MAGNESITA POSTS RECORD NET REVENUES OF R$637.6 MILLION IN THE QUARTER

Contagem, Brazil – August 9, 2012 – Magnesita Refratários S.A. (BM&FBOVESPA, Novo Mercado: MAGG3) announces today its results for the second quarter of 2012 (2Q12). The Company's consolidated operating and financial information, except where otherwise stated, is posted in thousands of Reais, pursuant to the Brazilian Corporate Law.

2Q12 HIGHLIGHTS

- **Net revenues** of R$637.6 million, up 5.1% quarter-on-quarter and 9.4% year-on-year, respectively;
- **Sales volume of refractory solutions rose 3.1%** compared to the previous quarter, driven by South American operations, with sales expanding in both steel and industrial sectors;
- **EBITDA at R$105.2 million, up 20.1% over 1Q12 and 1.9% over 2Q11.** Margin at 16.5%, mainly driven by the refractory solutions segment;
- **Net income** of R$36.7 million, up 29.7% and 19.4% over 1Q12 and 2Q11, respectively.

KEY INDICATORS

In R$ million	Quarter			Var.%		YTD		Var.%
	2Q12 (a)	1Q12 (b)	2Q11 (c)	(a/b)	(a/c)	6M12 (d)	6M11 (e)	*(d/e)*
Net Revenues	637.6	606.9	583.0	5.1%	9.4%	1,244.5	1,158.3	7.4%
Gross Profit	201.6	181.7	183.3	11.0%	10.0%	383.3	369.0	3.9%
Gross Margin (%)	31.6%	29.9%	31.4%	169 bp	19 bp	30.8%	31.9%	-105 bp
EBIT	78.3	61.7	79.5	26.8%	-1.5%	140.0	148.9	-5.9%
EBITDA	105.2	87.6	103.2	20.1%	1.9%	192.7	197.0	-2.2%
EBITDA Margin (%)	16.5%	14.4%	17.7%	207 bp	-120 bp	15.5%	17.0%	-152 bp
Net Income	36.7	28.3	30.8	29.7%	19.4%	65.1	52.6	23.8%
Net Margin (%)	5.8%	4.7%	5.3%	110 bp	49 bp	5.2%	4.5%	69 bp
CAPEX	62.5	55.7	25.7	12.1%	143.1%	118.2	47.3	149.7%
Operating Cash Flow	96.9	63.7	85.8	52.1%	12.9%	160.6	272.2	-41.0%
Net Debt	1,060.0	968.0	854.0	9.5%	24.1%	1,060.0	854.0	24.1%
Net Debt/EBITDA	2.5x	2.3x	2.1x	9.0%	22.0%	2.5x	2.1x	22.0%

Conference Call: August 10, 2012 at 11am (Brasília) – 10am EST (in Portuguese with simultaneous translation into English)
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Access Code: Magnesita

Comments by Chief Executive Officer, Octavio Lopes:

"The world economy is still marked by challenges and uncertainty. In 2012, the Euro zone crisis worsened, with countries facing difficulties in implementing austerity measures to contain deficits. China grew 7.6% in the second quarter, the lowest level since the height of the world financial crisis in 2009. The U.S. economy continues to recover, with 2% growth projected in 2012, while the Brazilian economy stagnated with reduced demand and production, causing the government to adopt monetary and fiscal stimulus measures to drive the economy. Even so, the Brazilian Central Bank projects GDP growth below 2% in 2012.

In this context, we saw a significant reduction in world demand for steel, our main client industry. As of June, European steel production had fallen 4.6% as compared to the previous year. In Brazil, this decline was at 2.5%, while in North America, production was up 6.3%. In addition to reduced demand, the industry faces a more competitive environment with a global overcapacity, which makes it difficult to pass increased costs through the value chain. Despite this scenario, we closed the second quarter of 2012 with consolidated sales of R$637.6 million, a record for Magnesita, with sales volume of refractory solutions up 3.1% compared to the previous quarter, driven by South American operations. We expanded our gross and operating (EBITDA) margins as compared to the previous quarter, mainly as a result of the Real's depreciation against our currency basket and performance gains in CPP contracts, but also due to our efforts for operating improvements and cost reductions. We closed the quarter with net income of R$36.7 million, our best result since the start of the financial crisis in 2008. We believe this result shows the resilience of our business model, which, together with our competitive advantages, has delivered consistent results with profitability.

We will continue to leverage our vertical integration in raw materials, seeking growth primarily in the regions where we have a lower market share, as well as industrial sectors. Vertical integration projects, which we believe will be fundamental for the success of our strategy in refractory solutions, are improving. The magnesite expansion project in Brumado, Bahia State, came on-stream in April.

