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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

May 28, 2004
(Date of earliest event reported)

Rayovac Corporation

(Exact name of Registrant as specified in its charter)

Wisconsin (State of Incorporation)	001-13615 (Commission File No.)	22-2423556 (IRS Employer Identification No.)

Six Concourse Parkway, Suite 3300, Atlanta, Georgia 30328
(Address of principal executive offices, including zip code)

(770) 829-6200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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Item 2. Acquisition or Disposition of Assets.

On June 14, 2004, Rayovac Corporation (the "Company") filed with the Securities and Exchange Commission a Current Report on Form 8-K with respect to the Company's acquisition, on May 28, 2004, of 90.1% of the outstanding capital stock of Microlite S.A., a Brazilian company.

This Amendment to the Current Report on Form 8-K is filed solely to include the financial statements and pro forma financial information described in Item 7 below.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

A. *Financial Statements of Business Acquired.*

a) The following audited financial statements are included as Exhibit 99.1 to this report: Audited Consolidated Financial Statements of Microlite S.A.:

a. Report of Independent Registered Public Accounting Firm.

b. Consolidated Balance Sheet at December 31, 2003.

c. Consolidated Statement of Operations for the year ended December 31, 2003.

d. Consolidated Statement of Cash Flows for the year ended December 31, 2003.

e. Consolidated Statement of Changes in Net Capital Deficiency for the year ended December 31, 2003.

f. Notes to the Consolidated Financial Statements.

b) The following unaudited financial statements are included as Exhibit 99.2 to this report: Unaudited Consolidated Interim Financial Statements of Microlite S.A.:

a. Unaudited Consolidated Interim Balance Sheets at March 31, 2004 and 2003.

b. Unaudited Consolidated Interim Statements of Operations for the three month periods ended March 31, 2004 and 2003.

c. Unaudited Consolidated Interim Statements of Cash Flows for the three month periods ended March 31, 2004 and 2003.

d. Unaudited Consolidated Interim Statement of Changes in Net Capital Deficiency for the three month periods ended March 31, 2004 and 2003.

e. Notes to the Unaudited Consolidated Interim Financial Statements at March 31, 2004 and 2003.

B. Pro Forma Financial Information. The following unaudited pro forma financial information with respect to the Registrant is included as Exhibit 99.3 to this report:

a) Unaudited Pro Forma Condensed Combined Balance Sheet as of March 28, 2004.

b) Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended September 30, 2003.

c) Unaudited Pro Forma Condensed Combined Statement of Operations for the six month period ended March 28, 2004.

C. *Exhibits:*

Exhibit Number	Description of Exhibit
2.1	Purchase Agreement dated February 21, 2004, by and among the Company, ROV Holding, Inc., VARTA AG, Interelectrica Administracao e Participacoes Ltda., and Tabriza Brasil Empreendimentos Ltda., previously filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K, as filed with the Securities and Exchange Commission on June 14, 2004, and hereby incorporated by reference.
23.1	Consent of Independent Registered Public Accounting Firm
99.1	Audited Consolidated Financial Statements of Microlite S.A. for the year ended December 31, 2003.
99.2	Unaudited Consolidated Interim Financial Statements of Microlite S.A. for the three month periods ended March 31, 2004 and 2003.
99.3	Unaudited Pro Forma Condensed Combined Financial Statements of Rayovac Corporation and Microlite S.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 10, 2004	RAYOVAC CORPORATION
	By: /s/ Randall J. Steward
	Randall J. Steward Executive Vice President and Chief Financial Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statement No. 333-59086 on Form S-3 of Rayovac Corporation and in Registration Statement Nos. 333-39239, 333-41815, 333-42443, 333-68250 and 333-117567 on Form S-8 of Rayovac Corporation, of our report dated July 8, 2004 relating to the consolidated financial statements of Microlite S.A. which appears in the Current Report on Form 8-K/A of Rayovac Corporation dated May 28, 2004.

PricewaterhouseCoopers
Auditores Independentes
Sao Paulo, Brazil
August 9, 2004

EXHIBIT 99.1

MICROLITE S.A.
CONSOLIDATED FINANCIAL STATEMENTS AT
DECEMBER 31, 2003
AND REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Microlite S.A.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of cash flows and of changes in shareholder's deficit present fairly, in all material respects, the financial position of Microlite S.A. and its subsidiary at December 31, 2003, and the results of their operations and their cash flows for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
Sao Paulo, Brazil
July 8, 2004

MICROLITE S.A.

