

Quarterly Information - ITR

Magnesita Refratários S.A.

September 30, 2014

MAGNESITA ANNOUNCES ITS 3Q14 RESULTS

Contagem, Brazil - November 13th, 2014 - MAGNESITA REFRAATÁRIOS S.A. (BM&FBOVESPA, Novo Mercado: MAGG3 | OTCQX: MFRSY) announces today its third quarter 2014 (3Q14) results*. Unless otherwise indicated, the Company's operational and financial information are presented in consolidated form, in thousands of reais (R\$), and in accordance with Brazilian corporate law.

3Q14 HIGHLIGHTS

- **Total volume of refractories sold** increased 7.5% in the quarter compared to 3Q13 and 4.6% in the year, with 70% of this growth arising from new markets;
 - **Volume sold to the steel sector** increased 6.2% compared to 3Q13 and 6.7% in the year, above steel production growth in core markets (1.6% on average), with market share gains in core markets and new geographies;
 - **Volume sold to the industrial sector** increased 23.6% compared to 2Q14 and 14.9% compared to 3Q13. Volume fell 6.2% year-to-date, due to lower sales in 2Q14;
- **Consolidated revenue** of R\$714.7 million, up 10.5% compared to 3Q13. Revenues increased 12.2% for the year, reaching R\$2.154,2 million;
- **EBITDA excluding other income/expenses** increased 30.0% compared to 3Q13, reaching R\$105.2 million, with a margin of 14.7%, compared to R\$80.9 million and a 12.5% margin in 3Q13. Year-to-date, EBITDA ex-other amounted to R\$305.8 million with a 14.2% margin, compared to R\$297.4 million with a 15.5% margin in 2013;
- **Revenues from the services business** increased 36.0% in the year, with a significant increase in margin.

MAIN INDICATORS

In R\$ million, unless otherwise indicated	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e)	(d/e)	3Q14 (f)	3Q13 (g)	f/g
Refractories volume ('000 tons)	263.9	270.9	245.5	-2.6%	7.5%	792.4	757.8	4.6%	1,057.0	992.4	6.5%
Net operating revenues	714.7	720.1	647.0	-0.8%	10.5%	2,154.2	1,919.9	12.2%	2,890.3	2,526.3	14.4%
Gross profit	230.0	220.1	206.5	4.5%	11.4%	681.3	637.7	6.8%	907.5	820.9	10.6%
Gross margin (%)	32.2%	30.6%	31.9%	160 bp	30 bp	31.6%	33.2%	-160 bp	31.4%	32.5%	-110 bp
EBIT	65.2	61.3	44.2	6.3%	47.4%	189.8	225.1	-15.7%	277.5	268.4	3.4%
EBITDA	100.5	95.4	76.5	5.3%	31.2%	294.4	315.9	-6.8%	417.4	389.2	7.2%
EBITDA margin (%)	14.1%	13.2%	11.8%	80 bp	220 bp	13.7%	16.5%	-280 bp	14.4%	15.4%	-100 bp
EBITDA ex. ore ¹	105.2	96.9	80.9	8.6%	30.0%	305.8	297.4	2.8%	403.8	376.6	7.2%
EBITDA ex-ore margin (%)	14.7%	13.5%	12.5%	130 bp	220 bp	14.2%	15.5%	-130 bp	14.0%	14.9%	-90 bp
Net income	-18.3	14.3	-21.7	n/a	-15.6%	-20.6	28.2	n/a	10.0	18.8	-46.5%
Net margin (%)	-2.6%	2.0%	-3.4%	n/a	80 bp	-1.0%	1.5%	n/a	0.3%	0.7%	-40 bp
Earnings per share (R\$/share) ²	-0.06	0.05	-0.08	n/a	-17.2%	-0.07	0.09	n/a	0.03	0.03	10.1%

¹Excluding other revenues and expenses

²EPS considers the weighted amount of shares in the period - shares held in treasury

3Q14 Earnings Teleconference

Friday, November 14th, 2014

In English, with simultaneous translation to Portuguese:

12:00 pm (Brasilia time)

9:00 am (New York time)

2:00 pm (London time)

Tel: +55 11 3193-1001 / +55 11 2820-4001 (Brazil)*

Tel: +1 786 924-6977 (United States)

Tel: +1 888 700-0802 (other countries)

Password: Magnesita

*In the above dial-in, the participant will be directed automatically to the original audio in English. In case you would like to hear the audio in Portuguese (simultaneous translation), ask the operator.

Webcast (Portuguese): <http://cast.comunique-se.com.br/Magnesita/3T14>

Webcast (English): <http://cast.comunique-se.com.br/Magnesita/3Q14>

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Message from the CEO

“Despite the slowdown in growth in Europe and the United States and the adverse macroeconomic environment experienced in Brazil in 2014, we have continued to successfully execute our business expansion. One of our strategic pillars is the expansion into new markets, allowing us to diversify sales and simultaneously grow at rates above those of our historical markets. The Brazilian steel industry, for example, which previously represented more than 80% of Magnesita’s sales a few years ago, currently represents 22%, and we expect it will continue to be diluted as we grow in new markets.

Reflecting the positive results of our strategy, the volume of refractories sold this quarter increased by 7.5% compared to 3Q13 and 4.6% year-to-date. Roughly 70% of this growth originated outside of our core markets, particularly due to our performance in the steel industry in Mexico, Eastern Europe and Asia, in addition to the cement market in the Middle East. Sales to the steel industry expanded 6.2% in the quarter compared to 3Q13 and 6.7% in the year, despite the 2% average growth of steel production in our core markets. Regarding the industrial segment, after a weak 2nd quarter, sales recovered and grew 14.9% and 23.6% (in tons) compared to 3Q13 and 2Q14, respectively. However, we are still 6.2% down in the year, mainly due to the poor performance of the industrial sector in South America.

We continue to be very satisfied with the performance of our service business, which grew 36% this year, with a sharp margin expansion.

As anticipated in the Material Fact released today, we are implementing important adjustments in our mining strategy.

Regarding the graphite project, the geological surveys identified measured and indicated resources of 12 million tons of graphite, with a graphite carbon content of 2.2%, according to Golder Associates, which would be enough for an operation of approximately only 6 years, with an annual production of 40 thousand tons. Surveys also indicated the existence of 48 million tons of additional potential resources, which certification would demand additional investments in environmental license and drilling. In this context, the Board decided to put the project on hold and explore strategic options involving the certified resources, the potential areas and all the mining rights related to graphite.

In relation to the talc expansion project, in light of additional studies carried out during the year, we decided to broaden and potentially increase the original scope. The resume of the project depends of ongoing studies.

Finally, in order to achieve the best capital allocation for our shareholders, we decided to interrupt the other

investments in the exploration and development of new mineral resources, focusing our efforts exclusively on the minerals already explored by the Company, like talc, magnesite, dolomite and other raw-materials used in refractories.

In 2015, we will continue to focus on sales expansion, operational efficiency, in addition to the continuous increase in cash generation. The results obtained so far demonstrate the strength of our global commercial strategy based in supplying one-of-a-kind products and services.

Thank you.”

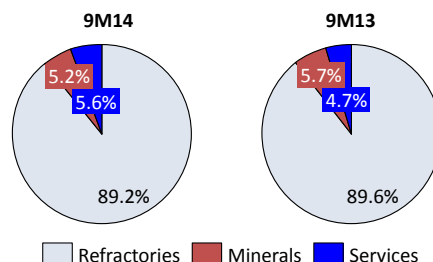
Octavio Pereira Lopes

CONSOLIDATED OPERATIONAL AND FINANCIAL PERFORMANCE

REVENUE AND VOLUME

Segment	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Refractory Solutions											
Volume ('000 tons)	263.9	270.9	245.5	-2.6%	7.5%	792.4	757.8	4.6%	1,057.0	992.4	6.5%
Revenues (R\$ million)	634.3	644.8	577.6	-1.6%	9.8%	1,921.4	1,683.0	14.2%	2,571.4	2,196.9	17.0%
Industrial Minerals											
Volume ('000 tons)	134.4	139.2	195.9	-3.4%	-31.4%	460.6	653.5	-29.5%	721.7	864.7	-16.5%
Revenues (R\$ million)	39.0	34.8	38.6	12.0%	1.1%	112.2	107.1	4.8%	165.9	141.0	17.7%
Services											
Revenues (R\$ million)	41.3	40.5	30.8	2.1%	34.1%	120.6	88.6	36.0%	153.0	126.6	20.8%
TOTAL											
Revenues (R\$ million)	714.7	720.1	647.0	-0.8%	10.5%	2,154.2	1,878.7	14.7%	2,890.3	2,464.6	17.3%

Percentage of revenue by segment

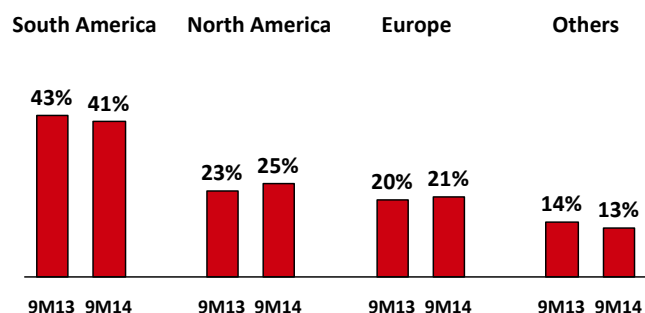


Result Analysis by Segment

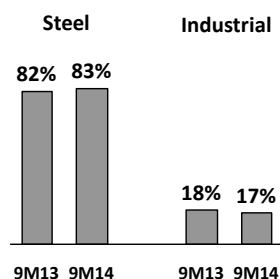
Refractories - Total

Refractory Solutions	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	263.9	270.9	245.5	-2.6%	7.5%	792.4	757.8	4.6%	1,057.0	992.4	6.5%
Revenues (R\$ million)	634.3	644.8	577.6	-1.6%	9.8%	1,921.4	1,683.0	14.2%	2,571.4	2,196.9	17.0%

Percentage of total refractories revenues (R\$) by region (accumulated 9 months)



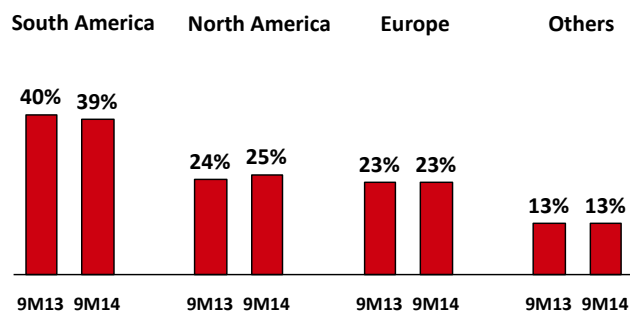
Percentage of refractories sales (R\$) to steel industry vs industrial (9 months)



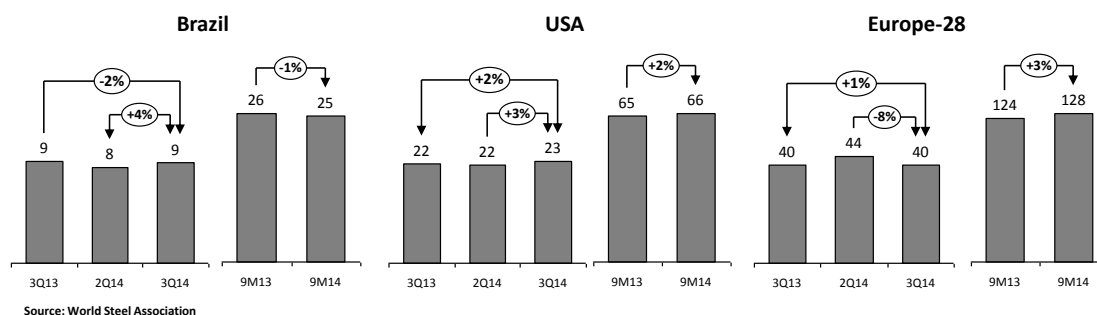
Refractory Solutions - Steel Industry

Refractory Solutions - Steel	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	222.7	237.6	209.7	-6.3%	6.2%	674.3	632.0	6.7%	895.9	831.1	7.8%
Revenues (R\$ million)	524.4	557.2	488.5	-5.9%	7.3%	1,598.3	1,374.0	16.3%	2,127.3	1,801.0	18.1%

Sales by region (R\$ - accumulated 9 months)



Steel production in core markets (million tons)



The volume of refractories sold to the steel industry in 3Q14 reached 223 thousand tons, 6.2% higher than 3Q13, despite the 1% average growth of steel production in Magnesita's core markets. In terms of value, sales

reached R\$524.4 million in the quarter, a 7.3% increase compared to 3Q13, mainly reflecting the expansion of volume in the period.

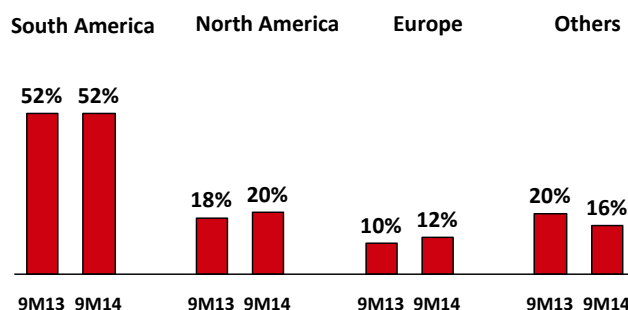
In comparison with 2Q14, sales volume decreased 6.3%, mainly reflecting the seasonal drop in steel production in Europe. Revenue decreased 5.9% due to the decrease in volume.

In 2014, sales volume increased 6.7% and, in the last 12 months, expanded by 7.8%, both much higher than the 2% average growth in steel production in Magnesita's core markets. This growth reflects the Company's efforts to expand its presence in core markets, but especially into new markets, where sales volume increased 22% and accounted for 60% of the growth in the period, particularly driven by performance in Eastern Europe, the Middle East, Africa and Asia. Year-to-date, revenue reached R\$1,598.3 million, 16.3% higher than the previous year, with a positive contribution from the real devaluation.

Refractory Solutions - Industrial

Refractory Solutions - Industrial	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	41.2	33.3	35.8	23.6%	14.9%	118.1	125.9	-6.2%	161.1	161.4	-0.2%
Revenues (R\$ million)	110.0	87.7	89.1	25.5%	23.5%	323.1	309.0	4.5%	444.1	396.0	12.1%

Sales by region (R\$ - accumulated 9 months)



In the quarter, refractories sold to the industrial segment reached 41 thousand tons, a 14.9% increase compared to 3Q13. This growth resulted from an atypical seasonality in sales to cement clients, the main market in this segment, where a relevant part of scheduled maintenance shutdowns was completed this quarter (historically, the third quarter was the weakest in sales to the industrial sector).

Sales to the industrial segment represented 17.3% of the total refractories business, compared to 15.4% in 3Q13. In terms of value, sales amounted to R\$110.0 million in the quarter, 23.5% higher than 3Q13, with a positive impact from the real devaluation in the period.

In comparison with 2Q14, sales volume increased by 23.6%, also due to the atypical seasonal effect.

Despite the recovery in sales in 3Q14, on a year-to-date basis, sales volume is still 6.2% below the previous year, reflecting mainly the poor performance in South America, the most representative market for industrial sales. Revenue for the year amounted to R\$323.1 million, 4.5% higher than 2013, also influenced by the real devaluation.

Industrial Minerals

Industrial Minerals	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	134.4	139.2	195.9	-3.4%	-31.4%	460.6	653.5	-29.5%	721.7	864.7	-16.5%
Revenues (R\$ million)	39.0	34.8	38.6	12.0%	1.1%	112.2	107.1	4.8%	165.9	141.0	17.7%

Mineral sales reached R\$39.0 million in 3Q14, in line with 3Q13 and 12.0% higher than 2Q14. The increase is explained by better sales mix, with higher sales of magnesite sinter (DBM) and caustic magnesia (CCM), which offset the decrease in sales of low value-added products, especially from the Qingyang mine in China.

Year-to-date, minerals sales amounted to R\$112.2 million, a 4.8% increase compared to last year, with the exchange rate effect on products sold in US dollars offsetting the decrease in sales of cheaper products.

Services

Services	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Revenues (R\$ million)	41.3	40.5	30.8	2.1%	34.1%	120.6	88.6	36.0%	153.0	126.6	20.8%

In the quarter, revenue from the services segment reached R\$41.3 million, 34.1% higher than 3Q13, due to the expansion within the industrial sector in Brazil, especially after the Reframec acquisition, in addition to new contracts with steelmakers outside Brazil.

In comparison with 2Q14, the 2.1% revenue growth is explained by the higher margin spot services carried out during this quarter.

In the annual comparison, revenue reached R\$120.6 million, 36.0% higher than the previous year. This growth is partially explained by the Reframec consolidation (since 2Q13) and partially by new contracts and spot services carried out in 2014.

GROSS PROFIT AND GROSS MARGIN

Consolidated

Consolidated	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Revenues (R\$ million)	714,7	720,1	647,0	-0,8%	10,5%	2.154,2	1.878,7	14,7%	2.890,3	2.464,6	17,3%
Gross profit (R\$ million)	230,0	220,1	206,5	4,5%	11,4%	681,3	631,4	7,9%	907,5	810,7	11,9%
Gross margin (%)	32,2%	30,6%	31,9%	160 bp	30 bp	31,6%	33,6%	-200 bp	31,4%	32,9%	-150 bp

By segment

Refractory solutions

Refractory Solutions	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	263.9	270.9	245.5	-2.6%	7.5%	792.4	757.8	4.6%	1,057.0	992.4	6.5%
Revenues (R\$ million)	634.3	644.8	577.6	-1.6%	9.8%	1,921.4	1,683.0	14.2%	2,571.4	2,196.9	17.0%
Gross profit (R\$ million)	204.5	201.2	186.0	1.7%	10.0%	618.6	576.2	7.4%	821.4	741.0	10.9%
Gross margin (%)	32.2%	31.2%	32.2%	100 bp	0 bp	32.2%	34.2%	-200 bp	31.9%	33.7%	-180 bp

Gross margin of the refractories segment reached 32.2% in the quarter, 100 basis-points above the 2Q14, mainly reflecting the improved mix with higher sales to the industrial segment, especially in South America and Europe.