The volatility of the world economy may increase in the short term. We will remain focused on opportunities to generate value for the Company and for our shareholders."

OPERATING AND FINANCIAL PERFORMANCE – REVENUE AND VOLUME

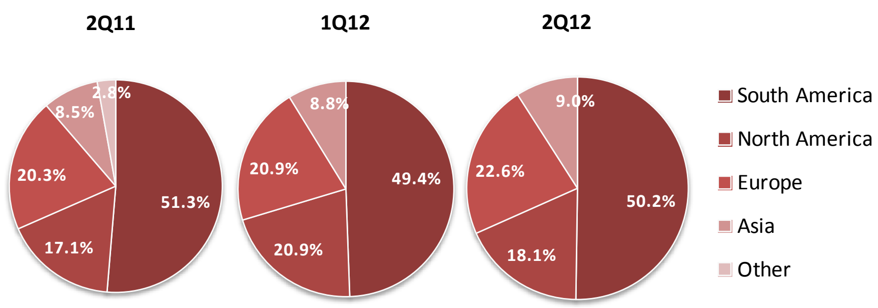
Net revenues up 5.1% and 9.4% quarter-on-quarter and year-on-year, respectively

Magnesita posted record net revenues of R$637.6 million in the quarter, up 5.1% quarter-on-quarter and 9.4% year-on-year. The good performance reflects the expansion of refractory solutions sales, especially in South America, in addition to the impact of the Real's depreciation on the conversion of revenues generated in foreign currencies (US dollar up 11.0% and 23.0% vs. 1Q12 and 2Q11 and the Euro up 8.5% and 9.5% vs. 1Q12 and 2Q11).

The refractory solutions segment grew 3.0% as compared to 1Q12 and 7.9% as compared to 2Q11 with revenue of R$566.9 million or 88.9% of the total revenues in the quarter. Revenues from the mineral segment totaled R$34.0 million or 5.3% of consolidated revenues. Services brought revenues of R$36.8 million, representing 5.8% of total sales.

Segment	Quarter			Var.%		YTD		Var. %
	2Q12 (a)	1Q12 (b)	2Q11 (c)	(a/b)	(a/c)	6M12 (d)	6M11 (e)	(d/e)
Refractory Solutions								
Volume ('000 ton)	283.5	274.9	289.9	3.1%	-2.2%	558.3	567.7	-1.6%
Revenues (R$ million)	566.9	550.4	525.3	3.0%	7.9%	1,117.3	1,021.1	9.4%
Minerals								
Volume ('000 ton)	212.9	229.3	150.5	-7.2%	41.4%	442.2	280.7	57.6%
Revenues (R$ million)	34.0	25.1	21.0	35.1%	61.9%	59.1	55.5	6.6%
Services								
Revenues (R$ million)	36.8	31.3	36.7	17.7%	0.2%	68.1	81.8	-16.8%
TOTAL								
Revenues (R$ million)	637.6	606.9	583.0	5.1%	9.4%	1,245.5	1,158.3	7.5%

Net revenue by region – Client location



Refractory Solutions

Revenue of R$566.9 million, up 3.0% over 1Q12 and 7.9% over 2Q11

Sales volumes rose 3.1% quarter-on-quarter, reflecting primarily the strong performance of the South American operations with expanded sales to both steel and industrial sectors, in addition to exchange rate effects. North American and European operations saw a decline in sales to industrial sector as compared to the strong 1Q12 performance due to the anticipation of scheduled downtimes.

Year-on-year, net revenues were up 7.9%, driven by higher sales to the industrial sector in South America, as well as the effect of the exchange rate devaluation on the conversion of revenues in US Dollars and Euros into Reais. Volume was down 2.2% due to the reduced European sales (-12,7%) with the deepening Euro zone crisis and consequent decline in steel production, in addition to the reduced sales to the industrial sector in North America and Europe, with various scheduled downtimes carried out in the 1Q12.

Sales to the steel industry represented 83.7% of revenues in the refractory solutions segment, compared to 82.3% in 1Q12 and 86.3% in 2Q11, while sales to industrial sector represented 16.3%, compared to 17.7% in 1Q12 and 13.7% in 2Q11.

Refractory Solutions – Steel Industry

Sales up 4.7% over both 1Q12 and 2Q11

Sales to the steel industry reached R$474.5 million in the quarter, compared to R$453.2 million in 1Q12 and R$453.3 million in 2Q11.

Compared to the previous quarter, sales volumes were up 2.9%. South American sales volumes expanded 9.0%, while steel production was stable in the period. In North America, sales volume was up 2.0%, with steel production also stable. European sales were practically stable, down 1.1% over the previous quarter. Finally, Asian operation sales were down 12.8% due to the scheduled downtime at the Chizhou plant.