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2003
EXPRESSED IN THOUSANDS OF REAIS

ASSETS

Current assets	
Cash and cash equivalents	1,239
Trade accounts receivable, net	6,995
Recoverable taxes	2,224
Inventories, net	28,031
Prepaid expenses	478
Other	1,730
	40,697
Property, plant and equipment, net	37,430
Other assets	
Restricted deposits for legal proceedings	643
Restricted deposits for legal proceedings distributed to Micropar Ltda.	5,408
Other	186
	6,237
Total assets	84,364

LIABILITIES AND NET CAPITAL DEFICIENCY

Current liabilities	
Accounts payable (including R$ 376 with related parties)	15,504
Short-term debt	32,969
Taxes payable, other than income taxes	570
Payroll and related charges	3,049
Accrued pension cost liability	586
Tax liabilities and contingencies distributed to Micropar Ltda.	259
Customer accruals	4,427
Other	4,545
	61,909
Long-term liabilities	
Taxes payable, other than income taxes	1,416
Provision for contingencies	6,140
Accrued liability for legal proceedings	66,040
Accrued pension cost liability	3,646
Environment remediation liabilities	4,777
Tax liabilities and contingencies distributed to Micropar Ltda.	13,326
	95,345
Restricted deposits distributed to Micropar Ltda.	5,408
Commitments and contingencies (Note 14)	
Net capital deficiency	
Share capital (732,508 thousand common and 1,367,408 thousand preferred shares authorized, issued and outstanding with no par value)	32,919
Unappropriated accumulated losses	(111,217)
Total net capital deficiency	(78,298)
Total liabilities and net capital deficiency	84,364

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

CONSOLIDATED STATEMENT OF OPERATIONS
EXPRESSED IN THOUSANDS OF REAIS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES

	YEAR ENDED DECEMBER 31, 2003
NET SALES	167,106
Cost of sales (including purchases of R$ 684 from related parties)	(118,531)
GROSS PROFIT	48,575
Selling, general and administrative expenses	(56,227)
Other operating income (expenses), net	(6,890)
OPERATING LOSS	(14,542)
Non-operating income (expenses)	
Financial income	1,481
Financial expenses	(30,297)
Foreign exchange gain (loss), net	2,248
LOSS BEFORE TAXES ON INCOME	(41,110)
Taxes on income - benefit (expense)	--
NET LOSS AND COMPREHENSIVE LOSS	(41,110)
BASIC AND DILUTED LOSS PER THOUSAND SHARES (R$)	
Preferred shares	(19.58)
Common shares	(19.58)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED (IN THOUSANDS OF SHARES)	
Preferred shares	1,367,408
Common shares	732,508

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS
EXPRESSED IN THOUSANDS OF REAIS

	YEAR ENDED DECEMBER 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	(41,110)
Adjustments to reconcile net loss to cash used in operating activities:	
Depreciation of property, plant and equipment	6,734
Gain on disposal of property, plant and equipment	(6)
Monetary and foreign currency exchange variations accruals, net	13,985
Provision for contingencies	21,394
Decrease (increase) in assets	
Trade accounts receivable	5,524
Inventories	(1,292)
Other	3,082
Increase (decrease) in liabilities	
Accounts payable	(3,052)
Payroll and related charges	(252)
Accrued liability for legal proceedings, net of restricted deposits	(379)
Customer accruals	(991)
Other	(481)
NET CASH USED IN OPERATING ACTIVITIES	3,156
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property, plant and equipment	(1,897)
Proceeds from disposal of property, plant and equipment	15
NET CASH USED IN INVESTING ACTIVITIES	(1,882)
CASH FLOWS FROM FINANCING ACTIVITIES	
Short-term debt issuances and repayments, net	(1,059)
Dividends and interest attributed to shareholders' equity paid	(100)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(1,159)
NET INCREASE IN CASH AND CASH EQUIVALENTS	115
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,124
CASH AND CASH EQUIVALENTS, END OF YEAR	1,239
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid during the year for interest	(6,927)
NON-CASH TRANSACTIONS	
Financed equipment purchases under capital lease	24

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

CONSOLIDATED STATEMENT OF CHANGES IN NET CAPITAL DEFICIENCY EXPRESSED IN THOUSANDS OF REAIS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES

	THOUSANDS OF SHARES PREFERRED	THOUSANDS OF SHARES COMMON	2003 R$
Share capital			
Beginning and end of year	1,367,408	732,508	32,919
Appropriated retained earnings			
Beginning of year			3,585
Transferred to unappropriated accumulated losses			(3,585)
End of year			--
Unappropriated accumulated losses			
Beginning of year			(73,592)
Net loss for the year			(41,110)
Transferred from appropriated retained earnings			3,585
Cash dividends and interest attributed to shareholders' equity (R$ 0.048 per thousand common and preferred shares)			(100)
End of year			(111,217)
Total net capital deficiency			(89,168)

The accompanying notes are an integral part of these consolidated financial statements.

