5**	**667.0**	**782.0**	**770.5**	**669.5**
Forex variations – opening balance	5.3	8.4	10.1	12.1	12.4
Closing balance - cash and equivalents	**767.6**	**812.5**	**857.2**	**767.6**	**857.2**
Increase (decrease) in cash and cash equivalents	**(50.2)**	**137.1**	**65.1**	**(15.0)**	**175.3**

APPENDIX IV – DEBT (R$ million)

Type	Short term			Long term			Total		
	3/31/2012	6/30/2012	9/30/2012	3/31/2012	6/30/2012	9/30/2012	3/31/2012	6/30/2012	9/30/2012
Bonds (Reg. 144A)	0.0	0.0	0.0	710.5	790.3	794.3	710.5	790.3	794.3
Export credit notes	47.0	25.6	10.9	688.0	851.8	789.6	735.0	877.4	800.4
Advance on export invoices	12.8	21.8	39.2	118.4	116.9	100.5	131.2	138.7	139.7
Fixed assets financing	0.4	0.4	0.6	0.2	17.1	17.1	0.5	17.5	17.6
Import financing	3.0	2.2	4.3	0.0	0.0	0.0	3.0	2.2	4.3
Others	27.7	41.2	70.8	27.2	5.1	14.9	54.9	46.3	85.7
Total	**90.8**	**91.3**	**125.7**	**1,544.3**	**1,781.2**	**1,716.3**	**1,635.1**	**1,872.6**	**1,842.0**
Share %	5.6%	4.9%	6.8%	94.4%	95.1%	93.2%	100.0%	100.0%	100.0%
Cash							667.0	812.5	767.6
Net Debt							968.0	1,060.0	1,074.4

APPENDIX V – SHAREHOLDING STRUCTURE – 09/30/2012

Shareholders	COMMON SHARES	%
Controlling Block		
Alumina Holdings LLC (GP)	88,654,796	30.36%
MAG Fundo de Invest. em Participações (GP)	9,537,978	3.27%
GPCP4 Fundo de Invest. em Participações (GP)	1,138,301	0.39%
Rearden L Holdings 3 S.À R.L (RHONE)	21,019,595	7.20%
Total Controlling Block	**120,350,670**	**41.22%**
Other Shareholders	171,631,264	58.78%
Total	**291,981,934**	**100.00%**

APPENDIX VI – GROSS PROFIT BY SEGMENT

By Segment	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Refractory Solutions							
Volume (t)	277,799	289,887	262,891	271,791	274,857	283,471	252,475
Revenues (R$ '000)	495,768	525,286	496,709	516,382	550,432	566,861	535,150
Gross Profit (R$ '000)	165,984	168,379	160,070	157,883	169,552	183,637	165,944
Gross Margin (%)	33.5%	32.1%	32.2%	30.6%	30.8%	32.4%	31.0%
Industrial Minerais							
Volume (t)	130,128	150,531	172,234	226,004	229,319	212,894	169,290
Revenues (R$ '000)	34,474	20,981	28,158	48,577	25,143	33,965	30,317
Gross Profit (R$ '000)	13,670	10,743	14,239	21,831	10,403	14,840	13,635
Gross Margin (%)	39.7%	51.2%	50.6%	44.9%	41.4%	43.7%	45.0%
Services							
Revenues (R$ '000)	45,049	36,749	36,603	34,167	31,277	36,809	42,671
Gross Profit (R$ '000)	6,037	4,136	3,806	3,311	1,723	3,169	5,947
Gross Margin (%)	13.4%	11.3%	10.4%	9.7%	5.5%	8.6%	13.9%
Total							
Volume (t)	407,926	440,418	435,126	497,795	504,177	496,365	421,766
Revenues (R$ '000)	575,291	583,016	561,470	599,126	606,852	637,635	608,139
Gross Profit (R$ '000)	185,690	183,258	178,115	183,025	181,678	201,646	185,527
Gross Margin (%)	32.3%	31.4%	31.7%	30.5%	29.9%	31.6%	30.5%