Year-on-year, sales were up 4.7%, positively impacted by the Real's depreciation. Volume was down 6.4%, primarily as a result of the decline in European (-5.5%) and Brazilian (-7.2%) steel production, Magnesita's main markets.

Sales under CPP contracts totaled R$169.0 million in the quarter, representing 35.6% of revenues from sales to the steel industry, compared to 32.6% in 1Q12 and 26.9% in 2Q11.

Refractory Solutions – Industrial

Sales up 28.4% over 2Q11 but down 5.0% over 1Q12

Sales to the industrial sector reached R$92.4 million, compared to R$97.2 million in 1Q12 and R$71.9 million in 2Q11. Magnesita continues to expand its sales to the industrial sector, where the cement industry stands out, representing 59.6% of sales to this sector in this quarter, as opposed to 67.8% in 1Q12 and 64.5% in 2Q11.

Despite the strong sales performance in South America, the 5.0% quarter-on-quarter retraction in revenues is due to the reduced North American and European sales, which were positively impacted by anticipated maintenance downtimes in the first quarter of 2012.

The 28.4% year-on-year rise in revenue is explained by the strong performance of South American sales, region where the cement sector has been growing with capacity expansion, in addition to the effect of the foreign exchange conversion of the North American and European sales, which offset the decline in volume in these regions.

Minerals

Sales up 35.1% and 61.9% quarter-on-quarter and year-on-year, respectively

Mineral sales reached R$34.0 million, compared to R$25.1 million in the 1Q12 and R$21.0 million in the 2Q11. The quarter-on-quarter increase was due to the change in mix, with increased sales of magnesite sinter, which has a higher price and is quoted in dollars, therefore benefitting from the Real's depreciation. Year-on-year, the rise is due both to the change in the mix, with increased sinter sales impacted by the Real's depreciation, as well as the increased sales volume.

Services

Revenue up 17.7% quarter-on-quarter and 0.2% year-on-year

In 2Q12, revenues from the services segment reached R$36.8 million, compared to R$31.3 million in 1Q12 and R$36.7 million in 2Q11. The quarter-on-quarter increase was mainly due to new contracts, as well as a spot job carried out in the period.

COST OF GOODS SOLD, GROSS PROFIT AND GROSS MARGIN

Gross margin at 31.6% compared to 29.9% and 31.4% in 1Q12 and 2Q11, respectively

COGS totaled R$436.0 million, up 2.5% quarter-on-quarter and 9.1% year-on-year. The increase over the previous year is explained primarily by the impact of the Real depreciation on production costs in Dollar and Euro, recurrent raises in the raw materials prices, besides the reallocation of plant overhead expenses, previously classified as general and administrative expense. Consolidated gross margin reached 31.6%, expanding 169 bps over the previous quarter and 19 bps over the same quarter of the previous year.

Gross Margin by segment

Segment (R$ million)	Quarter			Var.%		YTD		Var. %
Refractory Solution	**2Q12 (a)**	**1Q12 (b)**	**2Q11 (c)**	**(a/b)**	**(a/c)**	**6M12 (d)**	**6M11 (e)**	**(d/e)**
Gross Profit (R$ million)	183.6	169.6	168.4	8.3%	9.1%	353.2	334.4	5.6%
Gross Margin (%)	32.4%	30.8%	32.1%	159 bp	34 bp	31.6%	32.7%	-114 bp
Minerals								
Gross Profit (R$ million)	14.8	10.4	10.7	42.6%	38.1%	25.2	24.4	3.4%
Gross Margin (%)	43.7%	41.4%	51.2%	231 bp	-751 bp	42.7%	44.0%	-132 bp
Services								
Gross Profit (R$ million)	3.2	1.7	4.1	83.9%	-23.4%	4.9	10.2	-51.9%
Gross Margin (%)	8.6%	5.5%	11.3%	310 bp	-265 bp	7.2%	12.4%	-525 bp
TOTAL								
Gross Profit (R$ million)	201.6	181.7	183.3	11.0%	10.0%	383.3	369.0	3.9%
Gross Margin (%)	31.6%	29.9%	31.4%	169 bp	19 bp	30.8%	31.9%	-108 bp

Refractory Solutions

+159 bps over 1Q12 and +34 bps over 2Q11

The quarter-on-quarter rise in the gross margin is mainly due to performance gains in CPP contracts, as well as the impact of Real's depreciation in the period which increased the margin of sales in foreign currency of products with costs in Real.