1 OPERATIONS

Microlite S.A. (the "Company") manufactures, imports and markets zinc-carbon batteries, alkaline batteries and flashlights. The Company was created in 1951 and entered into a joint venture with Rayovac International Corp. of Panama in 1954. The Company is the owner of the "Rayovac" and "Maxpower" brands in Brazil and in certain countries outside Brazil and operates two factories located in Jaboatao dos Guararapes and Ipojuca in the state of Pernambuco. The administrative headquarters are located in Guarulhos in the state of Sao Paulo in a facility leased from Micropar Ltda., a related party, as further described below.

During 2002 the following corporate restructuring was carried out:

- The wholly-owned subsidiary Ipojuca Eletrometalurgica S.A. legally spun-off (through a cisao under Brazilian law) the building where the Ipojuca plant operates. Ipojuca Empreendimentos e Participacoes S.A.is also a wholly-owned subsidiary of the Company.

- Following the spin-off, Ipojuca Eletrometalurgica S.A. was merged into the Company.

- The shareholders of the Company incorporated Micropar Ltda. ("Micropar"), a limited liability company, and on June 27, 2002 the shareholders of the Company and quotaholders of Micropar (which were the same at that time) approved a cisao (under Brazilian law) of certain assets and liabilities of Microlite to Micropar which was recorded as a distribution to Micropar on June 27, 2002. The assets transferred consisted of real estate held for sale located in Guarulhos (the "Guarulhos property") where the administrative headquarters of the Company are located but not used for production since 1999, restricted deposits for legal proceedings and compulsory loans made to Eletrobras, the government-owned utility company. Liabilities transferred consisted of contingent tax liabilities for which the tax authorities had issued assessments against the Company, taxes payable refinanced under the REFIS program (a program to refinance unpaid taxes established by the Brazilian federal government), and ICMS (Imposto sobre Circulacao de Mercadorias e Servicos, a state value-added type tax) payable in the long-term as result of state tax incentives (as further described in Note 10).

Micropar has issued a guarantee to the Company by which in the event of non-payment by the Company it commits to pay to the appropriate creditors the contingent tax liabilities, the amounts due under the REFIS program and ICMS payable.

Although the assets and liabilities described above have been subject to the "cisao" and are considered to have been distributed to Micropar, certain assets and liabilities continue to be recorded in the financial statements of the Company as described below:

(a) The Company has entered into a lease agreement with Micropar at no charge and for an indefinite period for the Guarulhos property. Approximately 2,000 square meters of the total 25,000 square meters of the Guarulhos property serve as the administrative headquarters of the Company and the remaining area is not being utilized. Under the terms of the lease the Company is responsible for all maintenance expenses of the property. Considering the Company's continuous involvement with the Guarulhos property through the lease agreement the cost of the property continues to be recorded as an asset in the financial statements of the Company. Upon termination of the lease agreement and, consequently, of the continuous involvement of the Company, the distribution of the Guarulhos property is expected to be recorded as a reduction in equity. See also Note 15.

(b) The tax liabilities and tax contingencies which were part of the spin-off continued to be in the books of the Company since the Company is the primary obligor and the criteria for de-recognition of liabilities under SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities" have not been met. As such, the Company continues to record the tax liabilities and contingencies on its balance sheet under "Tax liabilities and contingencies distributed to Micropar Ltda." and discloses the tax contingencies in Note 13. In spite of the distribution, the amounts due under the REFIS after the cisao continued to be paid by Microlite and were recorded as a reduction in the liability.

(c) Restricted deposits for legal proceedings are related to tax litigation in which the Company is the plaintiff and the Brazilian Internal Revenue Service is the defendant. Ownership of the restricted deposits continues to be in the name of the Company and as such the deposits continue to be recorded in the financial statements of the Company. Upon the "cisao" the Company recorded the distribution of the restricted deposits as a reduction in equity and an increase in "mezzanine" equity under "Restricted deposits distributed to Micropar Ltda". No provision has been recorded for the tax litigation related to the restricted deposits since the Company considers that probability of loss in such litigation is remote. The amount recorded under "mezzanine" equity represents the responsibility to transfer to Micropar the cash, currently restricted, once released upon finalization of the tax litigation if the Company is successful.