In comparison with 3Q13, gross margin remained stable as the better sales mix offset cost increases in Brazil, primarily related to fuel and labor.

Industrial Minerals

Industrial Minerals	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Volume ('000 tons)	134.4	139.2	195.9	-3.4%	-31.4%	460.6	653.5	-29.5%	721.7	864.7	-16.5%
Revenues (R\$ million)	39.0	34.8	38.6	12.0%	1.1%	112.2	107.1	4.8%	165.9	141.0	17.7%
Gross profit (R\$ million)	13.8	12.2	15.9	13.1%	-13.0%	37.8	43.2	-12.5%	56.3	60.1	-6.4%
Gross margin (%)	35.5%	35.1%	41.2%	30 bp	-570 bp	33.7%	40.4%	-670 bp	33.9%	42.6%	-870 bp

Gross margin of the mineral segment stood at 35.5% in the quarter, in line with 2Q14 and below the 41.2% margin obtained in 3Q13. The decrease is mainly due to the increase of production costs of magnesite-based materials (DBM and CCM), mainly related to fuel, which is the main production component of these materials.

Services

Services	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e) ²	(d/e)	3Q14 (f)	3T13 (g) ²	f/g
Revenues (R\$ million)	41.3	40.5	30.8	2.1%	34.1%	120.6	88.6	36.0%	153.0	126.6	20.8%
Gross profit (R\$ million)	11.7	6.7	4.6	73.5%	153.8%	24.8	12.0	107.3%	29.9	9.7	209.0%
Gross margin (%)	28.2%	16.6%	14.9%	1160 bp	1330 bp	20.6%	13.5%	710 bp	19.5%	7.6%	1190 bp

Services gross margin reached 28.2%, well above the previous quarter's margin, driven by some spot services with atypical margins carried out during this quarter.

The cumulative margin in 2014 was 20.6% compared to 13.5% in the previous year, explained by the spot services with higher margins carried out in 3Q14, the Company's redirection toward higher value-added services, as well as the Reframec consolidation.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e)	(d/e)	3Q14 (f)	3Q13 (g)	f/g
Revenues (R\$ million)	714.7	720.1	647.0	-0.8%	10.5%	2,154.2	1,919.9	12.2%	2,890.3	2,526.3	14.4%
Operating expenses	-160.6	-157.6	-158.6	1.9%	1.2%	-480.7	-431.7	11.3%	-644.2	-565.7	13.9%
% on sales	22.5%	21.9%	24.5%	60 bp	-210 bp	22.3%	22.5%	-20 bp	22.3%	22.4%	-10 bp
G&A	-60.0	-57.9	-62.8	3.6%	-4.5%	-174.3	-171.0	1.9%	-238.8	-228.0	4.7%
% on sales	8.4%	8.0%	9.7%	40 bp	-130 bp	8.1%	8.9%	-80 bp	8.3%	9.0%	-80 bp
Selling expenses	-100.6	-99.7	-95.8	0.9%	5.0%	-306.5	-260.8	17.5%	-405.4	-337.8	20.0%
% on sales	14.1%	13.8%	14.8%	23 bp	-74 bp	14.2%	13.6%	60 bp	14.0%	13.4%	70 bp
Freight	-43.3	-43.3	-36.9	-0.1%	17.3%	-133.1	-101.0	31.7%	-169.8	-130.5	30.1%
% on sales	6.1%	6.0%	5.7%	4 bp	35 bp	6.2%	5.3%	90 bp	5.9%	5.2%	70 bp
Other selling expenses	-57.2	-56.3	-58.9	1.6%	-2.8%	-173.4	-159.7	8.6%	-235.6	-207.2	13.7%
% on sales	8.0%	7.8%	9.1%	19 bp	-109 bp	8.0%	8.3%	-30 bp	8.1%	8.2%	-10 bp

In the quarter, the G&A totaled R\$60.0 million, representing 8.4% of net revenue, compared to R\$57.9 million and 8.0% of revenue in 2Q14 and R\$62.8 million and 9.7% of revenue in 3Q13. Since 3Q13, the period in which the Company concluded investments in the new structure, G&A has been roughly stable, yet given the sales growth, it has decreased as a percentage of revenue. For the year, G&A totaled R\$174.3 million, 1.9% higher than last year; however, it decreased from 8.9% of revenue in 2013 to 8.1% in 2014.

Selling expenses amounted to R\$100.6 million in the quarter, in line with the prior quarter and 5.0% higher than 3Q13, due to increases in freight expenses as sales grew in new markets. It is important to emphasize that, like the G&A expenses, the fixed portion of selling expenses also stabilized since 3Q13 and has been gradually falling as a percentage of revenue. For the year, selling expenses amounted to R\$306.5 million, 17.5% higher than last year, mainly due to increase in freight. The 8.6% increase in other selling expenses in 2014 primarily reflects the foreign exchange devaluation in the year.

EBITDA

EBITDA (R\$ millions)	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e)	(d/e)	3Q14 (f)	3Q13 (g)	f/g
Operating income (EBIT)	65.2	61.3	44.2	6.3%	47.4%	189.8	225.1	-15.7%	277.5	268.4	3.4%
Depreciation/amortization	35.3	34.1	32.3	3.4%	9.2%	104.5	90.8	15.1%	139.9	120.8	15.8%
EBITDA	100.5	95.4	76.5	5.3%	31.2%	294.4	315.9	-6.8%	417.4	389.2	7.2%
EBITDA margin (%)	14.1%	13.2%	11.8%	80 bp	220 bp	13.7%	16.5%	-280 bp	14.4%	15.4%	-100 bp
Other operating income/expenses	-4.7	-1.5	-4.4	224.9%	8.3%	-11.4	18.5	-161.7%	13.7	12.6	8.3%
EBITDA ex. ore*	105.2	96.9	80.9	8.6%	30.0%	305.8	297.4	2.8%	403.8	376.6	7.2%
EBITDA ex-ore* margin (%)	14.7%	13.5%	12.5%	130 bp	220 bp	14.2%	15.5%	-130 bp	14.0%	14.9%	-90 bp

*Other operational revenues / expenses

EBITDA in the quarter reached R\$100.5 million with a 14.1% margin, compared to R\$95.4 million and a 13.2% margin in 2Q14 and R\$76.5 million and an 11.8% margin in 3Q13. Excluding other operating income/expenses, EBITDA in 3Q14 was R\$105.2 million with a 14.7% margin, compared to R\$96.9 million and a 13.5% margin in 2Q14, and R\$80.9 million and a 12.5% margin in 3Q13.

Excluding other operational income/expenses, the 130 basis-point expansion in margin compared to 2Q14 is mainly due to the change in sales mix, with higher participation of sales to the industrial sector. In comparison with 3Q13, the 220 basis-point expansion is due to better sales mix, in addition to sales growth and greater SG&A dilution.

FINANCIAL INCOME/EXPENSES

Financial Result	Quarter			Var. %		Accumulated		Var. %	LTM accumulated		Var. %
	3Q14 (a)	2Q14 (b)	3Q13 (c)	(a/b)	(a/c)	9M14 (d)	9M13 (e)	(d/e)	3Q14 (f)	3Q13 (g)	f/g
Financial income / expenses	-55.1	-42.1	-39.6	30.9%	39.3%	-139.5	-109.8	27.0%	-180.3	-140.6	28.3%
Other financial income / expenses	-0.3	-3.3	-41.3	-92.4%	-99.4%	-2.8	-43.4	-93.5%	38.9	-42.5	N/A
Forex variation	-13.8	-3.9	27.6	251.4%	n/a	-45.0	6.6	N/A	-96.6	6.1	N/A
Net financial result	-69.2	-49.3	-53.3	40.2%	29.8%	-187.3	-146.6	27.8%	-238.0	-177.0	34.5%

In the quarter, the net financial result was a R\$69.2 million expense, 40.2% higher than 2Q14 and 29.8% higher than 3Q13. This increase is due to the increase of interest expenses, in addition to the non-cash exchange rate expense derived from the sharp real depreciation at the end of the quarter.

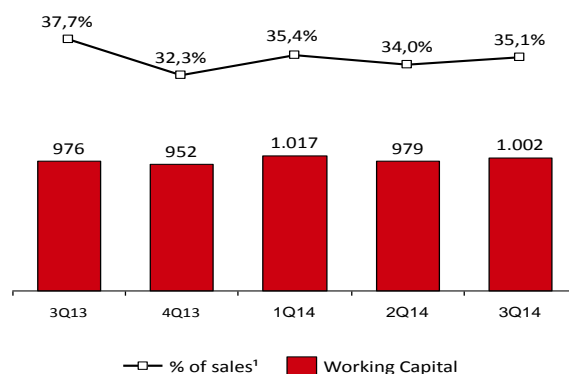
For the year, the net financial result was an R\$187.3 million expense, 27.8% higher than the previous year, also explained by the 27.0% increase in interest expenses reflecting the growth in net debt, in addition to the lower income from financial investments due to the Company's decision to invest most of its cash in dollars to reduce foreign exchange risk. The non-cash expense of R\$45.0 million related to exchange variations in 2014, compared to the income of R\$6.6 million in 2013, also contributed to this increase in 2014.

NET RESULT

Net income for the quarter was an R\$18.3 million loss, compared to a R\$14.3 million profit in 2Q14 and a R\$21.7 million loss in 3Q13. In relation to the prior quarter, the variation is due to the increase of financial expenses related to exchange variations, as explained above, in addition to higher income tax expenses. Despite the parent company's loss before tax, the Company achieved positive results from several subsidiaries, which explains the income tax expense.

Year-to-date, the net result was a R\$20.6 million loss compared to a R\$28.2 million profit in 2013. The variation is mainly due to the increase of financial expenses and exchange variations, in addition to the positive impact from other operating income in 2013, mainly related to the sale of land.

WORKING CAPITAL



¹Calculation considers annualized quarterly sales.

Working capital at the end of the quarter represented 35.1% of annualized quarterly sales, compared to 34.0% in 2Q14 and 37.7% in 3Q13. The improvement compared to the previous year reflects the Company's efforts to improve working capital management. Since the beginning of this year, the Company has been implementing changes in processes and systems that will certainly contribute to a continuous improvement in working capital management.

The increase compared to 2Q14 is partially explained by the Company's decision to anticipate raw materials purchases, taking advantage of favorable market conditions, which impacted inventory levels in this quarter. Finally, the real devaluation at the end of the quarter impacted the balance sheet in foreign currencies. Excluding just the exchange rate effect, working capital would have continued its declining trend.

Nevertheless, Magnesita's efforts already led to positive results in receivables and especially in payments terms

to suppliers.

INDEBTEDNESS

The Company closed the quarter with net debt of R\$1,537.0 million, 3.5% higher than the prior quarter (R\$1,484.4 million). For the period, approximately 37% of net debt was denominated in reais and the remaining in foreign currency. Cash at the end of the quarter increased to R\$885.0 million, compared to R\$803.5 in 2Q14, due to cash generation in the quarter, in addition to the exchange rate impact on foreign currency holdings.

Leverage, measured by net debt/EBITDA Last Twelve Months (“LTM”), stood at 3.7x at the end of 3Q14, compared to 3.8x in 2Q14. The improvement this quarter is explained by the increase of our LTM EBITDA. Excluding other operational income and expenses, leverage would be at 3.8x at the end of the quarter, compared to 3.9x in the prior quarter.

It is important to note that leverage this quarter was exceptionally impacted by the spike of the dollar at the end of September, as debt is marked by the closing FX rate while EBITDA is marked by the LTM average rate. Without this effect, leverage would have converged to 3.5x at the end of the quarter. Again, Magnesita emphasizes its confidence in its capital structure. Despite leverage being above what is considered ideal by Management, the Company remains in a very comfortable liquidity position. The R\$885.0 million cash position at quarter-end was more than sufficient to cover the amortization schedule over the next 5 years, and only 10.8% of gross debt matures in the short term. Additionally, the Company has a US\$250 million perpetual bond that represents approximately 25% of total debt, while the remaining long-term debt has an average maturity of around 5 years. Excluding the perpetual bond, leverage would be at 2.2x at quarter end.

CAPEX

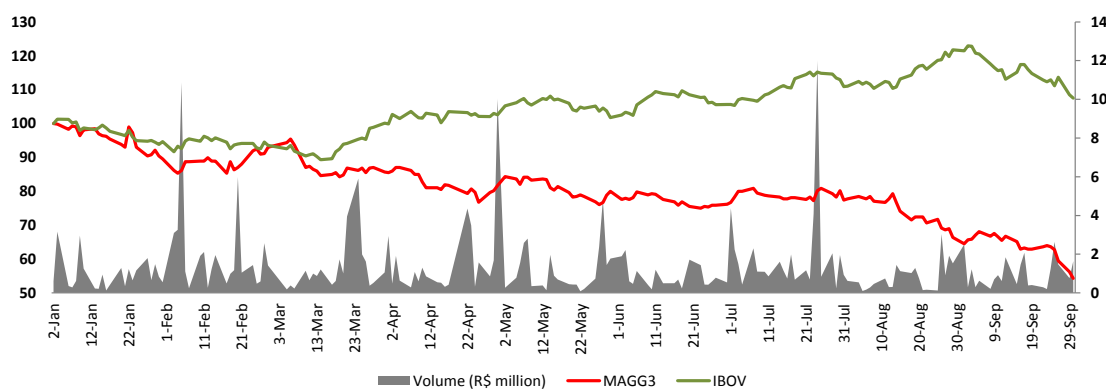
CAPEX in 3Q14 totaled R\$38.2 million compared to R\$36.9 million in 2Q14 and R\$61.6 million in 3Q13. Year-to-date, CAPEX amounted to R\$101.8 million, 15.9% lower than the previous year (R\$121.1 million) explained by lower investments in mining and other operational improvement projects.

From the total CAPEX in the year, R\$56.4 million was invested in renovations, maintenance, system adequacies, environment and clients; R\$17.2 million in IT projects, R\$10.3 million in expansion and productivity gains projects; and R\$17.9 million in mining development and geological prospects.

CAPITAL MARKETS

Magnesita's shares (Novo Mercado: MAGG3 | OTCQX: MFRSY) closed 3Q14 at R\$3.15 with a 28.7% devaluation in the period. In the quarter, the Bovespa Index increased by 1.8%, ending the period at 54,116 points. The average daily trading volume during 3Q14 was R\$1.3 million, with an average of 267 thousand shares traded per day. Magnesita's market capitalization at the end of the quarter was R\$916 million.

MAGG3 and Ibovespa performances - YTD



Adjustments/changes due to revised accounting practices

¹New or revised pronouncements applied for the first time in 2013 and restatement of applied financials

- ***CPC 33 (R1) Employee Benefits***

The Company adopted CPC 33 (R1) Employee Benefits, applicable from January 1, 2013. Due to the application of this standard, the computation of interest cost and expected return on the assets of defined benefit plans were amended and its effects are reflected in the financial statements from December 31, 2013. For the year 2012, the corresponding figures are restated to reflect these retrospective effects.

- ***IFRS 11 - Joint Arrangements***

Since 2013, the Company applied IFRS 11 - "Joint Arrangements," issued in May 2011, and included it as an amendment to the text of CPC 19 (R2) - "Business Together." Thus, given that the proportionate consolidation method is no longer permitted, the Company ceased to consolidate the jointly controlled Krosaki Magnesita Refractories LLC (United States). Additionally, as of January 1, 2013, holdings in Krosaki Magnesita Refractories LLC (40%) are accounted under the equity method. For comparison purposes, the balance of December 31, 2012 was adjusted considering the change of accounting practice.

- ***Other restatements***

The Company reassessed the presentation form of international freight that was previously deducted directly from net income and is now being restated in selling expenses and profit sharing, which was previously wholly classified as general and administrative expenses and is now being restated as cost of goods and products sold as well as selling, general, and administrative expenses.

Changes in information by sector

In line with the new strategic plan, the Company revised certain processes and systems in the accounting field. As a result, 3Q13 adjustments were made in targeting some customers and, consequently, there were marginal changes in historical data by sector.

²Discontinuation of Shanxi LWB Taigang Refractories Company Ltd. "LTR" (Note 1 of DFP from 12/31/2013)

Since 3Q13, Magnesita ceased to exercise control over LTR (joint venture in China). Thus, it ceased to consolidate, as well as to recognize equity in that quarter. For comparison purposes, LTR numbers for the year 2013 were disregarded in the volume analysis, revenue and margin by sector, to avoid distorting the comparison.

Notice

Statements contained in this report related to business outlook, operational and financial result projections, as well as references to the Company's growth potential constitute mere forecasts and were based on expectations and estimates of Management concerning the future performance of Magnesita. Although the Company believes that such predictions are based on reasonable assumptions, it does not guarantee their achievement. Expectations and estimates underlying the Company's future prospects are highly dependent on market conditions, the economic and political situation of Brazil, current and future government regulations, industry and international markets and, therefore, subject to changes beyond Magnesita's and its Management's control. The Company undertakes no obligation to publicly update or revise expectations, estimates and forecasts contained in this release resulting from new information or future events. All statements regarding mineral reserves and estimates are projections based on available geological information and statistical geological models. Actual future mineral production may differ substantially from the estimates.

About Magnesita Refratários S.A.