Compared to 2Q11, it is important to take into account the negative impact of recurring increases of key raw materials prices used in production of refractories due to restrictive Chinese export policies over the last two years. Raw material prices have stabilized at high levels and Magnesita has been working to reduce this impact, focusing on cost reductions, mainly through the vertical integration projects. The slight gross margin recovery compared to the 2Q11 is explained by the positive effects of improved sales mix, with higher sales to the industrial sector, the exchange effect on sales in foreign currencies of products with costs in Real, and performance gains in CPP contracts which have offset the negative cumulative effect of higher purchased raw material prices.

Minerals

Margin at 43.7% in the quarter, compared to 41.4% in 1Q12 and 51.2% 2Q11

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. Depending on internal demand for refractory production, the Company also sells magnesite sinter. Due to changes in the sales of sinter from quarter to quarter, the gross margin of the 2Q12 was above the gross margin of the 1Q12 but below the gross margin of the 2Q11.

Services

+310 bps over 1Q12 but -265 bps over 2Q11

The quarter-on-quarter recovery in the margin is mainly due to the negative impact in the 1Q12 of increased labor costs of some contracts under union renegotiation as well as a strike in one of our largest contracts. In addition, the Company has been implementing a margin recovery plan with strong focus on recurring contracts seeking to increase revenue with strict cost control. The year-on-year decline in profitability is connected to the reduced scope of some profitable contracts, in addition to increased industry competition.

SELLING EXPENSES

In line with previous quarters

In 2Q12, selling expenses totaled R$69.6 million, as compared to R$65.9 million in the previous quarter and R$65.8 million in the same period of the previous year. As a percentage of revenue, selling expenses were practically stable at 10.9% in the quarter, with no change over 1Q12 and down over the 11.3% in 2Q11. Magnesita constantly seeks to improve the efficiency of its logistics to minimize the effects of increased freight costs.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

Down 6.1% over 1Q12 and 8.2% over 2Q11

General and administrative expenses totaled R$46.4 million in the quarter, compared to R$49.5 million in 1Q12 and R$50.6 million 2Q11. G&A represented 7.3% of revenue in the quarter, against 8.1% in 1Q12 and 8.7% in 2Q11. The reduction in G&A reflects the Company's pursuit of opportunities to reduce costs and achieve efficiency gains in its administrative activities, with consequent reduction of variable compensation provisions, as well as the reallocation of plant overhead expenses, previously classified as general and administrative expenses, to the COGS.

EBITDA

R$105.2 million (margin of 16.5%), +20.1% vs 1Q12 and +1.9% vs 2Q11

EBITDA in the quarter totaled R$105.2 million, compared to R$87.6 million in 1Q12 and R$103.2 million in 2Q11. Margin was at 16.5% in the quarter, up 210 bps over 1Q12's 14.4% and down 120 bps over 2Q11's 17.7%. The quarter-on-quarter expansion in the margin is mainly explained by the improved gross margin, driven by the favorable impact of the Real's depreciation and performance gains in CPP contracts, as explained before.

In comparison to 2Q11, the improvement in the refractory solutions margin due to the favorable exchange rate and improvements in CPP performance has offset the rise in raw materials costs throughout the year. Even so, margin was down 120 bps due to non-recurring revenues in 2Q11 (reversal of the provision for expenses with health insurance plans for U.S. employees, in the amount of R$10.8 million).

Note that Magnesita has been seeking opportunities to reduce costs to improve its profitability. The key initiative comes from vertical integration projects under the strategy of reaching 90% self-sufficiency. The first project towards the 90% goal came on-stream in April of this year with the start-up of the new HW4 furnace in Brumado.

FINANCIAL INCOME/EXPENSES

Increased net expenses

In the quarter, financial income/expenses including foreign exchange variations were an expense of R$23.6 million, compared to R$16.5 million in 1Q12 and R$25.3 million in 2Q11. The higher expense compared to 1Q12 is mainly due to the increased interest expense associated with the increase in gross debt and also to the fall in interest income due to temporary change in the allocation of cash investment denominated in dollar, related to the perpetual bonds proceeds.

INCOME TAX AND SOCIAL CONTRIBUTION

Cash disbursement of R$8.6 million

Magnesita has tax credits generated by tax losses in previous fiscal years and goodwill amortization. In the quarter, the Company provisioned R$18.0 million for payment of income tax and social contribution, however, due to these credits, the cash disbursement will be R$8.6 million.