The Company has presented operating and net losses during the last years. As of December 31, 2003 current liabilities exceeded current assets by approximately R$ 21,212 and the net capital deficiency was R$ 89,168. The ability of the Company to continue as a going concern as of December 31, 2003 was dependent on continued financing from financial institutions or financial resources provided by its shareholders. On February 21, 2004 the shareholders entered into a "Share Purchase Agreement" to sell the outstanding shares of the Company to Rayovac Corporation. The sale was consummated on May 28, 2004 when the shares were transferred to Rayovac Battery Participacoes Ltda, a subsidiary of Rayovac Corporation. On June 14 and June 22, 2004, Rayovac Corporation made capital contributions to the Company of R$ 18,578 and R$ 6,201, respectively (equivalent to US$ 6 million and US$ 2 million translated at the exchange rate on the dates of contribution). In addition, Rayovac Corporation committed to provide financial support for Microlite, if required, to meet its financial obligations until at least through June 23, 2005 through loans, capital contributions, guarantees of loans from financial institutions or other means deemed appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION AND CONSOLIDATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which differ in certain significant respects from accounting principles adopted in Brazil for statutory and tax purposes.

The consolidated financial statements consolidate the financial position and results of operations of the Company and its wholly-owned subsidiary Ipojuca Empreendimentos e Participacoes S.A.

All significant intercompany accounts and transactions have been eliminated.

(b) CONSTANT CURRENCY RESTATEMENT

The accompanying financial statements have been monetary corrected using the methodology for preparation of monetary corrected financial statements established by Accounting Principles Board Statement ("APS") 3 - "Financial Statements Restated for General Price-Level Changes" applicable for financial statements presented under US GAAP in the currency of hyperinflationary economies.

Until December 31, 1997, Brazil was deemed to be a hyperinflationary economy and, accordingly, for purposes of the accompanying consolidated financial statements, all balances and transactions prior to that date were remeasured at December 31, 1997 price-levels. The index selected for this re-measurement up to December 31, 1995 was the UFIR, which the Company considers the most appropriate index since it is the same index established by the tax authorities for preparation of financial statements under the method for monetary correction under Brazilian Corporate law as well as the index selected by the Brazilian securities regulator ("CVM") for the preparation by public companies of financial statements monetary corrected. As of January 1, 1996, following the elimination of the requirement under Brazilian corporate law to present monetary corrected financial statements, no index has been established for this purpose. From June 1, 1996 to December 31, 1997 the Company utilized the General Price Index-Market (IGP-M), an independent general price level index calculated by the Fundacao Getulio Vargas.

As of January 1, 1998, the date on which Brazil was no longer deemed to be a hyperinflationary economy, balances and transactions are expressed in nominal reais, as required by US GAAP and the Securities and Exchange Commission ("SEC") guidelines.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash on hand and cash deposited in bank accounts.

(d) TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are stated at estimated realizable values net of an allowance for doubtful accounts determined by management to be sufficient to meet probable losses related to un-collectible accounts.

(e) CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk include cash and cash equivalents; trade accounts receivable and restricted deposits for legal proceedings. The Company places its cash and cash equivalents in a reduced number of financial institutions, which subjects the Company to credit risk. With respect to trade accounts receivable, the Company limits its credit risk by selling to a reasonably dispersed customer base and by performing ongoing credit evaluations. In 2003 no individual customer represented more than 10% of gross sales for the year. Restricted deposits for legal proceedings are amounts deposited by the Company in a bank owned by the Brazilian federal government and therefore the Company is subject to the credit risk of such government-owned bank.

(f) INVENTORIES

Inventories are stated at the lower of the average of cost of purchase or production and replacement or realizable values. Allowances for slow moving or obsolete inventories are recorded when considered appropriate.

(g) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost monetarily corrected through December 31, 1997. Expenditures for maintenance and repairs which do not materially extend the useful lives of the related assets are expensed as incurred.

Depreciation is calculated on the straight-line method using the annual rates mentioned in Note 8, which take into account the useful lives of the assets.

(h) RECOVERABILITY OF LONG-LIVED ASSETS

Management reviews long-lived assets, primarily buildings and related improvements and machinery, equipment and related fixtures to be held and used in the business, for the purpose of determining when events or changes in circumstances indicate that the carrying value of an asset or group of assets may not be recoverable.