Magnesita Refratários S.A. is a privately held, publicly traded Company with shares traded on the Novo Mercado of BM&FBOVESPA in Brazil and through ADRs level 1 in the United States, dedicated to mining, producing and marketing an extensive line of refractory and industrial mineral materials. Its products are mainly used by the cement, glass, and steel industries. Industrial activities began in 1940, soon after the discovery of magnesite deposits in Brumado, Bahia. Today, it operates 28 industrial and mining units, 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 production refractory capacity of more than 1.4 million tons per year. The company is a market leader in Brazil and South America and its products were sold to more than 90 countries in 2013.

Mission

To provide integrated services, refractories, and minerals that maximize client returns in order to create profitable, lasting relationships replicable to different regions.

Vision

To be the best solution provider in refractories and industrial minerals by leveraging and developing our mineral resources.

Values

- ✓ Clients
- ✓ People
- ✓ Meritocracy
- ✓ Ethics
- ✓ Profit
- ✓ Management and Method
- ✓ Agility and Transparency
- ✓ Safety, Environment and Community

APPENDIX I - CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R\$ million)	09/30/14	06/30/14	09/30/13
ASSETS			
Current	2,585.0	2,364.8	2,012.4
Cash and cash equivalents	885.0	803.5	456.0
Accounts receivable	585.0	577.9	557.9
Inventories	899.4	773.9	771.2
Recoverable taxes	172.1	173.3	184.7
Others	43.5	36.1	42.6
Long term	3,855.0	3,797.9	3,756.5
Deferred income and social contribution taxes	14.3	9.8	11.0
Others	43.0	38.7	47.3
Investments	74.4	73.3	73.1
Property, plant and equipment	1,248.6	1,209.0	1,184.7
Intangibles	2,474.7	2,467.0	2,440.4
Total Assets	6,440.1	6,162.7	5,768.9
LIABILITIES			
Current	1,043.1	793.2	700.3
Suppliers	482.1	373.0	352.6
Loans	262.6	155.2	74.3
Salaries and social charges	111.2	96.7	107.2
Taxes and contributions	87.8	66.8	59.1
Others	99.4	101.5	107.2
Long term liabilities	2,495.3	2,460.1	2,144.0
Loans	2,159.4	2,132.7	1,751.0
Deferred tax and contributions	58.2	57.3	54.4
Severance payment	222.3	214.9	254.8
Provision for contingencies	39.8	41.3	64.8
Others	15.7	13.9	19.1
Shareholder's equity	2,901.7	2,909.4	2,924.5
Capital	2,528.1	2,528.1	2,528.1
Capital and revenue reserves	258.8	258.1	251.1
Profit reserves	119.0	119.0	88.1
Retained earnings (losses)	-21.0	-3.1	25.1
Other comprehensive income	46.5	29.3	29.2
Shares buyback	-47.1	-39.4	-14.6
Non- controlling interests	17.4	17.4	17.5
Total liabilities and Shareholder's equity	6,440.1	6,162.7	5,768.9
Total number of shares outstanding (million)	286.0	286.9	291.2
Book Value Per Share*	10.14	10.14	10.04

*BVS = Shareholder's equity/(number of shares outstanding – treasury shares)

APPENDIX II - CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R\$ million)	Trimestre			Var. %		Acumulado		Var. %	LTM Acumulado		Var. %
	3T14 (a)	2T14 (b)	3T13 (c)	a/b	a/c	9M14 (d)	9M13 (e)	d/e	3T14 (f)	3T13 (g)	f/g
Net operating revenues	714.7	720.1	647.0	-0.8%	10.5%	2,154.2	1,919.9	12.2%	2,890.3	2,526.3	14.4%
Cost of goods sold	-484.7	-500.0	-440.5	-3.1%	10.0%	-1,472.9	-1,282.1	14.9%	-1,982.8	-1,705.4	16.3%
Gross profit	230.0	220.1	206.5	4.5%	11.4%	681.3	637.7	6.8%	907.5	820.9	10.6%
Gross margin (%)	32.2%	30.6%	31.9%	160 bp	30 bp	31.6%	33.2%	-160 bp	31.4%	32.5%	-110 bp
Selling expenses	-100.6	-99.7	-95.8	0.9%	5.0%	-306.5	-260.8	17.5%	-405.4	-337.8	20.0%
General and administrative expenses	-60.0	-57.9	-62.8	3.6%	-4.5%	-174.3	-171.0	1.9%	-238.8	-228.0	4.7%
Other operating income / expenses	-4.7	-1.5	-4.4	224.9%	8.3%	-11.4	18.5	n/a	13.7	12.6	8.3%
Equity pickup	0.5	0.2	0.8	123.4%	-36.2%	0.7	0.6	9.0%	0.5	0.6	-21.8%
Operating profit (EBIT)	65.2	61.3	44.2	6.3%	47.4%	189.8	225.1	-15.7%	277.5	268.4	3.4%
Operating margin (%)	9.1%	8.5%	6.8%	60 bp	230 bp	8.8%	11.7%	-290 bp	9.6%	10.6%	-100 bp
Net financial result	-69.2	-49.3	-53.3	40.2%	29.8%	-187.3	-146.6	27.8%	-238.0	-177.0	34.5%
Financial income / expenses	-55.1	-42.1	-39.6	30.9%	39.3%	-139.5	-109.8	27.0%	-180.3	-140.6	28.3%
Other financial income / expenses	-0.3	-3.3	-41.3	-92.4%	-99.4%	-2.8	-43.4	-93.5%	38.9	-42.5	n/a
Net currency variation	-13.8	-3.9	27.6	251.4%	n/a	-45.0	6.6	n/a	-96.6	6.1	n/a
Income before income tax and social contrib.	-4.0	12.0	-9.0	n/a	-56.0%	2.5	78.5	-96.8%	39.5	91.5	-56.8%
Income tax and social contribution	-14.3	2.4	-12.7	n/a	13.2%	-23.1	-50.3	-54.1%	-29.5	-72.7	-59.4%
Net income (losses)	-18.3	14.3	-21.7	n/a	-15.6%	-20.6	28.2	-173.1%	10.0	18.7	-46.5%
Net margin (%)	-2.6%	2.0%	-3.4%	n/a	80pb	-1.0%	1.5%	n/a	0.3%	0.7%	-40 bp
Earnings per share (R\$)	-0.06	0.05	-0.08	n/a	-17.2%	-0.07	0.09	n/a	0.02	0.14	-86.5%
Depreciation/amortization	35.3	34.1	32.3	3.4%	9.2%	104.5	90.8	15.1%	139.9	120.8	15.8%
EBITDA	100.5	95.4	76.5	5.3%	31.2%	294.4	315.9	-6.8%	417.4	389.2	7.2%
EBITDA margin (%)	14.1%	13.2%	11.8%	80 bp	220 bp	13.7%	16.5%	-280 bp	14.4%	15.4%	-100 bp
EBITDA ex-ore	105.2	96.9	80.9	8.6%	30.0%	305.8	297.4	2.8%	403.8	376.6	7.2%
EBITDA ex-ore margin (%)	14.7%	13.5%	12.5%	130 bp	220 bp	14.2%	15.5%	-130 bp	14.0%	14.9%	-90 bp

APPENDIX III - CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R\$ million)	3T14	3T13	9M14	9M13
Cash flow from operating activities:				
Net income (losses)	-18.3	-21.7	-20.6	28.2
Adjustments				
Charges and monetary/exchange variations, net	110.1	13.2	45.0	54.8
Interest charge	54.0	51.1	155.9	119.3
Depreciation and depletion	33.6	30.8	99.5	86.2
Intangible amortization	1.6	1.5	5.0	4.6
Deferred income tax and social contribution	-6.7	2.5	-26.4	21.1
Derivatives - fair value swap	-27.6	-4.8	-31.1	0.0
Stock Option	0.6	1.7	4.1	5.0
Minority interests	0.4	0.3	-0.4	3.1
Equity pickup	-0.5	-0.6	-0.7	-0.6
Provision for losses on inventory and accounts receivable	0.0	-1.6	0.0	0.0
	147.4	72.4	230.4	321.6
Change in assets and liabilities				
Accounts receivable	5.1	5.1	32.3	-42.0
Inventories	-125.5	-51.7	-140.8	-132.8
Taxes recoverable	-2.1	-51.1	10.1	-73.0
Suppliers	106.9	6.2	67.8	4.7
Accrued taxes	21.0	-16.2	41.8	9.8
Dividends/interests on equity payable	-1.3	1.0	-13.4	-15.3
Others	17.5	53.1	11.3	42.5
Paid income tax and social contribution	21.6	-53.6	9.0	-206.2
Net cash provided from (used in) operating activities	169.0	18.8	239.3	115.4
Cash flow from investing activities				
Securities and other investments	-1.9	15.8	-14.1	11.3
Disposal of property, plant and equipment	0.9	25.2	3.9	29.3
Additions of fixed, investments and intangible assets	-38.5	-71.8	-102.2	-154.5
Net cash provided from (used in) investing activities	-39.4	-89.9	-112.4	-173.0
Cash flows from financing activities				
New loans and financing	6.3	-0.1	36.0	0.5
Payment of loans and financing	-1.1	-29.1	-55.6	-174.8
Payment of loans and financing - interest	-65.1	-58.1	-171.3	-131.3
Shares in treasury	-7.7	-7.4	-27.3	-13.4
Net cash provided from (used in) financing activities	-67.6	-94.7	-218.1	-319.0
Increase (decrease) in cash and cash equivalents	62.0	-165.9	-91.2	-376.6
Exchange variations - opening balance	17.7	4.8	1.4	24.4
Opening balance of cash and equivalents	779.7	605.6	949.1	796.7
Closing balance - cash and equivalents	859.3	444.5	859.3	444.5

APPENDIX IV - OWNERSHIP STRUCTURE - 09/30/2014

Shareholders	No. of Shares	%
Control Group	120,350,670	42.5%
Alumina Holdings LLC (GP Investments)	88,654,796	31.3%
MAG Fundo de Invest. em Participações (GP Investments)	9,537,978	3.4%
GPCP4 Fundo de Invest. em Participações (GP Investments)	1,138,301	0.4%
Rearden L Holdings 3 S.À R.L (Rhône)	21,019,595	7.4%
Free Float	162,919,464	57.5%
Total	283,270,134	100.0%

APPENDIX V - HISTORICAL INFORMATION BY SEGMENT

Refractory Solutions - Total	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Volume ('000 ton)	252,7	259,7	245,5	264,7	257,6	270,9	263,9
Revenues (R\$ million)	544,4	561,0	577,6	650,0	642,2	644,8	634,3
Gross Profit (R\$ million)	192,4	197,7	186,0	202,8	212,9	201,2	204,5
Gross Margin (%)	35,3%	35,2%	32,2%	31,2%	33,1%	31,2%	32,2%
Refractory Solutions - Steel	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Volume ('000 ton)	203,2	219,1	209,7	221,6	213,9	237,6	222,7
Revenues (R\$ million)	424,7	460,8	488,5	529,0	516,8	557,2	524,4
Refractory Solutions - Industrial	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Volume ('000 ton)	49,5	40,6	35,8	43,0	43,7	33,3	41,2
Revenues (R\$ million)	119,7	100,2	89,1	121,0	125,4	87,7	110,0
Minerals	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Volume ('000 ton)	227,3	230,3	195,9	261,1	187,0	139,2	134,4
Revenues (R\$ million)	28,7	39,8	38,6	53,7	38,4	34,8	39,0
Gross Profit (R\$ million)	12,0	15,4	15,9	18,5	11,8	12,2	13,8
Gross Margin (%)	41,6%	38,6%	41,2%	34,4%	30,6%	35,1%	35,5%
Services	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Revenues (R\$ million)	28,7	29,1	30,8	32,4	38,7	40,5	41,3
Gross Profit (R\$ million)	3,3	4,1	4,6	5,1	6,4	6,7	11,7
Gross Margin (%)	11,4%	14,1%	14,9%	15,6%	16,6%	16,6%	28,2%
CONSOLIDATED	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
Revenues (R\$ million)	601,8	629,9	647,0	736,1	719,4	720,1	714,7
Gross Profit (R\$ million)	207,7	217,2	206,5	226,3	231,1	220,1	230,0
Gross Margin (%)	34,5%	34,5%	31,9%	30,7%	32,1%	30,6%	32,2%

Independent auditor's review report on quarterly information (ITR)

The
Shareholders, Directors and Officers of
Magnesita Refratários S.A.
Belo Horizonte – MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Magnesita Refratários S.A. (Company) contained in the Quarterly Information Form – ITR for the quarter ended September 30, 2014, which comprise the balance sheet at September 30, 2014 and the related income statement, statement of comprehensive income for the three- and nine-month periods then ended, the statement of changes in equity and cash flow statement for the nine-month period then ended, including the explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with the Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting and for the consolidated interim financial information in accordance with CPC 21 (R1) and International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as the presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express an opinion 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 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists 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 auditing standards 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 interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on 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 presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the CVM.

Emphasis of a matter

Restatement of corresponding amounts

As mentioned in Note 3.3, due to changes in the manner in which the Company reports international freight costs and provision for profit sharing, the corresponding interim financial information regarding the income statement for the three-month and nine-month periods ended September 30, 2013, presented for comparison purposes, was adjusted and is restated pursuant to CPC 23 - Accounting Policies, Change in Estimates and Correction of Errors. Our conclusion is not modified with respect to this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2014, prepared under the responsibility of the Company management, the presentation of which in the interim information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR), and as supplementary information under the 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 prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, November 13, 2014.

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

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

Luciana Ferreira Barbosa
Accountant CRC- 1MG068775/O-9

Company Information / Capital Breakdown

Number of shares (Units)	Current quarter 09/30/2014
Paid-in capital	
Common shares	283,270,134
Preferred shares	0
Total	283,270,134
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

A free translation from Portuguese into English of individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, and of consolidated interim financial information prepared in Brazilian currency in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), and accounting practices adopted in Brazil

Individual financial statements / Balance sheets - Assets

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
1	Total assets	4,804,689	4,907,265
1.01	Current assets	1,358,887	1,603,381
1.01.01	Cash and cash equivalents	415,840	719,976
1.01.02	Short-term investments	25,701	11,596
1.01.02.01	Short-term investments at fair value	25,701	11,596
1.01.02.01.01	Trading securities	25,701	11,596
1.01.03	Accounts receivable	472,549	414,187
1.01.03.01	Trade accounts receivable	468,399	409,169
1.01.03.01.01	Domestic customers	164,057	160,099
1.01.03.01.02	Foreign customers	288,350	223,487
1.01.03.01.04	Unbilled measurements	15,992	25,583
1.01.03.02	Other accounts receivable	4,150	5,018
1.01.03.02.01	Receivables for sale of property	4,150	5,018
1.01.04	Inventories	318,004	308,618
1.01.06	Taxes recoverable	101,464	122,949
1.01.06.01	Current taxes recoverable	101,464	122,949
1.01.07	Prepaid expenses	3,046	-
1.01.08	Other current assets	22,283	26,055
1.01.08.03	Other	22,283	26,055
1.02	Noncurrent assets	3,445,802	3,303,884
1.02.01	Long-term receivables	92,734	90,132
1.02.01.03	Accounts receivable	6,352	7,125
1.02.01.03.02	Other accounts receivable	6,352	7,125
1.02.01.08	Receivables from related parties	54,011	49,628
1.02.01.08.02	Receivables from subsidiaries	54,011	49,628
1.02.01.09	Other noncurrent assets	32,371	33,379
1.02.01.09.03	Judicial deposits	16,479	16,988
1.02.01.09.04	Other	15,892	16,391
1.02.02	Investments	1,586,990	1,471,635
1.02.02.01	Equity interest	1,519,500	1,404,145
1.02.02.01.02	Investments in subsidiaries	1,519,138	1,403,773
1.02.02.01.04	Other equity interests	362	372
1.02.02.02	Investment properties	67,490	67,490
1.02.03	Property, plant and equipment	684,899	657,178
1.02.03.01	Property, plant and equipment in use	497,958	491,014
1.02.03.02	Leased property, plant and equipment	186,941	166,164
1.02.04	Intangible assets	1,081,179	1,084,939
1.02.04.01	Intangible assets	1,081,179	1,084,939
1.02.04.01.02	Software and other items	37,525	41,285
1.02.04.01.03	Goodwill	1,043,654	1,043,654