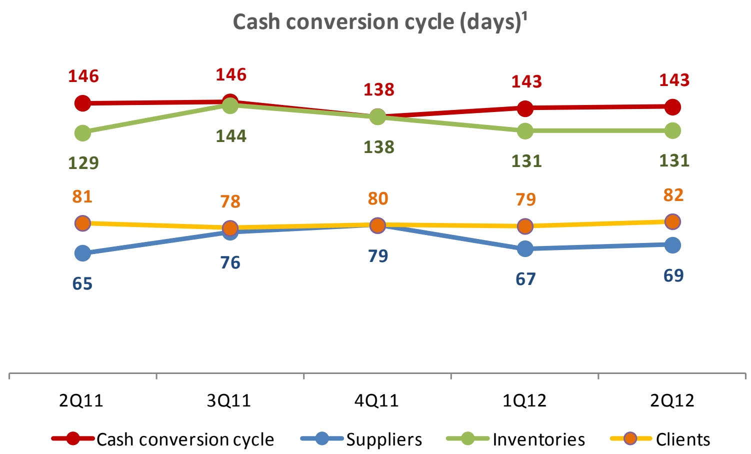
NET INCOME

Up 29.7% quarter-on-quarter and 19.4% year-on-year

Net income in the quarter reached R$36.7 million with net margin at 5.8%, compared to R$28.3 million in 1Q12 with net margin at 4.7% and R$30.8 million in 2Q11 with net margin at 5.3%. The result is primarily due to improved operating income.

WORKING CAPITAL

Cash conversion cycle of 143 days, impacted by Real's depreciation



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

Magnesita has focused its efforts on improving working capital with focus on the reduction in the cash conversion cycle. In the quarter, there was an improvement in the working capital, although the cash cycle kept stable, impacted by the exchange depreciation, since the translation of the balance sheet into Real occurs by the closing rate, while the results occurs by the average rate. The Company's management will continue to seek improvements, primarily focusing on inventory management and increased payment terms with suppliers.

OPERATING CASH FLOW

Operating cash flow of R$96.9 million in the quarter

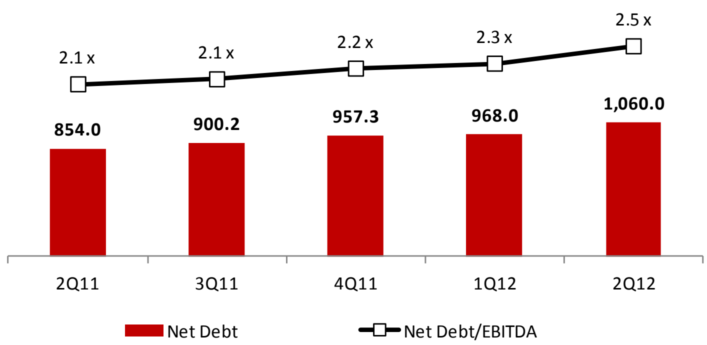
Magnesita posted operating cash flow of R$96.9 million in the quarter, compared to R$63.7 million in 1Q12 and R$85.8 million in 2Q11. The quarter-on-quarter improvement is explained by increased cash flow from operations and reduced working capital. In the first six months of 2012, operating cash flow reached R$160.6 million, enough to cover the high capital investments, primarily in the expansion project in Brumado.

DEBT

Leverage of 2.5x at the close of the quarter

Magnesita's gross debt at the close of the quarter was R$1,845.5 million, with 20.9% in local currency and 79.1% in foreign currency. Of this total, 3.5% matures in the short term and 96.5% in the long-term. At the end of the quarter, the Company's cash position was at R$812.5 million with net debt at R$1,060.0 million.

Despite the positive cash flow from operations in the quarter, even after the CAPEX, the leverage ratio, as measured by Net Debt/EBITDA, was at 2.5x, compared to 2.3x in the previous quarter, rising due to 10.9% US Dollar appreciation against Real in the closing period, impacting the translation to Reais of foreign currency-denominated debt. The chart below shows the evolution of net debt (in R$ million), as well as the leverage ratio:



CAPEX

Totaled R$62.4 million in the quarter

In 2Q12, investments made by all Magnesita units totaled R$62.4 million, with R$42.6 million allocated to vertical integration projects and R$19.9 million in refurbishments, maintenance, system upgrades, the environment and investments in clients. Year-to-date, CAPEX totaled R$118.1 million, with R$35.9 million in maintenance and R$82.2 million in expansion projects.

This quarter, the HW4 furnace in Brumado was commissioned, adding 60 ktpa of high-grade magnesite sinter (>98.5% MgO) production capacity. Magnesita increased its vertical integration level and hopes to obtain cost savings from the second half of this year, as it will no longer acquire this raw material from third parties at higher costs.