Impairment is assessed in accordance with SFAS no. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," to identify circumstances that might require assessment of the recoverability of the long-lived assets and to measure any potential impairment charges. No impairment charge has been recorded during the year ended December 31, 2003.

(i) ENVIRONMENTAL AND SITE RECLAMATION AND RESTORATION COSTS

Expenditures relating to ongoing environmental and restoration programs are expensed as incurred.

Environmental remediation liabilities are recorded when it is probable that under Brazilian law, the Company is legally responsible for remediation and the amount of such liabilities can be reasonably estimated.

(j) COMPENSATED ABSENCES

The liability for future compensation for employee vacations earned is fully accrued as benefits are earned.

(k) PENSION PLANS

The Company sponsors a defined benefit pension plan for a reduced group of retirees and accounts for the plan in accordance with SFAS No. 87, "Employers' Accounting for Pensions." SFAS 87 requires the use of an actuarial method for determining defined benefit pension costs and provides for the deferral of actuarial gains and losses that result from changes in assumptions or actual experience differing from that assumed.

(l) REVENUE RECOGNITION

The Company recognizes revenue from product sales when delivery is accepted by the customer, provided that persuasive evidence of an arrangement exists; the price to the buyer is fixed or determinable and collectibility is deemed reasonably assured.

The Company has certain agreements with its major customers, mainly retailers, to accept product returns and the Company also accepts product returns at its discretion from other customers, although it is not obligated to do so. Under the terms of the agreements where clients have the right of return, payment of the products sold is not contingent on resale of the product, and the Company is not responsible for directly bringing about resale by the customer of the products or for subsequent destruction or damage of the product once delivery has been accepted by the customer. Revenue is recognized when the conditions mentioned in the paragraph above have been met.

Contemporaneously with recognition of revenue, the Company recognizes a provision for returns by reducing gross sales and cost of sales for estimated returns, based on the Company's past experience.

The Company enters into various promotional arrangements, primarily with retail customers, including arrangements entitling such retailers to cash rebates or free goods from the Company based on the level of their purchases, discounts on sales for cooperative advertising and payments for the allocation of specific slots within a specific store. The Company also grants free goods for certain events such as the opening of a new store. Those programs require the Company to estimate and accrue the estimated costs of the promotional programs which are recorded under "Customer accruals" in the consolidated balance sheet. These costs, other than the cost of providing free goods which is presented under cost of sales, are treated as a reduction of gross sales.

For all types of promotional arrangements and programs, the Company monitors its commitments and uses its controls over the commitments and past experience to determine amounts to be recorded for the estimate of the earned, but unpaid, promotional costs. The estimated amount of earned but unpaid costs, including undelivered free goods, is presented in the appropriate line of the balance sheet. The terms of the Company's customer-related promotional arrangements and programs are individualized to each customer and are generally documented through written contracts, correspondence or other communications with the individual customers.

(m) SHIPPING AND HANDLING COSTS

The Company incurred shipping and handling costs of R$ 8,103, which are included in selling, general and administrative expenses. Shipping and handling costs include costs incurred with third-party carriers to transport products to customers and salaries and overhead costs related to warehousing.

(n) ADVERTISING COSTS

The Company incurred expenses for advertising of R$ 7,753, which are included in selling, general and administrative expenses.

(o) INCOME TAXES

Income taxes in Brazil comprise Federal income tax and social contribution. There is no state or local income taxes in Brazil.

For the purposes of these financial statements, the Company has applied SFAS No. 109, "Accounting for Income Taxes". US GAAP adjustments as well as differences between the Brazilian tax statutory accounting records have been recognized as temporary differences for the purpose of recording deferred income taxes. Net operating loss carry-forwards are recognized as deferred tax assets. A valuation allowance was recorded against net deferred tax assets pursuant to the requirements of SFAS No. 109 since realization of such deferred tax asset is subject to future taxable income.

(p) EARNINGS PER SHARE

Pursuant to SFAS No. 128, "Earnings per share", the Company has presented its earnings per share for each class of share. In calculating earnings per share the Company has adopted the two-class method which is based on dividends declared and participating rights. Net income is first reduced by dividends declared and the balance allocated to common and preferred shares to the extent that they share in earnings. Preferred shares are treated as participating securities.

As each class of share has the same rights to net income and to net losses as per the by-laws of the Company, earnings per share are the same for both common and preferred shares.