Individual financial statements / Balance sheets – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
2	Total liabilities	4,804,689	4,907,265
2.01	Current liabilities	549,020	399,164
2.01.01	Labor and social charges	65,153	65,301
2.01.01.01	Social charges	42,908	30,991
2.01.01.02	Labor charges	22,245	34,310
2.01.02	Trade accounts payable	193,778	195,279
2.01.02.01	Domestic suppliers	152,805	180,059
2.01.02.02	Foreign suppliers	40,973	15,220
2.01.03	Tax liabilities	20,811	17,011
2.01.03.01	Federal tax liabilities	9,826	10,083
2.01.03.01.02	Other federal tax liabilities	9,826	10,083
2.01.03.02	State tax liabilities	10,525	6,296
2.01.03.03	Local tax liabilities	460	632
2.01.04	Loans and financing	210,172	38,137
2.01.04.01	Loans and financing	210,172	38,137
2.01.04.01.01	In local currency	181,962	10,654
2.01.04.01.02	In foreign currency	28,210	27,483
2.01.05	Other liabilities	59,106	83,436
2.01.05.02	Other	59,106	83,436
2.01.05.02.01	Dividends and interest on equity (IOE) payable	353	13,403
2.01.05.02.04	Accounts payable for investment acquisition	23,140	29,727
2.01.05.02.05	Other payables	35,613	40,306
2.02	Noncurrent liabilities	1,371,374	1,503,661
2.02.01	Loans and financing	1,234,775	1,367,129
2.02.01.01	Loans and financing	1,234,775	1,367,129
2.02.01.01.01	In local currency	622,025	374,451
2.02.01.01.02	In foreign currency	612,750	992,678
2.02.02	Other payables	68,845	64,217
2.02.02.02	Other	68,845	64,217
2.02.02.02.03	Post-employment obligations	68,845	64,217
2.02.03	Deferred taxes	27,941	33,813
2.02.03.01	Deferred income and social contribution taxes	27,941	33,813
2.02.04	Provisions	39,813	38,502
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	39,813	38,502
2.02.04.01.01	Provisions for tax contingencies	13,003	12,709
2.02.04.01.02	Provisions for social security and labor contingencies	26,683	25,666
2.02.04.01.04	Provisions for civil contingencies	127	127
2.03	Equity	2,884,295	3,004,440
2.03.01	Paid-in capital	2,528,146	2,528,146
2.03.02	Capital reserves	211,628	234,794
2.03.02.02	Special goodwill reserve from merger	88,874	88,874
2.03.02.04	Stock options granted	41,811	37,715
2.03.02.05	Treasury shares	(47,131)	(19,869)
2.03.02.07	Special reserve - Law No. 8200/91	5,973	5,973
2.03.02.08	Share issue reserve	139,327	139,327
2.03.02.09	Share issue expenses	(17,226)	(17,226)
2.03.04	Income reserves	119,008	119,008
2.03.04.01	Legal reserve	8,290	8,290
2.03.04.05	Retained earnings reserve	110,718	110,718
2.03.05	Retained earnings/(accumulated losses)	(21,007)	-
2.03.08	Other comprehensive income	46,520	122,492

Individual financial statements / Statements of operations

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2014 to 09/30/2014	YTD 01/01/2014 to 09/30/2014	Same prior- year quarter 07/01/2013 to 09/30/2013	Prior YTD - 01/01/2013 to 09/30/2013
3.01	Sales and service revenue	372,643	1,049,733	311,446	943,936
3.02	Cost of sales	(255,646)	(729,301)	(210,727)	(616,771)
3.03	Gross profit	116,997	320,432	100,719	327,165
3.04	Operating income/(expenses)	(98,282)	(251,001)	(106,919)	(217,354)
3.04.01	Selling expenses	(46,738)	(141,038)	(45,831)	(120,293)
3.04.02	General and administrative expenses	(35,899)	(102,000)	(40,034)	(108,321)
3.04.04	Other operating income	2,316	9,367	1,676	31,512
3.04.05	Other operating expenses	(3,475)	(18,206)	-6,473	(15,788)
3.04.06	Equity pickup	(14,486)	876	(16,257)	(4,464)
3.05	Income before financial income/ (expenses) and taxes	18,715	69,431	(6,200)	109,811
3.06	Financial income/ (expenses)	(34,730)	(96,310)	(17,790)	(66,811)
3.06.01	Financial income	67,130	43,678	10,453	63,068
3.06.01.01	Monetary and exchange gains	63,897	27,942	9,159	53,475
3.06.01.02	Gains from short-term investments	2,502	14,058	940	8,284
3.06.01.03	Other income	731	1,678	354	1,309
3.06.02	Financial expenses	(101,860)	(139,988)	(28,243)	(129,879)
3.06.02.01	Monetary and exchange gains	(61,893)	(36,633)	(5,046)	(61,761)
3.06.02.02	Interest on loans	(38,340)	(99,034)	(21,006)	(63,512)
3.06.02.03	Other expenses	(1,627)	(4,321)	(2,191)	(4,606)
3.07	Income before income taxes	(16,015)	(26,879)	(23,990)	43,000
3.08	Income and social contribution taxes	(1,859)	5,872	2,016	(17,912)
3.08.02	Deferred	(1,859)	5,872	2,016	(17,912)
3.09	Net income (loss) from continuing operations	(17,874)	(21,007)	(21,974)	25,088
3.11	Income/loss for the period	(17,874)	(21,007)	(21,974)	25,088
3.99	Earnings per share (Reais / shares)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	(0.0600)	(0.0700)	(0.0800)	0.0900
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	(0.0600)	(0.0700)	(0.0800)	0.0900

Individual financial statements / Statements of comprehensive income (Loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2014 to 09/30/2014	YTD 01/01/2014 to 09/30/2014	Same prior- year quarter 07/01/2013 to 09/30/2013	Prior YTD - 01/01/2013 to 09/30/2013
4.01	Net income (loss) for the period	(17,874)	(21,007)	(21,974)	25,088
4.02	Other comprehensive income (loss)	17,196	(75,972)	49,771	98,095
4.02.01	Exchange gains/(losses) - subsidiaries located abroad	17,196	(75,972)	40,409	90,652
4.02.02	Actuarial valuation	-	-	9,362	13,443
4.02.03	Net gains on fair value	-	-	-	(6,000)
4.03	Comprehensive income (loss) for the period	(678)	(96,979)	27,797	123,183

Individual Financial Statements / Cash flow statements - Indirect method

(In thousands of reais)

Account code	Account description	YTD 01/01/2014 to 09/30/2014	Prior YTD - 01/01/2013 to 09/30/2013
6.01	Net cash from operating activities	76,572	51,997
6.01.01	Cash from operations	128,653	188,803
6.01.01.01	Net income/(loss) for the year	(21,007)	25,088
6.01.01.02	Charges on monetary/exchange gains/(losses), net	8,691	48,320
6.01.01.03	Interest charges	99,034	47,882
6.01.01.04	Depreciation and depletion	39,812	35,633
6.01.01.05	Amortization of intangible assets	4,775	4,475
6.01.01.06	Equity pickup	(876)	4,464
6.01.01.07	Deferred income and social contribution taxes	(5,872)	17,912
6.01.01.08	Stock options	4,096	5,029
6.01.02	Changes in assets and liabilities	(52,081)	(136,806)
6.01.02.01	Trade accounts receivable	(47,072)	(13,419)
6.01.02.02	Inventories	(9,386)	(69,412)
6.01.02.03	Taxes recoverable	21,485	(62,851)
6.01.02.04	Trade accounts payable	(3,707)	22,843
6.01.02.05	Taxes payable	3,800	(4,511)
6.01.02.06	Dividends paid	(13,050)	(16,624)
6.01.02.07	Other	(4,151)	7,168
6.02	Net cash from investing activities	(268,784)	(53,052)
6.02.01	Sale of PP&E, investments and intangible assets	67	31,432
6.02.02	Additions to PP&E and intangible assets	(68,615)	(87,876)
6.02.03	Capital contribution in subsidiaries	(187,772)	(39,054)
6.02.04	Capital reduction in subsidiaries	-	29,937
6.02.05	Marketable securities	(14,105)	11,259
6.02.06	Dividends received	-	1,250
6.02.07	Receivables for sale of property, plant and equipment	1,641	-
6.03	Net cash from financing activities	(111,924)	(235,512)
6.03.01	Loans and financing raised	12,186	544
6.03.02	Repayment of loans and financing	(7,554)	(168,220)
6.03.03	Payments of interest on loans and financing	(89,294)	(54,398)
6.03.04	Treasury shares	(27,262)	(13,438)
6.05	Increase (decrease) in cash and cash equivalents	(304,136)	(236,567)
6.05.01	Cash and cash equivalents – opening balance	719,976	542,583
6.05.02	Cash and cash equivalents – closing balance	415,840	306,016

Individual financial statements / Statements of changes in equity (SCE) - 01/01/2014 to 09/30/2014

(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/ (loss)	Equity
5.01	Opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440
5.03	Adjusted opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440
5.04	Capital transactions with shareholders	-	(23,166)	-	-	-	(23,166)
5.04.03	Stock options granted and recognized	-	4,096	-	-	-	4,096
5.04.08	Treasury shares cancelled	-	(27,262)	-	-	-	(27,262)
5.05	Total comprehensive income (loss)	-	-	-	(21,007)	(75,972)	(96,979)
5.05.01	Net income/(loss) for the period	-	-	-	(21,007)	-	(21,007)
5.05.02	Other comprehensive income/(loss)	-	-	-	-	(75,972)	(75,972)
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	(75,972)	(75,972)
5.07	Closing balances	2,528,146	211,628	119,008	(21,007)	46,520	2,884,295

Individual financial statements / Statements of changes in equity (SCE) - 01/01/2013 to 09/30/2013

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Income reserves	earnings/(Accumulated losses)	Other comprehensive income/(loss)	Equity
5.01	Opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256
5.03	Adjusted opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256
5.04	Capital transactions with shareholders	-	(8,409)	-	-	-	(8,409)
5.04.03	Stock options granted and recognized	-	5,029	-	-	-	5,029
5.04.04	Treasury shares purchased	-	(13,438)	-	-	-	(13,438)
5.05	Total comprehensive income/(loss)	-	-	-	25,088	98,095	123,183
5.05.01	Net income for the period	-	-	-	25,088	-	25,088
5.05.02	Other comprehensive income/(loss)	-	-	-	-	98,095	98,095
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	90,652	90,652
5.05.02.07	Fair-value adjustment of investment property	-	-	-	-	(6,000)	(6,000)
5.05.02.08	Actuarial adjustment	-	-	-	-	13,443	13,443
5.07	Closing balances	2,528,146	236,517	88,060	25,088	29,219	2,907,030

Individual financial statements / Statements of value added

(In thousands of reais)

Account code	Account description	YTD 01/01/2014 to 09/30/2014	Prior YTD - 01/01/2013 to 09/30/2013
7.01	Revenues	1,382,817	1,304,548
7.01.01	Goods and products sold and services rendered	1,310,017	1,188,889
7.01.02	Other income	2,009	26,114
7.01.03	Revenues from construction of own assets	70,791	89,545
7.02	Inputs acquired from third parties	(972,737)	(892,498)
7.02.01	Cost of sales and services	(676,845)	(585,797)
7.02.02	Materials, energy, third-party services and other expenses	(295,892)	(306,701)
7.03	Gross value added	410,080	412,050
7.04	Retentions	(44,587)	(40,108)
7.04.01	Depreciation, amortization and depletion	(44,587)	(40,108)
7.05	Net value added produced by Company	365,493	371,942
7.06	Value added received in transfer	44,554	58,604
7.06.01	Equity pickup	876	(4,464)
7.06.02	Financial income	43,678	63,068
7.07	Total value added to be distributed	410,047	430,546
7.08	Distribution of value added	410,047	430,546
7.08.01	Personnel	261,758	219,611
7.08.02	Taxes, charges and contributions	17,402	45,153
7.08.03	Debt remuneration	151,894	140,694
7.08.03.01	Interest	99,034	63,512
7.08.03.02	Rent	11,906	10,815
7.08.03.03	Other	40,954	66,367
7.08.04	Equity remuneration	(21,007)	25,088
7.08.04.03	Retained profit / (Loss for the period)	(21,007)	25,088

Consolidated financial statements - Balance sheets - Assets

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
1	Total assets	6,440,070	6,473,933
1.01	Current assets	2,585,027	2,560,541
1.01.01	Cash and cash equivalents	859,312	949,097
1.01.02	Short-term investments	25,701	11,596
1.01.02.01	Short-term investments at fair value	25,701	11,596
1.01.02.01.01	Trading securities	25,701	11,596
1.01.03	Accounts receivable	589,139	610,105
1.01.03.01	Trade accounts receivable	584,989	605,087
1.01.03.01.01	Domestic customers	179,217	168,424
1.01.03.01.02	Foreign customers	396,977	418,885
1.01.03.01.03	Allowance for doubtful accounts	(7,197)	(7,805)
1.01.03.01.04	Unbilled measurements	15,992	25,583
1.01.03.02	Other accounts receivable	4,150	5,018
1.01.03.02.01	Receivables for sale of property	4,150	5,018
1.01.04	inventories	899,399	758,602
1.01.06	Taxes recoverable	172,129	184,789
1.01.06.01	Current taxes recoverable	172,129	184,789
1.01.07	Prepaid expenses	9,897	-
1.01.08	Other current assets	29,450	46,352
1.01.08.03	Other	29,450	46,352
1.02	Noncurrent assets	3,855,043	3,913,392
1.02.01	Long-term receivables	57,253	49,820
1.02.01.03	Accounts receivable	6,352	7,125
1.02.01.03.02	Other accounts receivable	6,352	7,125
1.02.01.06	Deferred taxes	14,278	8,128
1.02.01.06.01	Deferred income and social contribution taxes	14,278	8,128
1.02.01.09	Other noncurrent assets	36,623	34,567
1.02.01.09.03	Judicial deposits	17,600	18,080
1.02.01.09.04	Other	19,023	16,487
1.02.02	Investments	74,428	73,541
1.02.02.01	Equity interest	6,938	6,051
1.02.02.01.04	Other equity interests	6,938	6,051
1.02.02.02	Investment properties	67,490	67,490
1.02.03	Property, plant and equipment	1,248,623	1,248,865
1.02.03.01	Property, plant and equipment in use	1,023,926	1,046,536
1.02.03.03	Construction in progress	224,697	202,329
1.02.04	Intangible assets	2,474,739	2,541,166
1.02.04.01	Intangible assets	46,669	46,154
1.02.04.01.02	Software and other items	46,669	46,154
1.02.04.02	Goodwill	2,428,070	2,495,012

Consolidated financial statements / Balance sheets – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2014	Prior year 12/31/2013
2	Total liabilities and equity	6,440,070	6,473,933
2.01	Current liabilities	1,043,071	776,483
2.01.01	Labor and social charges	111,163	106,490
2.01.01.01	Social charges	38,228	37,341
2.01.01.02	Labor charges	72,935	69,149
2.01.02	Trade accounts payable	482,058	412,066
2.01.02.01	Domestic suppliers	156,099	175,500
2.01.02.02	Foreign suppliers	325,959	236,566
2.01.03	Tax liabilities	87,819	46,059
2.01.03.01	Federal tax liabilities	31,544	21,387
2.01.03.01.01	Income and social contribution taxes payable	-	7,385
2.01.03.01.02	Other federal tax liabilities	31,544	14,002
2.01.03.02	State tax liabilities	55,815	24,030
2.01.03.03	Local tax liabilities	460	642
2.01.04	Loans and financing	262,617	88,121
2.01.04.01	Loans and financing	262,617	88,121
2.01.04.01.01	In local currency	162,805	11,148
2.01.04.01.02	In foreign currency	99,812	76,973
2.01.05	Other liabilities	99,414	123,747
2.01.05.02	Other	99,414	123,747
2.01.05.02.01	Dividends and interest on equity (IOE) payable	375	13,778
2.01.05.02.04	Accounts payable for investment acquisition	23,140	29,727
2.01.05.02.05	Other liabilities	75,899	80,242
2.02	Noncurrent liabilities	2,495,320	2,673,524
2.02.01	Loans and financing	2,159,382	2,325,612
2.02.01.01	Loans and financing	2,159,382	2,325,612
2.02.01.01.01	In local currency	622,025	374,451
2.02.01.01.02	In foreign currency	1,537,357	1,951,161
2.02.02	Other liabilities	237,908	236,954
2.02.02.02	Other	237,908	236,954
2.02.02.02.03	Post-employment obligations	222,257	221,990
2.02.02.02.04	Other liabilities	15,651	14,964
2.02.03	Deferred taxes	58,205	72,444
2.02.03.01	Deferred income and social contribution taxes	58,205	72,444
2.02.04	Provisions	39,825	38,514
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	39,825	38,514
2.02.04.01.01	Provisions for tax contingencies	13,015	12,709
2.02.04.01.02	Provisions for social security and labor contingencies	26,683	25,678
2.02.04.01.04	Provisions for civil contingencies	127	127
2.03	Consolidated equity	2,901,679	3,023,926
2.03.01	Paid-in capital	2,528,146	2,528,146
2.03.02	Capital reserves	211,628	234,794
2.03.02.02	Special goodwill reserve from merger	88,874	88,874
2.03.02.04	Stock options granted	41,811	37,715
2.03.02.05	Treasury shares	(47,131)	(19,556)
2.03.02.07	Special reserve - Law No. 8200/91	5,973	5,973
2.03.02.08	Share issue reserve	139,327	139,327
2.03.02.09	Share issue cost	(17,226)	(17,539)
2.03.04	Income reserves	119,008	119,008
2.03.04.01	Legal reserve	8,290	8,290
2.03.04.05	Retained earnings reserve	110,718	110,718
2.03.05	Retained earnings/(Accumulated losses)	(21,007)	-
2.03.08	Other comprehensive income	46,520	122,492
2.03.09	Noncontrolling interests	17,384	19,486