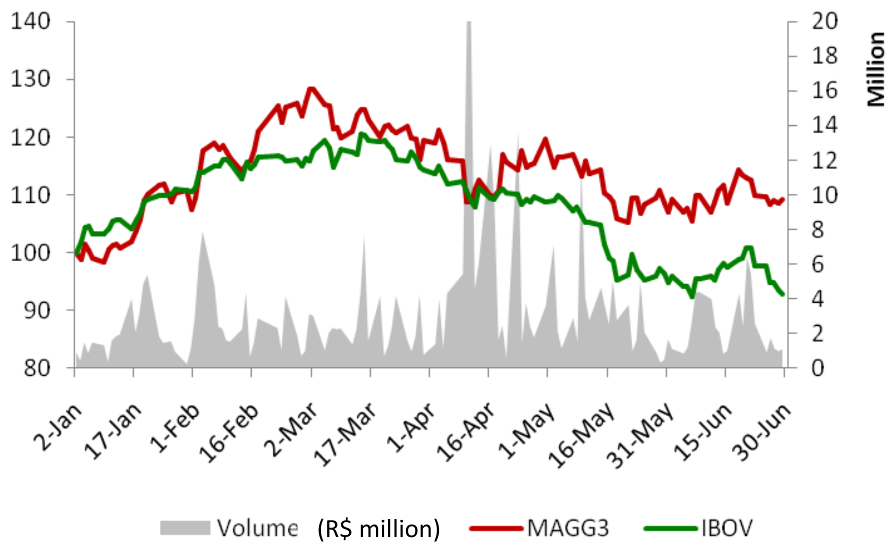
Related to the greenfield project at the graphite mine in Almenara (MG), Magnesita continuous to move forward in obtaining the environmental license, which is necessary to initiate the project implementation.

CAPITAL MARKETS

Stock Performance

Magnesita's common shares (Novo Mercado: MAGG3) closed the quarter at R$6.40, rising 10.9% in the year. In the same period, the Ibovespa Index fell 4.2% to close the period at 54,355 points. The average daily trading volume in the year was R$2.4 million, with an average of 371.2 thousand shares traded each day.

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



About Magnesita Refratários S.A.:

Magnesita Refratários S.A. is a publicly-held company, with shares traded at BM&FBovespa in Brazil and through Level 1 ADRs in the U.S., dedicated to mining, producing and trading an extensive line of refractory materials. 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, Bahia State. At present, it operates 26 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 exported to over 70 countries in 2011.

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.

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APPENDIX I – CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R$ million)	30/06/12	31/03/12	30/06/11
ASSETS			
Current	2.177,8	1.951,8	1.997,0
Cash ans cash equivalents	812,5	667,0	782,0
Accounts receivable	537,9	509,3	512,7
Inventories	595,1	580,9	555,4
Accounts receivable - PP&E sale	15,9	14,5	17,0
Recoverable taxes	125,6	99,6	65,8
Others	90,8	80,4	64,0
Long term	142,8	141,4	158,1
Legal deposits	16,7	14,6	16,8
Recoverable and deferred taxes	49,0	45,1	43,4
Accounts receivable - PP&E sale	3,5	6,0	29,0
Tax benefits on merger of subsidiaries	57,8	60,0	66,7
Others	15,8	15,7	2,2
Fixed	3.273,3	3.132,9	2.890,3
Investments	1,2	1,5	1,3
Property, plant and equipment	992,1	920,3	779,2
Intangibles	2.280,0	2.211,1	2.109,9
Total Assets	5.593,9	5.226,1	5.045,4
LIABILITIES			
Current	619,1	618,4	628,0
Suppliers	313,8	298,5	277,5
Loans	91,3	90,8	138,8
Interests on equity payable	0,1	9,4	0,0
Taxes and contributions	62,6	62,5	66,4
Salaries and social charges	93,8	99,6	76,6
Others	57,4	57,6	68,8
Long term liabilities	2.196,3	1.929,0	1.882,0
Loans	1.781,2	1.544,3	1.497,2
Taxes and contributions	101,0	85,8	48,0
Severance payment	230,2	219,5	225,9
Provision for contigencies	66,3	63,2	96,4
Others	17,5	16,2	14,5
Shareholder's equity	2.778,6	2.678,7	2.535,4
Capital	2.528,1	2.528,1	2.528,1
Capital and revenue reserves	269,6	269,6	240,5
Cumulative translation adjustments	-99,8	-162,5	-232,2
Retained earnings (losses)	63,9	27,9	-15,3
Equity attributable to equity holders	2.761,8	2.663,2	2.521,1
Non-controlling interests	16,8	15,5	14,3
Total liabilities and Shareholder's equity	5.593,9	5.226,1	5.045,4
Total number of shares outstanding ('000)	291.981,9	291.981,9	291.981,9
Book Value Per Share	9,52	9,17	8,68