(q) USE OF ESTIMATES

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the amount of allowance for doubtful accounts, the need for impairment charges on long-lived assets, the amount of promotional costs earned but not paid to our customers, the amount of expected product returns, the probability and estimated amount of contingent losses and the amount of environmental liabilities.

(r) SEGMENT INFORMATION

The Company manages its operations according to the following three reporting segments: zinc-carbon batteries, alkaline batteries and flashlights.

(s) COMPREHENSIVE LOSS

The Company has adopted SFAS No. 130, "Reporting Comprehensive Income". Net loss for the year is not different from comprehensive loss as determined by SFAS No. 130.

(t) ACCOUNTING FOR DERIVATIVES

The Company maintains a risk management strategy to reduce significant unplanned fluctuations caused by foreign exchange rate volatility resulting from its foreign currency denominated debt and on certain foreign currency denominated assets. Market-value gains and losses on these contracts are recognized in income.

The Company adopted SFAS No. 133, "Accounting for Derivative Financial Instruments and Hedging Activities," as amended, which requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction and, if so, depending on the type of hedge transaction. The Company had no transactions which have been classified as hedge transactions during the year presented.

(u) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation no. 46 (FIN 46), "Consolidation of Variable Interest Entities" which was subsequently modified by FIN 46R issued in December 2003. FIN 46R requires non public companies, like the Company, to apply FIN 46R to variable interest entities created before February 1, 2003 no later than the end of the first annual reporting period beginning after June 15, 2003. Therefore, the Company must apply FIN 46R as of December 31, 2004 for variable interest entities created before February 1, 2003, such as Micropar. The Company is currently assessing the effects that FIN 46R may have upon its effective date on December 31, 2004 with respect to its relationships with Micropar.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

3 TAXES ON INCOME

(a) ANALYSIS OF TAX BALANCES

The major components of the deferred tax accounts in the balance sheet are as follows:

	DECEMBER 31, 2003
Current deferred tax assets	
Deferred taxes on allowance for doubtful accounts	311
Deferred taxes on allowance for slow moving and obsolete inventories	416
Deferred taxes on customer accruals	1,506
Total current deferred tax assets	2,233
Valuation allowance	(2,233)
	--
Non-current deferred tax assets, net	
Net operating loss carry forwards	22,199
Deferred taxes on provision for pension plan	1,439
Deferred taxes on provision for contingencies	24,541
Deferred taxes on environmental remediation liabilities	1,624
Deferred taxes on tax liabilities and contingencies distributed to Micropar Ltda	4,619
Deferred taxes on property, plant and equipment	4,371
Other deferred tax assets	2,024
Other deferred tax liabilities	(70)
Total non-current deferred tax assets, net	60,747
Valuation allowance	(60,747)
	--

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

Net operating loss carry forwards of the Company as of December 31, 2003 are presented below:

	2003
Tax losses for income tax purposes	61,265
Tax losses for social contribution on income purposes	76,475

Federal income tax and social contribution regulations currently state that tax losses may offset no more than 30% of taxable income in any given year.

(b) INCOME TAX RECONCILIATION

The amount reported as income tax expense (benefit) in these financial statements is reconciled to the statutory composite rates as follows:

	2003
Loss before taxes on income	(41,110)
Statutory composite rate	
Income tax - %	25.00
Social contribution - %	9.00
Tax benefit at statutory composite rate	(13,977)
Adjustments to derive effective rate:	
Increase in valuation allowance for deferred taxes	13,977
Tax benefit (expense) as reported in the financial statements	--

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

(c) TAX BENEFITS

Until December 31, 2003, the Company was the beneficiary of a tax abatement of 37.5% of normal federal income tax due on income from the sales of its own manufactured products. This tax abatement will reduce gradually, as follows:

PERIOD	PERCENTAGE OF INCOME TAX REDUCTION
January 1, 2004 to December 31, 2008	25.0
January 1, 2009 to December 31, 2013	12.5

Under Brazilian tax law certain conditions must be fulfilled by the Company in order to continue to have the right to the benefit.