Consolidated Financial Statements / Statements of Operations

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2014 to 09/30/2014	YTD 01/01/2014 to 09/30/2014	Same prior- year quarter 07/01/2013 to 09/30/2013	Prior YTD - 01/01/2013 to 09/30/2013
3.01	Sales and service revenue	714,684	2,154,196	646,985	1,919,851
3.02	Cost of sales	(484,655)	(1,472,944)	(440,501)	(1,282,108)
3.03	Gross profit	230,029	681,252	206,484	637,743
3.04	Operating income/(expenses)	(164,845)	(491,425)	(162,257)	(412,616)
3.04.01	Selling expenses	(100,554)	(306,466)	(95,794)	(260,768)
3.04.02	General and administrative expenses	(60,032)	(174,267)	(62,845)	(170,977)
3.04.04	Other operating income	4,391	17,921	7,990	53,161
3.04.05	Other operating expenses	(9,137)	(29,318)	(12,371)	(34,679)
3.04.06	Equity pickup	487	705	763	647
3.05	Income before financial income/(expenses) and taxes	65,184	189,827	44,227	225,127
3.06	Financial income/(expenses)	(69,163)	(187,321)	(53,270)	(146,619)
3.06.01	Financial income	108,811	89,866	95,561	93,380
3.06.01.01	Monetary and exchange gains	100,181	61,311	94,949	80,799
3.06.01.02	Gains from short-term investments	3,351	16,478	940	9,478
3.06.01.03	Other income	5,279	12,077	(328)	3,103
3.06.02	Financial expenses	(177,974)	(277,187)	(148,831)	(239,999)
3.06.02.01	Monetary and exchange losses	(113,964)	(106,328)	(67,318)	(74,179)
3.06.02.02	Interest on loans	(58,481)	(155,948)	(40,516)	(119,300)
3.06.02.03	Other expenses	(5,529)	(14,911)	(40,997)	(46,520)
3.07	Income before income taxes	(3,979)	2,506	(9,043)	78,508
3.08	Income and social contribution taxes	(14,335)	(23,088)	(12,663)	(50,347)
3.08.01	Current	(21,037)	(49,517)	(10,178)	(29,281)
3.08.02	Deferred	(6,702)	(26,429)	(2,485)	(21,066)
3.09	Net income/(loss) from continuing operations	(18,314)	(20,582)	(21,706)	(28,161)
3.11	Consolidated income/(loss) for the period	(18,314)	(20,582)	(21,706)	28,161
3.11.01	Attributable to controlling shareholders	(17,874)	(21,007)	(21,974)	25,088
3.11.02	Attributable to noncontrolling shareholders	(440)	425	268	3,073
3.99	Earnings per share (Reais / shares)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	(0.0600)	(0.0700)	(0.0800)	0.0900
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	(0.0600)	(0.0700)	(0.0800)	0.0900

Consolidated financial statements / Statements of comprehensive income (Loss)

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2014 to 09/30/2014	YTD 01/01/2014 to 09/30/2014	Same prior- year quarter 07/01/2013 to 09/30/2013	Prior YTD - 01/01/2013 to 09/30/2013
4.01	Consolidated net income for the period	(18,314)	(20,582)	(21,706)	28,161
4.02	Other comprehensive income/(loss)	17,626	(78,499)	43,557	93,879
4.02.01	Exchange gains/(losses) - subsidiaries located abroad	17,626	(78,499)	34,195	86,436
4.02.02	Actuarial valuation	-	-	9,362	13,443
4.02.03	Net gains on fair value	-	-	-	(6,000)
4.03	Consolidated comprehensive income/(loss) for the period	(688)	(99,081)	21,851	122,040
4.03.01	Attributable to controlling shareholders	(678)	(96,979)	27,797	123,183
4.03.02	Attributable to noncontrolling shareholders	(10)	(2,102)	(5,946)	(1,143)

Consolidated Financial Statements / Cash Flow Statements - Indirect Method

(In thousands of reais)

Account code	Account description	YTD 01/01/2014 to 09/30/2014	Prior YTD - 01/01/2013 to 09/30/2013
6.01	Net cash from operating activities	239,345	115,431
6.01.01	Cash from operations	230,362	321,601
6.01.01.01	Net income/(loss) for the year	(20,582)	28,161
6.01.01.02	Charges on monetary/exchange gains/(losses), net	45,017	54,821
6.01.01.03	Interest charges	155,948	119,300
6.01.01.04	Depreciation and depletion	99,514	86,171
6.01.01.05	Amortization of intangible assets	5,025	4,627
6.01.01.06	Deferred income and social contribution taxes	(26,429)	21,066
6.01.01.07	Stock options	4,096	5,029
6.01.01.08	Noncontrolling interest	(425)	3,073
6.01.01.09	Equity pickup	(705)	(647)
6.01.01.10	Derivative instruments – fair value – swap	(31,097)	-
6.01.02	Changes in assets and liabilities	8,983	(206,170)
6.01.02.01	Trade accounts receivable	32,257	(41,980)
6.01.02.02	inventories	(140,797)	(132,752)
6.01.02.03	Taxes recoverable	10,124	(73,043)
6.01.02.04	Trade accounts payable	67,786	4,655
6.01.02.05	Taxes payable	41,760	9,769
6.01.02.06	Dividends paid	(13,403)	(15,303)
6.01.02.07	Other	11,256	42,484
6.02	Net cash from investing activities	(112,413)	(172,978)
6.02.01	Disposal of PP&E, investments and intangible assets	3,850	29,310
6.02.02	Additions to PP&E and intangible assets	(102,158)	(154,482)
6.02.03	Marketable securities	(14,105)	11,259
6.02.04	Additions to PP&E – Acquisition of subsidiary	-	(59,065)
6.03	Net cash from financing activities	(218,140)	(319,049)
6.03.01	Loans and financing raised	35,956	544
6.03.02	Repayment of loans and financing	(55,553)	(174,815)
6.03.03	Interest paid - loans and financing	(171,281)	(131,340)
6.03.04	Treasury shares	(27,262)	(13,438)
6.04	Exchange gain/(loss) on cash and cash equivalents	1,423	24,381
6.05	Increase (decrease) in cash and cash equivalents	(89,785)	(352,215)
6.05.01	Cash and cash equivalents – opening balance	949,097	796,739
6.05.02	Cash and cash equivalents – closing balance	859,312	444,524

Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2014 to 09/30/2014

(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/(loss)	Equity	Noncontrolling interest	Consolidated equity
5.01	Opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440	19,486	3,023,926
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440	19,486	3,023,926
5.04	Capital transactions with shareholders	-	(23,166)	-	-	-	(23,166)	-	(23,166)
5.04.03	Stock options granted and recognized	-	4,096	-	-	-	4,096	-	4,096
5.04.08	Treasury shares cancelled	-	(27,262)	-	-	-	(27,262)	-	(27,262)
5.05	Total comprehensive income/(loss)	-	-	-	(21,007)	(75,972)	(96,979)	(2,102)	(99,081)
5.05.01	Net income/(loss) for the period	-	-	-	(21,007)	-	(21,007)	425	(20,582)
5.05.02	Other comprehensive income/(loss)	-	-	-	-	(75,972)	(75,972)	(2,527)	(78,499)
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	(75,972)	(75,972)	(2,527)	(78,499)
5.07	Closing balances	2,528,146	211,628	119,008	(21,007)	46,520	2,884,295	17,384	2,901,679

Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2013 to 09/30/2013

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Income reserves	earnings/(Accumulated losses)	Retained comprehensive income/(loss)	Other Equity	Noncontrolling interest	Consolidated equity
5.01	Opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256	18,603	2,810,859
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	244,926	88,060	-	(68,876)	2,792,256	18,603	2,810,859
5.04	Capital transactions with shareholders	-	(8,409)	-	-	-	(8,409)	-	(8,409)
5.04.01	Capital increase	-	-	-	-	-	-	-	-
5.04.02	Share issue cost	-	-	-	-	-	-	-	-
5.04.03	Stock options granted and recognized	-	5,029	-	-	-	5,029	-	5,029
5.04.04	Treasury shares purchased	-	(13,438)	-	-	-	(13,438)	-	(13,438)
5.04.05	Treasury shares sold	-	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on equity	-	-	-	-	-	-	-	-
5.05	Total comprehensive income/(loss)	-	-	-	25,088	98,095	123,183	(1,143)	122,040
5.05.01	Net income for the period	-	-	-	25,088	-	25,088	3,073	28,161
5.05.02	Other comprehensive income/(loss)	-	-	-	-	98,095	98,095	(4,216)	93,879
5.05.02.01	Financial instrument adjustments	-	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.03	Equity pickup on comprehensive income/(loss) – affiliates	-	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	90,652	90,652	(4,216)	86,436
5.05.02.07	Fair-value adjustment to investment property	-	-	-	-	(6,000)	(6,000)	-	(6,000)
5.05.02.08	Actuarial valuation	-	-	-	-	13,443	13,443	-	13,443
5.05.03	Reclassifications to income	-	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-	-
5.06.01	Set-up of reserves	-	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.07	Closing balances	2,528,146	236,517	88,060	25,088	29,219	2,907,030	17,460	2,924,490

Consolidated financial statements / Statements of value added

(In thousands of reais)

Account code	Account description	YTD 01/01/2014 to 09/30/2014	Prior YTD - 01/01/2013 to 09/30/2013
7.01	Revenues	2,502,051	2,292,601
7.01.01	Goods and products sold and services rendered	2,429,251	2,176,942
7.01.02	Other revenues	2,009	26,114
7.01.03	Revenues from construction of own assets	70,791	89,545
7.02	Inputs acquired from third parties	(1,665,407)	(1,516,150)
7.02.01	Cost of sales and services	(1,130,122)	(1,009,249)
7.02.02	Materials, energy, third-party services and other expenses	(535,285)	(506,901)
7.03	Gross value added	836,644	776,451
7.04	Retentions	(104,538)	(90,736)
7.04.01	Depreciation, amortization and depletion	(104,538)	(90,736)
7.05	Net value added produced by Company	732,106	685,715
7.06	Value added received in transfer	90,571	94,027
7.06.01	Equity pickup	705	647
7.06.02	Financial income	89,866	93,380
7.07	Total value added to be distributed	822,677	779,742
7.08	Distribution of value added	822,677	779,742
7.08.01	Personnel	463,345	385,537
7.08.02	Taxes, charges and contributions	89,960	115,056
7.08.03	Debt remuneration	289,954	250,988
7.08.03.01	Interest	155,948	119,300
7.08.03.02	Rent	12,767	10,989
7.08.03.03	Other	121,239	120,699
7.08.04	Equity remuneration	(20,582)	28,161
7.08.04.03	Retained profit / (Loss for the period)	(21,007)	25,088
7.08.04.04	Noncontrolling interest in retained profits	425	3,073

Magnesita Refratários S.A.

Notes to quarterly financial information - ITR

September 30, 2014

(In thousands of reais, unless otherwise stated)

1. Operations

Magnesita Refratários S.A. ("Company" or "Magnesita"), a publicly-held entity controlled by GP Investments, Ltd. and Rhône Group is listed in the "Novo Mercado" (New Market) of BM&F BOVESPA. Together with its subsidiaries located in South America, North America, Europe and Asia, Magnesita is primarily engaged in the manufacture of refractory products, which are essential for high temperature processes. The Company's products are made of magnesite, dolomite or alumina and are available in a wide range of forms, such as: bricks, masses, mortars and concrete. Leveraging its synergy with customers, the Company also provides refractory maintenance and assembly services. In addition, the Company operates with processing and sale of industrial minerals such as talc, caustic magnesia and magnesite sinter.

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
- Refratarios Argentinos S.A.I.C.yM - Argentina
- Magnesita Refractories Company – United States
- Magnesita Refractories GmbH - Germany
- Magnesita Refractories S.C.S. - France
- Magnesita Resource (Anhui) Co. Ltd. - China
- Sinterco S.A. - Belgium
- Krosaki Magnesita Refractories LLC - United States (jointly-controlled subsidiary)
- Magnesita Envoy Asia Ltd. - Taiwan
- Dalian Magnesita Refractories Co. Limited - China ("DMR")
- Reframec Manutenções e Montagens de Refratários Ltda. ("Reframec")

Additionally, the Company has other direct and indirect subsidiaries and jointly-controlled subsidiaries, operating as holding, trading and mining companies or nonoperating entities, which are included in the consolidated quarterly financial information ("Magnesita Group" or "Group"). There were no changes in the Group's organizational structure as compared with December 31, 2013.

2. Approval of quarterly financial information

This quarterly financial information was approved by the Company Board of Directors on November 13, 2014.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices

The Company's quarterly financial information for the nine-month period ended September 30, 2014 is prepared and presented in accordance with accounting practices adopted in Brazil, which comprise the rules set forth by the Brazilian SEC (CVM) and the accounting pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC), as approved by CVM and the Brazilian Corporation Law ("BR GAAP"). Additionally, the consolidated quarterly financial information is also prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Company's quarterly information was prepared in accordance with the 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 the Company's financial statements for the year ended December 31, 2013.

The accounting practices adopted in the accompanying quarterly financial information are consistent with those described in Note 3 to the Company's financial statements for the year ended December 31, 2013, as filed with the CVM.

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

3.1. Basis of preparation and presentation of quarterly information

Company and consolidated quarterly information 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 individual financial statements present the evaluation of investments in subsidiaries by the equity method, according to the Brazilian legislation in force. Accordingly, these individual financial statements are not considered to be presented under International Financial Reporting Standards (IFRS), which require these investments to be stated at cost or fair value in Company separate financial statements.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

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

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 Company, are disclosed in Note 4 to the consolidated financial statements as at December 31, 2013 and remain unchanged in relation to the period ended September 30, 2014. For the period ended September 30, 2014, there is no indication of impairment that would require the Company to redo the impairment test.

As described in Operations, the consolidated quarterly information as at September 30, 2014 was prepared based on the information about the subsidiaries presented in the financial statements for the year ended December 31, 2013, since the Group's corporate structure did not change.

Considering that there were no significant changes in the breakdown and nature of the balances reported in the financial statements as at December 31, 2013, the following Notes are presented on a condensed basis for the quarter ended September 30, 2014:

- 16 – Loans and financing;
- 17 – Provision for contingencies;
- 18 – Post-employment liabilities; and
- 21 – Stock option plan.

3.2. Standards, amendments and interpretations of standards

For the period ended September 30, 2014, no new standards, amendments and interpretations of standards were issued, in addition to those disclosed in Note 3.22 to the Company's financial statements for the year ended December 31, 2013. Also, no changes in relation to expected and disclosed impacts were observed in these financial statements that could affect the interim financial statements for such period.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.3. Restatement of quarterly financial information

The Company reviewed the method adopted for presenting international freight, which was previously deducted directly from net revenue and now is restated as “Selling expenses”, and profit sharing, which was fully classified in “General and administrative expenses” and is now reallocated to “Cost of sales”, “Selling expenses” and “General and administrative expenses”.

For comparison purposes, the individual and consolidated balances as at September 30, 2013 were adjusted as follows:

a) Income statement

	Company – 09/30/2013		
	As originally stated	Reclassifications	Restated balances
Net sales and service revenue	922,941	20,995	943,936
Cost of sales	(609,804)	(6,967)	(616,771)
Operating income (expenses)	(198,862)	(14,028)	(212,890)
Financial income (expenses)	(66,811)	-	(66,811)
Equity pickup	(4,464)	-	(4,464)
Provision for income and social contribution taxes	(17,912)	-	(17,912)
Net income for the period	25,088	-	25,088

	Consolidated – 09/30/2013		
	As originally stated	Reclassifications	Restated balances
Net sales and service revenue	1,898,856	20,995	1,919,851
Cost of sales	(1,275,141)	(6,967)	(1,282,108)
Operating income (expenses)	(398,588)	(14,028)	(412,616)
Financial income (expenses)	(146,619)	-	(146,619)
Provision for income and social contribution taxes	(50,347)	-	(50,347)
Net income for the period	28,161	-	28,161

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices (Continued)

3.3. Restatement of quarterly financial information (Continued)

a) Income statement (Continued)

	Company – 3Q13		
	As originally stated	Reclassifications	Restated balances
Net sales and service revenue	302,675	8,771	311,446
Cost of sales	(208,487)	(2,240)	(210,727)
Operating income (expenses)	(84,131)	(6,531)	(90,662)
Financial income (expenses)	(17,790)	-	(17,790)
Equity pickup	(16,257)	-	(16,257)
Provision for income and social contribution taxes	2,016	-	2,016
Net income/(loss) for the period	(21,974)	-	(21,974)

	Consolidated – 3Q13		
	As originally stated	Reclassifications	Restated balances
Net sales and service revenue	638,214	8,771	646,985
Cost of sales	(438,261)	(2,240)	(440,501)
Operating income (expenses)	(155,726)	(6,531)	(162,257)
Financial income (expenses)	(53,270)	-	(53,270)
Provision for income and social contribution taxes	(12,663)	-	(12,663)
Net income/(loss) for the period	(21,706)	-	(21,706)

4. Financial risk management

4.1. Financial risk factors

a) Liquidity risk

The excess cash held by operational entities, in addition to the balance required for managing working capital, is managed by the Treasury department. The treasury invests the excess cash in checking accounts bearing interests, time deposits, short-term deposits and marketable securities, by choosing instruments with adequate maturity or sufficient liquidity to provide enough margin as determined by the above-mentioned estimates. As at September 30, 2014, Magnesita Group had R\$ 447,307 (R\$ 713,428 as at December 31, 2013) in cash and cash equivalents and marketable securities, which are expected to generate immediate cash inflows to manage liquidity risk.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

4. Financial risk management

4.1. Financial risk factors

b) Market risk

i) *Currency risk*

Magnesita Group operates in the foreign market and is exposed to currency risk arising from exposure to certain currencies, in particular the US dollar, euro and yen. The currency risk arises from recognized assets and liabilities and net investments in foreign operations.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

b) Market risk (Continued)

i) *Currency risk* (Continued)

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							
	In thousands of reais – 09/30/2014				In thousands of reais – 12/31/2013			
	USD	€	Other currencies	Total	USD	€	Other currencies	Total
Assets and liabilities in foreign currency								
Cash and banks	484,251	143,329	41,656	669,236	275,280	139,014	31,529	445,823
Trade accounts receivable, net of allowance for doubtful accounts	179,254	121,042	89,484	389,780	158,716	151,034	101,330	411,080
Trade accounts payable	(152,222)	(129,967)	(43,770)	(325,959)	(103,888)	(180,610)	(94,637)	(379,135)
Loans and financing	(1,592,255)	(7,749)	(37,165)	(1,637,169)	(1,563,637)	(11,434)	(23,522)	(1,598,593)
Derivative financial instruments	367,650	(365,598)	-	2,052	442,751	(362,981)	-	79,770
Other monetary assets (liabilities), net - abroad	(19,582)	-	3,941	(15,641)	3,738	3,360	9,898	16,996
Net exposure	(732,904)	(238,943)	54,146	(917,701)	(787,040)	(261,617)	24,598	(1,024,059)

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

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)
September 30, 2014
(In thousands of reais, unless otherwise stated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

b) Market risk (Continued)

i) *Currency risk* (Continued)

The sensitivity analysis of currency risk considered the expected year-end scenario the probable scenario. Scenarios I and II were calculated applying depreciation at 25% and 50% respectively on the probable scenario, taking these hypothesis into consideration for September 30, 2014.