APPENDIX II – CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R$ million)	Quarter			Var. %		YTD		Var. %
	2Q12	1Q12	2Q11			6M12	6M11	
	(a)	(b)	(c)	*(a/b)*	*(a/c)*	(d)	(e)	*(d/e)*
Net operating revenues	**637.6**	**606.9**	**583.0**	***5.1%***	***9.4%***	**1,244.5**	**1,158.3**	***7.4%***
Cost of goods sold	-436.0	-425.2	-399.8	*2.5%*	*9.1%*	-861.2	-789.4	*9.1%*
Gross Profit	**201.6**	**181.7**	**183.3**	***11.0%***	***10.0%***	**383.3**	**369.0**	***3.9%***
Gross margin (%)	31.6%	29.9%	31.4%	*5.6%*	*0.6%*	30.8%	31.9%	*-3.3%*
Selling expenses	-69.6	-65.9	-65.8	*5.5%*	*5.7%*	-135.5	-126.0	*7.6%*
General and administrative expenses	-46.4	-49.5	-50.6	*-6.1%*	*-8.2%*	-95.9	-107.9	*-11.1%*
Other operating income (expenses)	-7.4	-4.5	12.6	*62.3%*	*-158.6%*	-11.9	13.7	*-186.6%*
Operating profit (EBIT)	**78.3**	**61.7**	**79.5**	***26.8%***	***-1.5%***	**140.0**	**148.9**	***-5.9%***
Operating margin (%)	12.3%	10.2%	13.6%	*20.7%*	*-9.9%*	11.3%	12.9%	*-12.4%*
Financial income (expenses)	-37.7	-28.3	-28.2	*33.0%*	*33.6%*	-66.0	-64.1	*3.0%*
Currency variation, net	14.1	11.8	2.9	*19.8%*	*388.8%*	25.9	7.5	*244.8%*
Income before income tax and social contrib.	**54.7**	**45.2**	**54.2**	***21.1%***	***1.1%***	**99.9**	**92.2**	***8.3%***
Income tax and social contribution	-18.0	-16.9	-23.4	*6.5%*	*-23.1%*	-34.9	-39.7	*-12.1%*
Net income (losses)	**36.7**	**28.3**	**30.8**	***29.7%***	***19.4%***	**65.1**	**52.6**	***23.8%***
Equity holders	35.9	27.9	30.5	*28.7%*	*17.8%*	63.9	52.4	*21.8%*
Non-controlling interests	0.8	0.4	0.3	*99.3%*	*216.5%*	1.2	0.1	*807.6%*
Net margin (%)	5.8%	4.7%	5.3%	*23.5%*	*9.2%*	5.2%	4.5%	*15.2%*
Depreciation/amortization	26.9	25.8	23.7	*4.1%*	*13.5%*	52.7	48.1	*9.5%*
EBITDA	**105.2**	**87.6**	**103.2**	***20.1%***	***1.9%***	**192.7**	**197.0**	***-2.2%***
EBITDA Margin (%)	**16.5%**	**14.4%**	**17.7%**	***14.3%***	***-6.8%***	**15.5%**	**17.0%**	***-8.9%***
CAPEX (R$ million)	62.5	55.7	25.7	*12.1%*	*143.1%*	118.2	47.3	*149.7%*