4 CASH AND CASH EQUIVALENTS

	2003
Cash	19
Current accounts and demand deposits at banks	1,220
	1,239

5 TRADE ACCOUNTS RECEIVABLE

	2003
Domestic	4,802
Foreign	3,107
Allowance for doubtful accounts	(914)
	6,995

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

6 RECOVERABLE TAXES

	2003
Sales tax credits, primarily value added tax	2,093
Withholding tax on financial income and other	131
	2,224

7 INVENTORIES

	2003
Finished products	13,255
Unfinished products	3,246
Raw material and auxiliary supplies	8,017
Spare parts	3,249
Imports in transit	1,487
Allowance for slow moving and obsolete inventories	(1,223)
	28,031

8 PROPERTY, PLANT AND EQUIPMENT

	2003			
	COST	ACCUMULATED DEPRECIATION	NET	ANNUAL AVERAGE DEPRECIATION RATE - %
Land	2,023		2,023	
Buildings and improvements	13,735	7,086	6,649	3 to 14
Machinery, equipment and industrial fixtures	71,668	46,148	25,520	10
Facilities	6,033	4,239	1,794	10
Molds	1,302	1,218	84	10
Furniture	4,550	3,787	763	10
Vehicles	95	73	22	20
Computers and peripherals	1,727	1,540	187	20
Construction in progress	388		388	
	101,521	64,091	37,430	

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

Property, plant and equipment include a net amount of $ 4,883 corresponding to the Guarulhos property described in Note 1. The lease of the property is free of charge but the Company has committed to bear all the maintenance expenses of the property during the lease period. The lease may be cancelled either by Microlite or by Micropar at any moment without penalty to any party.

9 SHORT-TERM DEBT

PURPOSE	FINANCIAL CHARGES	DECEMBER 31, 2003
Domestic currency		
Bank loan	Interest from 26.60% to 28.38% p.a.	5,186
Vendor program	Interest of 1.55% p.a.	9,827
Foreign currency		
Advance of foreign exchange contract US$ 2,282 thousand	Interest from 6.10% to 12% p.a.	6,594
Import financing US$ 3,933 thousand	Interest from 6.37% to 9.75% p.a.	11,362
		32,969

Domestic currency financing matures on March 8, 2004 and foreign currency financing matures between February 4 and October 18, 2004 and is guaranteed by sureties provided by the fully-owned subsidiary Ipojuca Empreendimentos e Participacoes S.A.

The Company offers to certain of its customers the ability to finance their purchases under a "vendor program" whereby, the customer enters into a loan agreement with certain banks for a period varying between 14 and 120 days. The Company's customer is the primary obligor of the loan and the Company provides the bank with a guarantee to repay the loan if the customer does not pay at maturity. The interest charged by the bank during the financing period is either assumed by the customer or by the Company based on the agreement reached with each customer. The Company recognizes sales revenue under vendor agreements following the same criteria described in Note 2(l) and only after acceptance of delivery of goods by the customer. Upon receiving payment from the bank, the Company recognizes a reduction in accounts receivable. In instances where the Company has invoiced for products sold, and has received payment from the bank but the conditions for recognizing revenue have not yet been met the Company recognizes a liability under "Short-term debt".

See Note 14(c) for a description of the accounting for the guarantees issued to the banks under the vendor program.

10 VALUE-ADDED TAX ON SALES AND SERVICES (ICMS)

The Company is the beneficiary of certain state tax incentives to promote economic development in the state of Pernambuco. The Development of Pernambuco (PRODEPE) comprises a presumed credit of 75% of the ICMS that would be payable on the sales of alkaline batteries; as result of the incentive, the Company pays only 25% of the ICMS tax that would have been payable absent the incentive. The incentive is applicable through 2011. The Company did not generate a tax basis for utilizing this incentive during the year ended December 31, 2003.

According to Decree 25.925/2003, the Company obtained an additional incentive comprising a presumed credit of 47.5% of the ICMS that would be payable on the sales of zinc-carbon batteries which amounted to R$ 414 during the year ended December 3 1, 2003 and is reflected as a reduction of taxes on revenue in the consolidated statement of operations. This incentive has no maturity term and may, at any time, be reduced, suspended or cancelled, depending on the industrial, commercial or service policy adopted at that time by the State.

The Company has also recorded the amount of R$ 1,416 under "Taxes payable, other than income taxes" under long-term liabilities, relating to ICMS incentives that were in place in prior years, as follows:

- Industrial Development Fund of Suape (FDS): Refers to the deferred payment of 50% of the ICMS payable for periods through February 28, 1999, arising from the former subsidiary Ipojuca Eletrometalurgica S.A. Under the terms of the incentive, the tax can be paid to the State after 10 years, considering the monthly maturity of taxes, and the tax liability bears no interest or monetary correction. As of December 31, 2003 the outstanding balance of ICMS payable on a deferred basis is R$ 1,193, which matures after 2005.