This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
Currency risk exposure (increase in USD)	(732,904)	(732,904)	(732,904)
USD rate at 09/30/2014	2,4510	2,4510	2,4510
Currency risk exposure (translation into USD)	(299,022)	(299,022)	(299,022)
Estimated FX rate based on probable scenario	2,4510	3,0638	3,6765
Rate difference	-	0,6128	1,2255
Effect on financial expenses (in Reais)	-	(183,241)	(366,452)
Currency risk exposure (increase in Euro)	(238,943)	(238,943)	(238,943)
Euro rate at 09/30/2014	3,0954	3,0954	3,0954
Currency risk exposure (translation into Euro)	(77,193)	(77,193)	(77,193)
Estimated FX rate based on probable scenario	3,0954	3,8693	4,6431
Rate difference	-	0,7739	1,5477
Effect on financial revenue (in Reais)	-	(59,740)	(119,472)

ii) *Cash flow or fair value interest rate risk*

In 2013 and 2014, Magnesita Group had floating rate loans in reais and US dollars.

Interest rates agreed upon for loans and financing in current and noncurrent liabilities are as follows:

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

b) Market risk (Continued)

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

	Consolidated				Company			
	09/30/2014	%	12/31/2013	%	09/30/2014	%	12/31/2013	%
Loans and financing								
Interbank Deposit								
Certificates (CDI)	641,788	26.5	630,275	26.1	641,788	44.4	630,275	51.8
			630,275	26.1			630,275	51.8
Other loans not subject to interest rate risk								
Loans at fixed rates	1,780,211	73.5	1,754,413	72.7	803,159	55.6	774,991	48.2
Derivative financial instruments	-	-	29,045	1.2	-	-	-	-
	1,780,211	73.5	1,783,458	73.9	803,159	55.6	774,991	48.2
	2,421,999	100.0	2,413,733	100	1,444,947	100.0	1,405,266	100.0

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

	Consolidated				Company			
	09/30/2014	%	12/31/2013	%	09/30/2014	%	12/31/2013	%
CDI								
Bank Deposit Certificates (CDB) and Repurchase agreements	188,470	94.3	498,152	98.4	170,519	94.0	488,504	98.3
Marketable securities	25,701	5.7	11,596	1.6	25,701	6.0	11,596	1.7
	214,171	100	509,748	100	196,220	100	500,100	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.

Interest risk to which the Company's operations are exposed is as follows:

	Consolidated 09/30/2014 CDI
Cash equivalents and marketable securities	214,171
Export credit notes	200,788
Advances on export invoices	15,025
Debentures	410,908
Bank credit bill	15,067
Total liability exposure	641,788
Net exposure	(427,617)

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)
September 30, 2014
(In thousands of reais, unless otherwise stated)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

b) Market risk (Continued)

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

The table below shows the incremental loss that would have been recognized in the income statement for the period ended September 30, 2014. The sensitivity analysis of interest rate risk considered the expected year-end scenario the probable scenario. Scenarios I and II were calculated applying depreciation at 25% and 50% respectively on the probable scenario, taking these hypothesis into consideration for September 30, 2014. This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
CDI risk exposure (rate increase)	(427,617)	(427,617)	(427,617)
Cumulative CDI rate at 09/30/2014	7.79%	7.79%	7.79%
Interest rate based on probable scenario	7.79%	9.74%	11.69%
Rate difference	-	1.95%	3.90%
Effect on financial expenses	-	(8,339)	(16,677)

4.2. Capital management

Debt equity ratio is as under:

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Total loans, financing, and derivative financial instruments	2,421,999	2,413,733	1,444,947	1,405,266
Less: cash and cash equivalents and marketable securities	(885,013)	(960,693)	(441,541)	(731,572)
Total	1,536,986	1,453,040	1,003,406	673,694
Total equity	2,901,679	3,023,926	2,884,295	3,004,440
Total capital	4,438,665	4,476,966	3,887,701	3,678,134
Financial leverage ratio	35%	32%	26%	18%

The other information on Capital management did not change significantly in relation to the information disclosed in Note 5 to the financial statements as at December 31, 2013.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

4. Financial risk management (Continued)

4.3. Fair value estimate

The carrying amount of trade accounts receivable less allowance for doubtful accounts and of trade accounts payable approximate fair value, given their short-term maturity.

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

5. 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 transactions.

Description	Maturity Month / year	Reference value (notional)	Consolidated – In thousands	
			09/30/2014	12/31/2013
			Fair value R\$	Fair value R\$
Exchange rate hedging:				
Swap (Germany)	03/30/2015			
Long position		US\$ 150,000	2,052	
Short position		Euro 118,110		(29,045)
NDF (Brazil)	02/03/2014			
Long position		US\$ 39,000		5,475
Short position		R\$ 86,241	-	

The effect of R\$ 31,097 was recognized in financial income/ (expenses) for the period.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

6. Financial instruments by category

	Consolidated			Company		
	Assets measured at fair value through profit or loss	Loans and receivables	Total	Assets measured at fair value through profit or loss	Loans and receivables	Total
Assets						
September 30, 2014						
Cash and cash equivalents						
- Cash and banks	437,708	-	437,708	12,187	-	12,187
- CDB and Repurchase agreements	419,552	-	419,552	403,653	-	403,653
Marketable securities	25,701	-	25,701	25,701	-	25,701
Trade accounts receivable	-	584,989	584,989	-	468,399	468,399
Other accounts receivable (except prepayments)	-	10,502	10,502	-	10,502	10,502
Judicial deposits	-	17,600	17,600	-	16,479	16,479
Derivative financial instruments	2,052	-	2,052			
	885,013	613,091	1,498,104	441,541	495,380	936,921
	Consolidated			Company		
	Assets measured at fair value through profit or loss	Loans and receivables	Total	Assets measured at fair value through profit or loss	Loans and receivables	Total
Assets						
December 31, 2013						
Cash and cash equivalents						
- Cash and banks	247,265	-	247,265	27,792	-	27,792
- CDB and Repurchase agreements	701,832	-	701,832	692,184	-	692,184
Marketable securities	11,596	-	11,596	11,596	-	11,596
Trade accounts receivable	-	605,087	605,087	-	409,169	409,169
Other accounts receivable (except prepayments)	-	12,143	12,143	-	12,143	12,143
Judicial deposits	-	18,080	18,080	-	16,988	16,988
Derivative financial instruments	5,475	-	5,475	5,475	-	5,475
	966,168	635,310	1,601,478	737,047	438,300	1,175,347

Notes to quarterly financial information – ITR (Continued)
September 30, 2014
(In thousands of reais, unless otherwise stated)

	Consolidated			Company
	Liabilities measured at fair value through profit or loss	Financial liabilities not for trading	Total	Financial liabilities not for trading
Liabilities				
September 30, 2014				
Loans and financing	-	2,421,999	2,421,999	1,444,947
Suppliers, contractors and freight	-	482,058	482,058	193,778
Derivative financial instruments	-	-	-	-
	-	2,904,057	2,904,057	1,638,725
	Consolidated			Company
	Liabilities measured at fair value through profit or loss	Financial liabilities not for trading	Total	Financial liabilities not for trading
Liabilities				
December 31, 2013				
Loans and financing	-	2,384,688	2,384,688	1,405,266
Suppliers, contractors and freight	-	412,066	412,066	195,279
Derivative financial instruments	29,045	-	29,045	-
	29,045	2,796,754	2,825,799	1,600,545

	Consolidated - At 09/30/2014	
	Book value	Fair value
Cash and banks	437,708	437,708
CDB, repurchase agreements and marketable securities	419,552	419,552
Marketable securities	25,701	25,701
Trade accounts receivable	584,929	584,929
Other accounts receivable (except prepayments)	10,502	10,502
Judicial deposits	17,600	17,600
Derivative financial instruments	2,052	2,052
	1,498,104	1,498,104
Loans and financing	2,421,999	2,424,836
Suppliers, contractors and freight	482,058	482,058
	2,904,057	2,906,894

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Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

6. Financial instruments by category (Continued)

6.1. Fair value (Continued)

The fair value of negotiable instruments is based on price quotes as at the reporting date. The fair value of nonnegotiable instruments, bank loans and other financial liabilities, obligations under finance leases, as well as of other noncurrent financial liabilities, is estimated based on discounted future cash flows at rates currently available for similar or remaining debts or terms.

7. 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 on the default rates of counterparties:

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Trade accounts receivable				
Counterparties with no external credit rating				
Group 1	355,154	328,895	412,966	355,290
Group 2	142,737	166,371	24,158	32,010
Group 3	94,295	117,626	31,275	21,869
Provision for impairment losses	(7,197)	(7,805)	-	-
Total trade accounts receivable	584,989	605,087	468,399	409,169
Bank account and short-term bank deposits				
AAA	46,000	11,596	12,187	27,792
Marketable securities				
AAA	730,882	847,648	354,215	633,754
BBB	108,131	101,449	75,139	70,026
Total cash and cash equivalents, and marketable securities	885,013	960,693	441,541	731,572

- Group 1 - Large economic groups whose default risk is very low.
- Group 2 - Customers backed by top-tier financial institutions.
- Group 3 - Customers that are not backed or have bad default history.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

8. Cash and cash equivalents

Breakdown of cash and cash equivalents is as follows:

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Cash and banks	437,708	247,265	12,187	27,792
CDB and repurchase agreements	421,604	701,832	403,653	692,184
	859,312	949,097	415,840	719,976

"Cash and banks" substantially refer to deposits in bank accounts. "CDB and marketable securities" were classified at fair value through profit or loss and correspond to fixed-income transactions immediately redeemable. Cash and cash equivalents, and CDBs and repurchase agreements (consolidated) include R\$ 669,236 in foreign currency (R\$ 445,823 as at December 31, 2013).

9. Trade accounts receivable

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Trade accounts receivable – in reais	179,217	168,424	163,561	159,776
Trade accounts receivable – in other currencies	396,977	418,885	72,381	86,158
Receivables from subsidiaries	-	-	216,465	137,652
Provision for impairment losses	(7,197)	(7,805)	-	-
Notes receivable, net	568,997	579,504	452,407	383,586
Unbilled measurements	15,992	25,583	15,992	25,583
Trade accounts receivable	584,989	605,087	468,399	409,169

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	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Falling due:				
Up to 90 days – Third parties	352,994	386,422	114,738	128,856
Up to 90 days - Intercompany	-	-	131,728	60,704
Over 90 days – Third parties	86,053	94,768	71,871	82,958
Over 90 days - Intercompany	-	-	10,013	14,316
Overdue:				
Up to 30 days – Third parties	61,872	82,797	16,254	16,199
Up to 30 days - Intercompany	-	-	11,558	15,349
Over 30 days – Third parties	75,275	23,322	33,079	17,921
Over 30 days - Intercompany	-	-	63,166	47,283
(-) Provision for impairment losses	(7,197)	(7,805)	-	-
	568,997	579,504	452,407	383,586

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

9. Trade accounts receivable (Continued)

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
At December 31, 2013	(7,805)
Additions	(89)
Write-offs	543
Exchange gains/(losses)	154
At September 30, 2014	(7,197)

10. Inventories

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Finished goods	287,563	282,896	100,794	92,105
Work in process	38,076	40,668	22,913	26,978
Raw materials	514,994	386,996	148,094	145,820
Materials and supplies (replacement materials and other)	81,873	72,023	46,203	43,715
Provision for losses	(23,107)	(23,981)	-	-
	899,399	758,602	318,004	308,618

Changes in the provision for losses were as follows:

	Consolidated
Balance at 12/31/2013	(23,981)
Write-offs	2,150
Additions	(951)
Exchange gains/(losses)	(325)
Balance at 09/30/2014	(23,107)

11. Other taxes recoverable

	Consolidated			
	09/30/2014		12/31/2013	
	Current	Noncurrent	Current	Noncurrent
Indirect taxes	148,027	15,892	156,965	16,487
Taxes on goods shipped on consignment	3,458	-	5,236	-
Other	104	-	-	-
	151,589	15,892	162,201	16,487

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Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

11. Other taxes recoverable (Continued)

	Company			
	09/30/2014		12/31/2013	
	Current	Noncurrent	Current	Noncurrent
Indirect taxes	94,701	15,892	112,211	16,391
Taxes on goods shipped on consignment	3,415	-	5,222	-
Other	104	-	156	-
	98,220	15,892	117,589	16,391

12. Income and social contribution taxes

a) Tax credits and liabilities

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	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Tax credits on temporary additions				
Provision for contingencies	17,384	20,080	17,384	20,080
Post-employment liabilities	31,333	31,447	23,407	21,834
Provision for bonuses	6,048	8,707	6,048	8,707
Accelerated depreciation	13,966	13,608	-	-
Other	12,587	8,624	3,008	3,311
	81,318	82,466	49,847	53,932
Tax credits on income and social contribution tax losses	336,376	317,030	336,376	310,874
Tax credit on shareholder merger	35,498	43,138	35,498	43,138
Total tax credits	453,192	442,634	421,721	407,944

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.

Accordingly, the estimated realization of tax assets shall not be used as the only indication of Magnesita's future results. Taxable profit considers variables, such as: tax incentives, permanent and temporary differences, thus having no direct correlation with the Company's net income.

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Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

12. Income and social contribution taxes (Continued)

a) Tax credits and liabilities (Continued)

The income estimates available, combined with Company operations history, indicate that Company and subsidiaries will earn future taxable income in an amount sufficient to absorb referred to tax credits. Projections of future taxable income consider estimates relating, without limitation, to the Company's performance, market behavior, certain economic aspects. Actual amounts may differ from the estimates adopted.

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

	Consolidated		Company	
	Book value	Present value	Book value	Present value
1 year	20,470	19,501	20,281	19,316
2 years	26,884	24,395	26,695	24,213
3 years	90,841	80,571	67,105	55,369
4 years	30,693	25,270	30,504	25,096
5 years onwards	284,304	131,657	277,136	128,831
Balance at 09/30/2014	453,192	281,394	421,721	252,825

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 2018 (R\$ 253,868), which provides a basis for management's expectation concerning the realization of these credits.

Worth mentioning, the tax credits recorded are supported by the technical study which CVM Ruling No. 371/02 refers to.

The Group has tax losses generated in China and Europe, amounting to R\$ 97,808. No deferred tax assets were recognized on these losses since they may not be used to offset taxable income of other Group companies and there are no future perspectives of realization. The subsidiaries do not have taxable temporary differences or other available tax planning opportunities that support the recognition of such losses as deferred tax assets. If the Group could recognize all deferred tax assets, these would total R\$ 24,452.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

12. Income and social contribution taxes (Continued)

a) Tax credits and liabilities (Continued)

Noncurrent liabilities are as follows:

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Deferred taxes on tax amortization of goodwill (i)	432,577	430,230	424,590	416,685
Deferred taxes on accelerated tax depreciation	39,470	51,648		-
Deferred taxes on net fair value gains	18,525	18,525	18,525	18,525
Other	6,547	6,547	6,547	6,547
	497,119	506,950	449,662	441,757

(i) As from January 1, 2009, goodwill on expected future profitability ceased to be amortized in Company books, under Technical 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 taxes.

b) Reconciliation of income tax and social contribution tax expenses

	Consolidated		Company	
	09/30/2014	09/30/2013	09/30/2014	09/30/2013
Income (loss) before income and social contribution taxes	2,506	78,508	(26,879)	43,000
Combined statutory rate - %	34%	34%	34%	34%
Tax benefit at statutory rate	(852)	(26,693)	9,139	(14,620)
Income and social contribution taxes on				
Equity pickup	-	-	298	(1,518)
Effect of different rates used by the subsidiaries located in other jurisdictions	(6,286)	(7,152)	-	-
Effect of the limited interest deductibility rule - Germany	(10,077)	(6,218)	-	-
Effect of income tax withheld abroad	1,136	(4,291)	-	-
Other permanent differences, net	(7,009)	(5,993)	(3,565)	(1,774)
Income and social contribution tax expenses	(23,088)	(50,347)	5,872	(17,912)
Current	(49,517)	(29,281)	-	-
Deferred	26,429	(21,066)	5,872	(17,912)

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Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

12. Income and social contribution taxes (Continued)

c) Reconciliation of deferred tax assets and liabilities, net

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Deferred tax assets	453,192	442,634	421,721	407,944
Deferred tax (liabilities)	(497,119)	(506,950)	(449,662)	(441,757)
Deferred tax assets (liabilities)	(43,927)	(64,316)	(27,941)	(33,813)
Reflected in the balance sheet				
Assets	14,278	8,128	-	-
Liabilities	(58,205)	(72,444)	(27,941)	(33,813)
Net	(43,927)	(64,316)	(27,941)	(33,813)

d) Changes in deferred tax assets and liabilities, net

	Consolidated	Company
Balance at December 31, 2013 – Assets (liabilities)	(64,316)	(33,813)
Tax income / (expenses) recognized in the income statement	26,429	5,872
Exchange gains/(losses)	(6,040)	-
Balance at September 30, 2014 – Assets (liabilities)	(43,927)	(27,941)

e) Law No. 12973/2014 (enactment of Provisional Executive Order (MP) No. 627/2013)

In November 2013, Provisional Executive Order (MP) No. 627 was published providing for nontaxation on profits and dividends calculated on P&L computed between January 1, 2008 and December 31, 2013, by legal entities whose taxable profit is computed on their accounting records (“*lucro real*”), or estimated as a percentage of their gross revenue (“*lucro presumido*”), or reconstructed (“*lucro arbitrado*”), actually paid until the date of publication of said MP, in amounts greater than those computed using the accounting methods and criteria in force at December 31, 2007, as long as the entity that paid up profits or dividends had elected for early adoption of the new taxation regime as from 2014.