APPENDIX III – CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R$'000)	2Q12	1Q12	2Q11	6M12	6M11
Cash flows from operating activities:					
Net income (losses)	**36.7**	**28.3**	**30.8**	**65.1**	**52.6**
Adjustments	**141.9**	**61.1**	**42.3**	**203.0**	**106.1**
Depreciation and amortization	27.0	25.8	23.7	52.8	48.1
Deferred income tax and social contribution	9.4	6.7	7.1	16.0	23.4
Charges and monetary/exchange variations, net	104.8	26.6	10.0	131.4	31.6
Stock Option	(0.0)	1.6	1.5	1.6	3.0
Minority interests	0.8	0.4	-	1.2	-
Change in assets and liabilities	**(81.7)**	**(25.7)**	**12.8**	**(107.4)**	**113.5**
Investments in variable income	(2.9)	(11.3)	-	(14.1)	-
Accounts receivable	(19.8)	2.5	(29.0)	(17.4)	(23.0)
Inventories	2.5	19.3	(25.2)	21.7	(20.7)
Account receivable – law suit	-	-	(2.1)	-	63.1
Taxes recoverable	(20.3)	4.8	(6.7)	(15.5)	(11.2)
Accounts receivable - PP&E sale	1.1	0.5	21.6	1.6	23.6
Suppliers	9.4	(51.2)	62.5	(41.8)	90.8
Accrued taxes	(1.0)	8.5	(3.0)	7.5	2.7
Derivativos - fair value swap	(15.3)	11.4	-	(3.9)	-
Interests on equity payable	(9.3)	-	-	(9.3)	-
Others	(26.1)	(10.1)	(5.3)	(36.2)	(11.7)
Net cash provided from used in operating activities	**96.9**	**63.7**	**85.8**	**160.6**	**272.2**
Cash flows from investing activities:					
Disposal of property, plant and equipment	(1.5)	2.2	(0.0)	0.7	0.4
Additions to fixed, investments and intangible assets	(62.5)	(55.7)	(25.7)	(118.2)	(47.3)
Net cash provided from (used in) investing activities	**(64.0)**	**(53.5)**	**(25.7)**	**(117.5)**	**(46.9)**
Cash flows from financing activities					
New loans and financing	527.2	9.6	6.7	536.8	8.1
Payment of loans and financing	(423.0)	(121.3)	(2.7)	(544.3)	(391.9)
Shares issue costs/goodwill due to shares issue	(0.0)	(0.4)	(2.6)	(0.4)	(10.4)
Capital increase	-	-	-	-	278.6
Expired interest on own capital	-	-	0.4	-	0.4
Interests on equity payable	-	-	-	-	-
Net cash provided from (used in) financing activities	**104.1**	**(112.0)**	**1.7**	**(7.9)**	**(115.1)**
Increase (decrease) in cash and cash equivalents	**137.1**	**(101.8)**	**61.8**	**35.3**	**110.2**
Opening balance of cash and cash and equivalents	**667.0**	**770.5**	**722.5**	**770.5**	**669.5**
Forex variations – opening balance	8.4	(1.6)	(2.3)	6.8	2.3
Closing balance - cash and equivalents	**812.5**	**667.0**	**782.0**	**812.5**	**782.0**
Increase (decrease) in cash and cash equivalents	**137.1**	**(101.8)**	**61.8**	**35.3**	**110.2**

APPENDIX IV – DEBT (R$ million)

Type	Short term			Long term			Total		
	12/31/2011	3/31/2012	6/30/2012	12/31/2011	3/31/2012	6/30/2012	12/31/2011	3/31/2012	6/30/2012
Bonds (Reg. 144A)	14.6	0.0		731.9	710.5	790.3	746.5	710.5	790.3
Export credit notes	68.5	47.0	25.6	731.3	688.0	851.8	799.8	735.0	877.4
Advance on export invoices	12.6	12.8	21.8	121.9	118.4	116.9	134.5	131.2	138.7
Fixed assets financing	0.4	0.4	0.4	0.2	0.2	17.1	0.6	0.5	17.5
Import financing	4.2	3.0	2.2		0.0		4.2	3.0	2.2
Others	24.6	27.7	41.2	17.6	27.2	5.1	42.2	54.9	46.3
Total	**124.8**	**90.8**	**91.3**	**1,602.9**	**1,544.3**	**1,781.2**	**1,727.7**	**1,635.1**	**1,872.6**
Share %	7.2%	5.6%	4.9%	92.8%	94.4%	95.1%	100.0%	100.0%	100.0%
Cash							770.5	667.0	812.5
Net Debt							957.3	968.0	1,060.0

APPENDIX V – SHAREHOLDING STRUCTURE – 06/30/2012

Shareholders	ON	%
Controlling Group		
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 Group	**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	2Q11	3Q11	4Q11	1Q12	2Q12
Refractory Solutions					
Volume (t)	289,887	262,891	271,791	274,857	283,471
Revenues (R$ '000)	525,286	496,709	516,381	550,433	566,860
Gross Profit (R$ '000)	168,379	164,419	157,882	169,553	183,638
Gross Margin (%)	32.1%	33.1%	30.6%	30.8%	32.4%
Minerais					
Volume (t)	150,531	172,235	226,004	229,319	212,894
Revenues (R$ '000)	20,982	28,157	48,576	25,143	33,965
Gross Profit (R$ '000)	10,743	14,240	21,830	10,404	14,840
Gross Margin (%)	51.2%	50.6%	44.9%	41.4%	43.7%
Services					
Revenues (R$ '000)	36,749	36,604	34,167	31,277	36,809
Gross Profit (R$ '000)	4,137	3,807	3,311	1,723	3,169
Gross Margin (%)	11.3%	10.4%	9.7%	5.5%	8.6%
Total					
Volume (t)	440,418	435,126	497,795	504,176	496,365
Revenues (R$ '000)	583,017	561,470	599,125	606,853	637,635
Gross Profit (R$ '000)	183,259	182,466	183,024	181,679	201,646
Gross Margin (%)	31.4%	32.5%	30.5%	29.9%	31.6%