In May 2014, this MP was signed into Law No. 12973 with amended provisions as to treatment of dividends, interest on equity and measurement of investments using the equity method, among others. Unlike the provisions of the MP, Law No. 12973 provided for unconditional nontaxation on profits and dividends calculated on P&L computed between January 1, 2008 and December 31, 2013.

In this context, management plans to mandatorily adopt the procedure concerning profits earned abroad as from January 1, 2015 and considers the application thereof to have no significant impact on the Company’s financial statements.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

13. Investments in subsidiaries and jointly-controlled entities

- Investment information

Book value - Company

	Equity interest %	Adjusted equity	Adjusted net income (loss)	Total assets	Liabilities	Interest Net revenue	Net income (loss) before IR/CS
Iliama II Trading (Sociedade Unipessoal) Lda. Capital worth 3 thousand EUROS and 3,010 units of interest Magnesita Finance Ltd. (*)	100	-	(191)	17,128	17,128	-	(191)
Capital worth 285.429 thousand EUROS and 1,286 units of interest Magnesita Grundstücks Beteiligungs GmbH	100	959,792	(4,552)	1,581,134	621,342	-	2,643
Capital worth 25 thousand EUROS and 1 unit of interest Metal Data S.A. - Mineração e Metalurgia	100	415	-	448	33	-	-
Capital worth R\$ 382 thousand and 381,703 units of interest Magnesita Insider Refratários Ltda.	50	(156)	(2,216)	1,070	1,952	3,557	(2,143)
Capital worth R\$ 64.490 thousand and 944,900 units of interest MAG-Tec Ltda.	100	68,202	4,058	81,133	12,931	20,933	6,025
Capital worth R\$ 200 thousand and 800,000 units of interest RASA - Refractorios Argentinos S.A. I. C. y M.	100	245	-	285	40	-	-
Capital worth ARS 1,000 thousand and 1,000,000 shares Refratários Magnesita Colômbia S.A.	100	4,040	3,172	120,702	116,662	83,762	2,357
Capital worth COP 11,673,200 thousand and 1,167,320,000 units of interest	100	34,663	5,808	54,457	19,793	48,666	9,244
Refratários Magnesita Peru S.A.C. Capital worth PEN 6,890 thousand and 1,000 units of interest Refratários Magnesita Uruguay S.A.	100	11,530	1,022	12,037	507	11,053	1,022
Capital worth UYU 450 thousand and 450,000 units of interest MMD Araçuaí Holding Ltda.	100	795	253	1,983	1,188	2,458	283
Capital worth R\$ 7,611 thousand and 7,611,183 units of interest Reframec Manutenção e Montagem de Refratários Ltda.	90	7,611	-	9,699	229	-	-
Capital worth R\$ 1,786 and 1,786,000 units of interest Dalian Magnesita Refractories Co. Limited	51	7,469	3,566	12,299	4,830	25,873	5,173
Capital worth R\$ 13,550 and 1 unit of interest	100	9,759	(10,044)	79,936	83,403	34,624	(10,044)
Total at 09/30/2014		1,104,365	876				
Total at 12/31/2014		974,208	1,405				

(*) This includes information on indirect investments in jointly-controlled entities (Nota 3.2 as at 12/31/2013)

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

13. Investments in subsidiaries and jointly-controlled entities (Continued)

a) Investment information

Goodwill

	<u>Goodwill on acquisition</u>
Of subsidiary Magnesita Finance Ltd.	382,823
Of subsidiary Metal Data S.A. - Mineração e Metalurgia	10,579
Of subsidiary Reframec Manutenção e Montagem de Refratários Ltda.	21,369
Total at 09/30/2014	<u>414,771</u>
Total at 12/31/2013	<u>429,564</u>

b) Changes in equity interests

The changes in Company investments for the period ended September 30, 2014 were as follows:

	<u>Company 2014</u>
Balance at beginning of year	1,404,145
Equity pickup	876
Exchange rate fluctuation - investments (i)	(61,179)
Exchange rate fluctuation - goodwill (ii)	(14,793)
Capital contribution in subsidiary	187,772
Other	2,679
Balance at end of period	<u>1,519,500</u>

(i) Exchange rate fluctuation on investments matched against equity (Note 19 (d)).

(ii) Exchange rate fluctuation on goodwill matched against equity.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

13. Investments in subsidiaries and jointly-controlled entities (Continued)

c) Related parties (Company)

Balances and transactions

At September 30, 2014, major trade accounts receivable and payable and key transactions carried out in the period then ended, such as sales, purchases of services and products and dividends received, involving Company subsidiaries were as follows:

	Balances			Transactions	
	Receivables	Payables	Credits (debits)	Sales	Purchase of products
Magnesita Insider Refratários Ltda. (i)	496	4,384	(611)	2,581	8,894
Dalian Magnesita Refractories Co. Limited	-	-	27,957	-	-
RASA - Refractories Argentinos S.A. I. C. y M. (ii)	66,430	-	-	10,572	-
Iliama II Trading (Sociedade Unipessoal) Lda.	-	-	16,967	-	-
Refratários Magnesita Uruguay S.A. (iii)	169	-	-	158	-
Refratários Magnesita Colômbia S.A. (iii)	7,685	1,402	-	8,584	-
Refratários Magnesita Peru S.A.C. (iii)	258	-	-	5,219	-
Refratários Magnesita Chile (iii)	4,933	-	-	3,243	-
LWB group companies (i)	136,494	3,492	9,640	203,245	-
Other	-	-	58	-	1,610
In 2014	216,465	9,278	54,011	233,602	10,504
In 2013	137,652	12,249	49,628	184,861	10,649

(i) Sales of raw materials by the Company for production of refractory materials by the subsidiary;

(ii) Sales of raw materials and refractory materials by the Company for production and sale of refractory materials by the subsidiary;

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

These credits refer to nonremunerated 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 carried out under terms agreed upon by the parties, which are eliminated in the consolidated information.

The Company fully and unconditionally guarantees debt securities issued by its subsidiaries Rearden G Holdings Eins GmbH and Magnesita Finance Ltd. (LWB Group companies).

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

14. Property, plant and equipment

	Consolidated						Annual weighted average depreciation rate %
	09/30/2014			12/31/2013			
	Accumulate d			Accumulate d			
	Cost	depreciation	Net value	Cost	depreciation	Net value	
Land	81,098	-	81,098	80,105	-	80,105	Based on volume
Mineral deposits	57,738	(13,230)	44,508	42,224	(5,900)	36,324	
Buildings and improvements	577,276	(242,758)	334,518	521,919	(208,482)	313,437	
Machinery, facilities and equipment, including IT equipment	1,598,290	(1,066,373)	531,917	1,604,229	(1,018,651)	585,578	
Transportation equipment	16,350	(15,283)	1,067	15,759	(14,780)	979	
Furniture, fixtures and other	68,755	(37,937)	30,818	65,900	(35,787)	30,113	9
Construction in progress	224,697	-	224,697	202,329	-	202,329	
Total property, plant and equipment	2,624,204	(1,375,581)	1,248,623	2,532,465	(1,283,600)	1,248,865	

	Company						Annual weighted average depreciation rate %
	09/30/2014			12/31/2013			
	Accumulate d			Accumulate d			
	Cost	depreciation	Net value	Cost	depreciation	Net value	
Land (ii)	12,127	-	12,127	12,127	-	12,127	Based on volume
Mineral deposits (iii)	24,192	(4,532)	19,660	10,078	(3,103)	6,975	
Buildings and improvements (i) (ii)	226,826	(98,959)	127,867	222,732	(94,985)	127,747	
Machinery, facilities and equipment, including IT equipment (i)	909,044	(586,716)	322,328	882,802	(553,843)	328,959	
Transportation equipment	11,376	(11,367)	9	11,386	(11,370)	16	
Furniture, fixtures and other	32,671	(16,704)	15,967	30,386	(15,196)	15,190	10
Construction in progress	186,941	-	186,941	166,164	-	166,164	
Total property, plant and equipment	1,403,177	(718,278)	684,899	1,335,675	(678,497)	657,178	

(i) The Company reassessed the useful life of these assets for 2014 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 totaling R\$31,437 at 09/30/2014 (R\$31,437 at 12/31/2013).

(iii) The weighted average depletion rate of mineral deposits is 0.4% p.a.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

14. Property, plant and equipment (Continued)

Changes in property, plant and equipment were as follows:

	Consolidated	Company
At December 31, 2013	1,248,865	657,178
Additions	98,240	68,615
Write-offs	(2,209)	(67)
Depreciation	(99,514)	(39,812)
Transfer to intangible assets	(1,072)	(1,015)
Exchange rate fluctuation (foreign assets)	4,313	-
At September 30, 2014	1,248,623	684,899

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

15. Intangible assets

	Consolidated						
	09/30/2014			12/31/2013			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	Annual amortization rate %
Software and other (i)	131,547	(84,878)	46,669	127,788	(81,634)	46,154	12 to 20
Goodwill on investment acquisition							
Magnesita S.A.	1,043,654	-	1,043,654	1,043,654	-	1,043,654	
LWB	1,312,632	-	1,312,632	1,379,574	-	1,379,574	
Insider Insumos Refratários para Siderurgia Ltda.	39,837	-	39,837	39,837	-	39,837	
Metal Data S.A. - Mineração e Metalurgia	10,579	-	10,579	10,579	-	10,579	
Reframec Manutenção e Montagem de Refratários Ltda.	21,368	-	21,368	21,368	-	21,368	
Total intangible assets	2,559,617	(84,878)	2,474,739	2,622,800	(81,634)	2,541,166	

	Company						
	09/30/2014			12/31/2013			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	Annual amortization rate %
Software and other (i)	88,540	(51,015)	37,525	87,525	(46,240)	41,285	12 to 20
Goodwill on investment acquisition							
Magnesita S.A.	1,043,654	-	1,043,654	1,043,654	-	1,043,654	
Total intangible assets	1,132,194	(51,015)	1,081,179	1,131,179	(46,240)	1,084,939	

(i) The Company reassessed the useful life of these assets for 2014 and concluded that there were no significant changes which would impact the depreciation rates currently used.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

15. Intangible assets (Continued)

Changes in intangible assets were as follows:

	Consolidated	Company
At December 31, 2013	2,541,166	1,084,939
Exchange gains/(losses)	(66,392)	-
Additions	3,918	-
Transfers	1,072	1,015
Amortization	(5,025)	(4,775)
At September 30, 2014	2,474,739	1,081,179

16. Loans and financing

	Consolidated			
	Currency	Annual average interest rate	09/30/2014	12/31/2013
Export credit notes	R\$	CDI+1.10%	203,640	208,219
(-) Unamortized transaction costs	-	-	(2,852)	(3,339)
Perpetual debt bonds	US\$	8,625%	625,935	598,278
(-) Unamortized transaction costs	-	-	(7,856)	(7,508)
Long-term debt bonds	US\$	7,875%	928,093	950,401
(-) Unamortized transaction costs	-	-	(11,301)	(13,388)
Debentures	R\$	112% CDI	413,276	400,495
(-) Unamortized transaction costs	-	-	(2,368)	-
BNDES Revitaliza-Export	R\$	8,00%	101,660	101,508
CCB	R\$	CDI+1.3041%	15,067	3,620
Property, plant and equipment financing In local currency	R\$	7,50%	75,564	75,097
Advances on export invoices	US\$	64% CDI	15,025	21,280
Swap (Germany)	US\$ vs €	-	-	29,045
Other	US\$	7,25%	23,202	14,574
Other	€	5,31%	7,749	11,434
Other	¥	6,5%	37,165	23,522
Other	R\$	-	-	495
			2,421,999	2,413,733
		Current	262,617	88,121
		Noncurrent	2,159,382	2,325,612

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

16. Loans and financing (Continued)

	Company			
	Currency	Annual average interest rate	09/30/2014	12/31/2013
Export credit notes	R\$	CDI+1.10%	203,640	208,219
	US\$	8,625%	625,935	598,386
(-) Unamortized transaction costs	-	-	(2,852)	(3,339)
Debentures	R\$	112% CDI	413,276	400,495
(-) Unamortized transaction costs	-	-	(2,368)	--
BNDES Revitaliza-Export	R\$	8,00%	101,660	101,508
CCB	R\$	CDI+1.3041%	15,067	3,620
Property, plant and equipment financing In local currency	R\$	7,50%	75,564	75,097
Advances on export invoices	US\$	64% CDI	15,025	21,280
			1,444,947	1,405,266
		Current	210,172	38,137
		Noncurrent	1,234,775	1,367,129

There were no significant changes in the Company's debts as compared with December 31, 2013. Thus, this Note is presented on a summary basis.

a) Export credit notes (Consolidated)

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

- Creditor: Banco do Brasil S.A.
 - Amount: R\$ 200,000
 - Term: 7 years
 - Grace period: 3 years
 - Annual interest: CDI + 1.50% until September 4, 2012 and CDI + 1.10% thereafter
 - Covenants: Net debt / adjusted EBITDA (i) (4.75 until December 31, 2010; 4.00 until December 31, 2011; and 3.75 thereafter)
- (i) Adjusted EBITDA is represented by net income (loss) for the year plus the result from discontinued operations, income and social contribution taxes, equity pick in the earnings (losses) of subsidiaries, joint arrangements and affiliates, financial income (expenses), depreciation, amortization and depletion and other additions and exclusions from nonrecurring operations, such as the proceeds from disposal of assets unrelated to the Company's business and restructuring costs.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

16. Loans and financing (Continued)

a) Export credit notes - Consolidated (Continued)

Unamortized transaction costs refer to commission paid upon contract renegotiation and will be amortized over the terms of the related contract term.

The requirements for September 30, 2014 were complied with.

b) Maturity

At September 30, 2014, current and noncurrent undiscounted balances payable mature as follows:

	Consolidated	Company
Up to 180 days	45,396	43,813
From 180 to 360 days	217,221	166,359
2015	111,526	21,487
2016	182,273	84,678
2017 onwards	1,865,583	1,128,610
	2,421,999	1,444,947

c) Credit limits

The Company has the following unused credit lines:

	09/30/2014	12/31/2013
Floating rate		
- Maturity within one year	101,867	14,779
- Maturity over one year	545,141	609,922
Fixed rate		
- Maturity within one year	109,387	-
- Maturity over one year	693,771	759,905
	1,450,166	1,384,606

The credit lines which mature within one year are subject to annual review on different dates in 2014. The other credit lines were contracted for the purpose of assisting the financing of the proposed expansion of the Group activities.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies

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 contingencies is as follows:

	Consolidated		Company	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Tax - Provision	13,016	12,721	13,004	12,709
Tax – Judicial deposit	(7,794)	(7,408)	(7,196)	(6,815)
Labor - Provision	25,146	23,056	25,146	23,056
Labor – Judicial deposit	(7,828)	(7,460)	(7,305)	(7,004)
Civil – Provision	127	127	127	127
Social security - Provision	1,536	2,610	1,536	2,610
Social security – Judicial deposit	(1,978)	(3,169)	(1,978)	(3,169)
Other – Judicial deposit	-	(43)	-	-
	22,225	20,434	23,334	21,514
Noncurrent - Provision	39,825	38,514	39,813	38,502
Noncurrent – Judicial deposit	(17,600)	(18,080)	(16,479)	(16,988)
	22,225	20,434	23,334	21,514

Changes in this provision in the period are as follows:

	Consolidated	Company
Balance at December 31, 2013	38,514	38,502
Additions	3,699	3,699
Write-offs	(2,876)	(2,876)
Monetary and exchange restatements	488	488
Balance at September 30, 2014	39,825	39,813

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

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

17. Provision for contingencies (Continued)

Major contingent liabilities 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 22 of Company financial statements for the year ended December 31, 2013, filed with the CVM.

The provisions and estimates for tax, civil, social security, labor and other proceedings were consistently applied in all periods presented.

Proceedings of a tax, civil and labor nature whose likelihood of loss is estimated as possible based on the opinion of Company legal advisors did not change significantly in the course of litigation and remain consistent with the discussion and rationale presented in Note 22 of Company financial statements for the year ended December 31, 2013, filed with the CVM.

18. Post-employment obligations

The Company and its subsidiaries offer retirement plans to employees, whose actuarial losses, recognized in the consolidated quarterly information as at September 30, 2014, are as follows:

Description	Region			Consolidated
	Subsidiaries		Company	
	Europe	United States	South America	
Defined benefit plan	121,440	26,584	68,845	216,869
Seniority bonus	5,388	-	-	5,388
At September 30, 2014	126,828	26,584	68,845	222,257
At December 31, 2013	133,109	24,664	64,217	221,990

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

18. Post-employment obligations (Continued)

Company

The post-employment benefit plans offered by the Company are disclosed in the financial statements for the year ended December 31, 2013.

For 2014, budgeted expenses to fund the Defined Contribution Plan (“CD”) amount to R\$8,114 and will be charged to financial expenses. As at September 30, 2014, the CD plan had 7,480 active members (7,334 as at 12/31/2013).

As at September 30, 2014, the defined benefit plan (“BD”) had 268 inactive members – retirees and pensioners (278 as at 12/31/2013) and 1,222 members still entitled to deferred benefits (1,234 as at 12/31/2013).

Subsidiaries

i) Defined Contribution Plans

The general characteristics and conditions of the Group’s defined contribution plans and defined benefit plans, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 23 of Company financial statements for the year ended December 31, 2013, filed with the CVM.

The total cost of these Plans amounted to R\$3,545 (R\$2,446 in the nine-month period of 2013), calculated in accordance with the rates defined in the related rules. Out of this amount, R\$1,267 were charged to cost of sales, R\$873 to selling expenses and R\$1,405 to administrative expenses (nine-month period of 2013: R\$1,235, R\$745, R\$466, respectively).

ii) Defined benefit plans

The amounts and number of members of the defined benefit plan in Europe and the United States are described below:

	Europe		United States	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Present value of actuarial liabilities	(121,440)	(127,286)	(351,726)	(330,052)
Fair value of assets		-	325,142	305,388
Actuarial liabilities	(121,440)	(127,286)	(26,584)	(24,664)
Active members	443	443	227	227
Assisted members	1,144	1,144	547	547
Terminated members, eligible for the Plan	325	325	445	445

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

18. Post-employment obligations (Continued)

Subsidiaries (Continued)

ii) Defined benefit plans (Continued)

The total cost of defined benefit plans was R\$2,582 in the nine-month period of 2014 (R\$2,549 in the nine-month period of 2013), R\$1,217 of which were charged to cost of sales, R\$755 to selling expenses and R\$610 to administrative expenses (nine-month period of 2013 - R\$1,464, R\$734 and R\$351 respectively).

19. Equity

a) Capital

At September 30, 2014 and December 31, 2013, capital amounts to R\$2,528,146 and is divided into 283,270,134 and 290,677,834 registered common shares with no par value, respectively.

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.

Share buy-back transactions are conducted at market prices quoted on BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., observing legal and regulatory provisions regarding black-out and lock-out periods, especially those defined in article 12 of CVM Rule No. 476, dated January 16, 2009 and in article 48 of CVM Rule No. 400 dated December 29, 2003. As a result of the Company's 2nd Share Buy-Back Program, by September 30, 2014, the Company had acquired 7,407,700 shares for R\$38,050, until the program closing on August 15, 2014.

Information on the acquisition of Company-issued shares is as follows:

2 nd Share Buyback Program						
Period	Type	Number of buyback shares	Buyback trading price (R\$)			Closing market quote ² (R\$)
			Minimu m	Weighted average	Maximu m	
30/Sept ¹	Common shares	5,634,500	4.35	4.83	5.37	3.15
						17,749

1) The table above refers to share buyback in 2014, until August 15, 2014, closing date of the 2nd Share Buyback Program.

2) Stock exchange closing price disclosed by BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., referring to Magnesita common shares, traded under ticker symbol MAGG3, based on the last trading price of September 2014.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

19. Equity (Continued)

a) Capital (Continued)

In a meeting held on August 13, 2014, the Board of Directors approved the cancellation of 7,407,700 shares held in treasury, which accounted for 2.5% of total Company-issued shares on that date. By virtue of such cancellation, another Annual Shareholders' Meeting will be convened opportunistically, in order to amend the main section of article 5 of the Company Articles of Association, so as to reflect the current number of shares.

b) Capital reserves

- Share premium reserve: amounting to R\$139,327, this refers to 50% of the premium upon subscription of the shares issued in 2011.
- Special reserve - Law No. 8200/91: Refers to special monetary adjustment introduced in 1991 by Law No. 8200/91. This reserve may be used to increase capital or offset accumulated losses.
- Special goodwill reserve on merger: This refers to goodwill from merger of Mukden Participações Ltda., a shareholder of Magnesita Refratários S.A., net of the provision recognized pursuant to CVM Ruling No. 349/01. Shares will be distributed to all shareholders when this reserve is used for increasing capital.
- Stock options granted: This refers to the amount of stock options granted to Company management. In 2014, the amount of R\$4,096 (nine-month period of 2013 - R\$5,029) was matched against expenses recognized for the period.

c) Income reserve

- Legal reserve: The legal reserve is recorded based on the allocation of 5% of net income for the year, after legally required adjustments and deductions, including the deduction of accumulated losses, if any, limited to 20% of the Company's total capital, pursuant to article 193 of Brazil's Corporation Law.
- Investment reserve: This reserve is recognized pursuant to article 27, line d, of Company Articles of Incorporation, which state that new investments may be made using the remaining portion of net income after allocations to legal reserve and mandatory minimum dividends. The balance of this reserve, plus other income reserves, less unrealized earnings reserve and provisions for contingencies, cannot exceed total capital.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

19. Equity (Continued)

d) Other comprehensive income (loss)

This records foreign exchange gains and losses on foreign subsidiaries, on intercompany loans with foreign subsidiaries and goodwill, results from actuarial valuation and gain on fair value measurement of investment property.

Amounts recorded in the form of foreign exchange gains and losses on investments and goodwill abroad were as follows:

	Company
Balance at 12/31/2013	122,492
Exchange gains from (losses on) foreign investments	(61,179)
Exchange gains from (losses on) goodwill abroad	(14,793)
Balance at 09/30/2014	46,520

20. Segment information

Management defines the operating segments of the Magnesita Group based on the reports used for the purpose of making strategic decisions, reviewed by the Board of Directors. Management and the Board of Directors perform business analyses by segmenting it into business lines, namely Refractory Products, Minerals and Services.

Revenue from the reported operating segments derives basically from the manufacture and sale of refractory products.

The amounts informed to the Board of Directors are consistent with the balances recorded in the consolidated quarterly information.

Information by business segment, reviewed by management, for the periods ended September 30, 2014 and 2013 is as follows:

	Consolidated – 09/30/2014			
	Refractories	Minerals	Services	Total
Net sales and service revenue	1,921,385	112,236	120,575	2,154,196
Cost of sales	(1,302,765)	(74,427)	(95,752)	(1,472,944)
Gross profit	618,620	37,809	24,823	681,252

	Consolidated – 09/30/2013 – Restated			
	Refractories	Minerals	Services	Total
Net sales and service revenue	1,717,337	113,875	88,639	1,919,851
Cost of sales	(1,135,272)	(70,173)	(76,663)	(1,282,108)
Gross profit	582,065	43,702	11,976	637,743

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

20. Segment information (Continued)

Net sales and service revenue by geographic region for the periods ended September 30, 2014 and 2013 is as follows:

	Consolidated – 09/30/2014					Total
	South America	Europe	North America	Asia	Eliminations	
Net sales and service revenue	1,206,441	595,598	570,556	105,786	(324,185)	2,154,196
	Consolidated – 09/30/2013 – Restated					Total
	South America	Europe	North America	Asia	Eliminations	
Net sales and service revenue	1,050,968	531,276	482,180	105,550	(250,123)	1,919,851

There is no concentration of sales to specific customers.

21. Stock option plan

In accordance with its Articles of Incorporation, the Company has a stock option plan approved by the Annual Shareholders' Meeting with a view to including executives in the Company's development process in the medium and long terms. This plan is managed by the Board of Directors or, at the Board's discretion, by a committee, which shall approve the stock option plan. The options granted shall represent no more than 6% of total capital stock.

The options granted will entitle shareholders the right to acquire Company shares over the period of five years after the grant date at a rate of 20% of the number of shares granted each year. Options can only be exercised if an employment relationship with the Company exists at the time the option is exercised. The shares acquired each year may not be sold for one year.

The amount to be recognized on an accrual basis considering a five-year term to exercise the options, adjusted for probability, is R\$49,978 for the entire period, and R\$4,096 were recorded in the nine-month period of 2014 (R\$5,029 – nine-month period of 2013), totaling R\$41,811 in a specific equity account. The total future expense to be recognized amounts to R\$8,167.

The fair value measurement model and assumptions are the same as those adopted in the financial statements for the year ended December 31, 2013.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

22. Expenses by nature

	Consolidated		Company	
	Up to Sept/14	Up to Sept/13	Up to Sept/14	Up to Sept/13
Depreciation and amortization	104,538	90,798	44,587	40,108
Employee benefits	525,945	436,311	268,155	235,817
Raw materials and supplies	808,544	761,515	384,996	316,295
Expenses with transportation and commissions	155,146	128,355	80,734	63,673
Third-party services	155,397	122,392	108,459	86,860
Other	204,107	174,482	85,408	102,632
	1,953,677	1,713,853	972,339	845,385
Classification				
Cost of sales	1,472,944	1,282,108	729,301	616,771
Selling expenses	306,466	260,768	141,038	120,293
General and administrative expenses	170,171	165,948	97,904	103,292
Stock options	4,096	5,029	4,096	5,029
	1,953,677	1,713,853	972,339	845,385

	Consolidated		Company	
	3Q14	3Q13	3Q14	3Q13
Depreciation and amortization	35,278	32,316	15,537	13,328
Employee benefits	167,999	156,288	88,736	82,497
Raw materials and supplies	262,203	244,906	130,261	113,761
Expenses with transportation and commissions	54,288	44,623	28,443	22,615
Third-party services	43,976	58,493	28,526	44,469
Other	81,497	62,514	46,780	19,922
	645,241	599,140	338,283	296,592
Classification				
Cost of sales	484,655	440,501	255,646	210,727
Selling expenses	100,554	95,794	46,738	45,831
General and administrative expenses	59,404	61,127	35,271	38,316
Stock options	628	1,718	628	1,718
	645,241	599,140	338,283	296,592

23. Expenses with employee benefits

	Consolidated		Company	
	Up to Sept/14	Up to Sept/13	Up to Sept/14	Up to Sept/13
Salaries and compensation	380,938	297,442	168,256	142,436
Social charges	104,480	97,117	73,330	64,289
Profit sharing	26,532	25,575	17,146	19,000
Retirement plan	9,899	11,148	5,327	5,063
Stock options	4,096	5,029	4,096	5,029
	525,945	436,311	268,155	235,817

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

23. Expenses with employee benefits (Continued)

	Consolidated		Company	
	3Q14	3Q13	3Q14	3Q13
Salaries and compensation	125,433	108,562	57,460	49,531
Social charges	33,705	33,967	25,270	23,372
Profit sharing	4,963	8,245	3,642	6,107
Retirement plan	3,270	3,796	1,736	1,769
Stock options	628	1,718	628	1,718
	167,999	156,288	88,736	82,497

24. Other operating income (expenses), net

	Consolidated		Company	
	Up to Sept/14	Up to Sept/13	Up to Sept/14	Up to Sept/13
Labor claims	(14,098)	(9,120)	(14,098)	(9,120)
Reversal of tax provisions	4,657	2,419	3,144	2,419
Electric energy sale	4,645	-	4,645	-
Assignment of payroll processing rights	-	1,067	-	1,067
Restructuring costs	(696)	(2,771)	-	(2,771)
Net gains from (losses on) real-estate development	(3,044)	22,628	(704)	22,628
Employee benefits	-	1,428	-	1,428
Other, net	(2,861)	2,831	(1,826)	73
	(11,397)	18,482	(8,839)	15,724

	Consolidated		Company	
	3Q14	3Q13	3Q14	3Q13
Labor claims	(2,347)	(4,502)	(2,347)	(4,502)
Reversal of tax provisions	2,444	-	931	-
Electric energy sale	955	-	955	-
Assignment of payroll processing rights	-	-	-	-
Restructuring costs	(54)	(804)	-	(804)
Net gains from (losses on) real-estate development	(2,622)	612	(282)	612
Employee benefits	-	-	-	-
Other, net	(3,122)	313	(416)	(103)
	(4,746)	(4,381)	(1,159)	(4,797)

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

25. Earnings (loss) per share

a) Basic

Basic earnings (loss) 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	
	Up to Sept/14	Up to Sept/13
Basic		
Basic numerator		
Net income (loss) attributable to controlling shareholders	(21,007)	25,088
Basic denominator		
Weighted average number of outstanding shares	286,027	291,153
Basic earnings (loss) per share (in R\$)	(0.07)	0.09

b) Diluted

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

	Consolidated	
	Up to Sept/14	Up to Sept/13
Diluted		
Diluted numerator		
Net income (loss) attributable to controlling shareholders	(21,007)	25,088
Diluted denominator		
Weighted average number of outstanding shares	286,027	291,153
Adjustments to stock options	-	11,802
Weighted average number of shares for diluted earnings	286,027	302,955
Diluted earnings (loss) per share (in R\$)	(0.07)	0.08

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

26. Net sales and service revenue

	Consolidated		Company	
	Up to Sept/14	Up to Sept/13	Up to Sept/14	Up to Sept/13
Gross sales and service revenue				
In reais	1,038,284	967,095	989,300	928,704
In other currencies	1,390,832	1,209,847	320,717	260,185
	2,429,116	2,176,942	1,310,017	1,188,889
Deductions from sales	(274,920)	(257,091)	(260,284)	(244,953)
Net sales and service revenue	2,154,196	1,919,851	1,049,733	943,936

	Consolidated		Company	
	3Q14	3Q13	3Q14	3Q13
Gross sales and service revenue				
In reais	355,085	313,494	340,123	290,569
In other currencies	454,889	414,221	121,986	97,219
	809,974	727,715	462,109	387,788
Deductions from sales	(95,290)	(80,730)	(89,466)	(76,342)
Net sales and service revenue	714,684	646,985	372,643	311,446

27. Commitments

27.1. Input supply agreements

The Company has a commitment arising from electric power supply agreements related to its industrial activities, effective up to 2021. At September 30, 2014, the Company was in compliance with such agreements.

The amounts are based on energy consumption estimates over the contract term and the prices are also based on estimated volumes resulting from the Company's continuing operations.

Total minimum payments related to input supply, measured at nominal value, according to the agreement are as follows:

	Company and Consolidated – 2014
Less than one year	24,240
More than one year and less than four years	59,700
More than four years	54,600
	138,540

27.2. Operating lease liabilities

The Company has commitments arising from lease of the properties in which it carries out product storage and shipment activities, as well as from lease of machinery and equipment.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

27. Commitments (Continued)

27.2. Operating lease liabilities (Continued)

Lease agreement terms vary from one to six years and do not have a purchase option at the end of the lease term; however, they allow timely renewal under market conditions prevailing at the time when they are renewed.

At September 30, 2014, the commitment in connection with future consideration for these operating leases had the following payment terms:

	Company and Consolidated – 2014
Less than one year	14,142
More than one year and less than five years	32,407
	46,549

28. 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 09/30/2014	Company 09/30/2014
Amount insured	3,387,644	1,757,525
Loss of profit	973,033	92,937
Civil liability	325,887	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.

29. Key management personnel compensation

In the nine-month period of 2014, compensation paid to key management personnel (Board members and Executive Officers) in the form of management fees amounted to R\$5,541 (nine-month period of 2013 - R\$6,340). Additionally, the fair value of the stock options granted in the amount of R\$4,096 (nine-month period of 2013 - R\$5,029) is recorded in net income for the period.

Magnesita Refratários S.A.

Notes to quarterly financial information – ITR (Continued)

September 30, 2014

(In thousands of reais, unless otherwise stated)

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

Pursuant to Official Circular Letter CVM/SNC/SEP/No. 003/2011, the Company presented notes considered relevant within the context of the “Basic Conceptual Pronouncement - Conceptual Framework for the Preparation and Presentation of Financial Statements”. All missing or misstated information that could influence the economic decisions of users was properly disclosed in this interim financial information, which should be read jointly with the financial statements as at December 31, 2013.

Below is the exact location of the explanatory notes not repeated in this interim financial information either due to redundancy or relevance:

Note 14 – Receivables for sale of property

Note 16 - Investment property

Note 19 – Impairment test of nonfinancial assets

Note 21 – Other taxes payable

Note 30 – Financial income (expenses)

Note 33 – Noncash transactions

Pronouncement of the Board of Directors

In accordance with item V, article 142 of Brazil's Corporation Law (Law No. 6404 of December 15, 1976), the Board of Directors of Magnesita Refratários S.A., at a meeting held on November 13, 2014, received the Management Report and the quarterly information for the last period ended and approved the Executive Board accounts.

Contagem, November 13, 2014

Fersen Lamas Lambranhó – Chairman
Thiago Emanuel Rodrigues - Vice Chairman
Eduardo Alcalay
Nelson Rozental
Robert Frank Agostinelli
Eduardo Fontana D'Ávila
Bernardo Guimarães Rodarte
Rodrigo Boscolo

Opinion of the Supervisory Board

The Supervisory Board of Magnesita Refratários S.A. ("Company"), in performing its legal and corporate functions, has reviewed the Management Report, Executive Board accounts, Company's reviewed consolidated quarterly information and the independent auditor's review report thereon for the period ended September 30, 2014. The Supervisory Board has also analyzed the technical feasibility study that supports the expected generation of future taxable profits and, in compliance with the provisions of article 163, items II, III and VII of Law No. 6404/76, and articles 2, item II, and 4, both in CVM Rule No. 371/02, hereby fully approves these documents.

Contagem, November 13, 2014

Pedro Wagner Pereira Coelho
Alexei Ribeiro Nunes
Sergio Antonio Cordeiro de Oliveira
Ricardo Scalzo
Marina de Queiroz Ferreira Fernandes

REPRESENTATION

In the capacity of Corporate Officers of Magnesita Refratários S.A., we hereby represent, pursuant to article 25, paragraph 1, items V and VI of CVM Rule No. 480 of December 7, 2009, that:

- we have analyzed, discussed and agreed with the quarterly financial information (Company and Consolidated) for the period ended September 30, 2014;
- we have analyzed, discussed and agreed with the terms of the independent auditor's review report on the quarterly financial information (Company and Consolidated) for the period ended September 30, 2014.

Contagem, November 13, 2014

Octávio Cortes Pereira Lopes
Chief Executive Officer

Eduardo Guardiano Leme Gotilla
Deputy Financial officer and officer in charge of Investor Relations

Officers with no specific title:

Otto Alexandre Levy Reis
Luís Rodolfo Mariani Bittencourt
Luiz Gustavo Perrotti Rossato

Gilmar Fava Carrara
José André de Castro Alves
Otávio Augusto Castro Lustosa Nogueira

Chief Technical Officer in charge
Welder Ferreira dos Santos
Accountant - CRC-MG 51.003/O-6