- PRODEPE II: Refers to a benefit related to the sale of alkaline batteries and is equivalent to the deferral, for the period of 180 months, of 5% of the total ICMS payable, limited to the amount of freight. As of December 31, 2003, the outstanding balance of ICMS payable amounts to R$ 223.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

11 NET CAPITAL DEFICIENCY

(a) SHARE CAPITAL AND SHARE RIGHTS

Total authorized, issued and outstanding share capital of the Company is 1,367,408 Preferred Shares and 732,508 Common Shares.

Each holder of Common Shares is entitled to one vote for each share held on all matters that come before a shareholders' meeting. Preferred Shares are not redeemable, nor convertible into Common Shares, and have no voting rights, but are assured priority for return of capital in the event of liquidation.

(b) COMPOSITION OF CAPITAL

		THOUSANDS OF SHARES		
	PERCENTAGE OF TOTAL	COMMON	PREFERRED	TOTAL
Interelectrica Administracao e Participacoes Ltda. Varta Group	7.14	59,984	90,000	149,984
Varta Aktiengeselischaft	53.33	306,270	813,552	1,119,822
Tabriza Brasil Empreendimentos e Participacoes Ltda	18.20	366,254	16,031	382,285
Samuel Barata and Estrela Barata	21.33		447,825	447,825
	100.00	732,508	1,367,408	2,099,916

(c) UN-APPROPRIATED ACCUMULATED LOSSES

Brazilian Corporate Law and the Company's by-laws require that certain appropriations be made from retained earnings to reserve accounts on an annual basis. The purpose and basis of appropriation to such reserves is described below:

- Legal reserve - The legal reserve results from appropriations from retained earnings of 5% of annual net income as stated in the statutory accounting records prepared in accordance with accounting practices adopted in Brazil. Such appropriations are required until the balance reaches 20% of the balance of share capital, based on the statutory accounting records. At December 31, 2003 such total capital was R$ 32,919 and no legal reserve exists.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

Brazilian law permits the payment of dividends and interest attributed to shareholders' equity only in reais and from retained earnings as stated in the accounting records prepared in accordance with accounting practices adopted in Brazil. At December 31, 2003, accumulated losses as per such records amounted to R$ 54,551.

(d) EARNINGS PER SHARE

SFAS No. 128, "Earnings per Share," addresses computation, presentation and disclosure requirements for earnings per share.

Since common and preferred shareholders equally share in losses, the basic loss per share is computed by dividing net loss for the period attributable to common and preferred shares by the weighted-average number of shares of each class outstanding during the period.

No instruments are outstanding which may have a dilutive or antidilutive effect.

The computation of basic and diluted loss per share is as follows:

	COMMON	PREFERRED	TOTAL
BASIC AND DILUTED NUMERATOR			
Undistributed losses attributable to common and preferred shareholders	(14,340)	(26,770)	(41,110)
BASIC AND DILUTED DENOMINATOR			
Weighted-average outstanding shares (thousand)	732,508	1,367,408	
Loss per thousand shares (in R$) - Basic and diluted	(19.58)	(19.58)	

12 PENSION PLAN

The Company sponsors one retirement plan covering eleven retirees. The plan is un-funded and the measurement date for the plan is December 31 of each year

Information with respect to the Company's pension plan, in the form required by SFAS no. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits," is as follows.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

	DECEMBER 31, 2003
CHANGE IN BENEFIT OBLIGATION	
Net benefit obligation at beginning of year	4,263
Service cost	
Interest cost	453
Actuarial loss	410
Gross benefits paid	(484)
Net benefit obligation at end of year	4,642
Unrecognized net actuarial loss	(410)
Accrued pension cost liability	4,232
Total short term	(586)
Total long term	3,646

Net pension cost, included in cost of sales and selling, general and administrative expenses, is comprised of the following components:

	YEAR ENDED DECEMBER 31, 2003
Interest cost on projected benefit obligation	453
Participants contributions	
Total periodic pension cost	453
ASSUMPTIONS USED WERE:	
Assumed annual discount rate - %	11.30
Rates of increase in compensation levels (average per year)	--
Real benefit increase (per year) - %	5

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

The expected employer contributions for 2004 are R$ 586.

13 TAX LIABILITIES AND CONTINGENCIES DISTRIBUTED TO MICROPAR LTDA.

	DECEMBER 31, 2003
Tax incentives payable - FDS (i)	5,456
REFIS (ii)	2,445
Tax contingencies (iii)	5,684
	13,585
Total short term	(259)
Total long term	13,326

As described in Note 1 certain liabilities were legally distributed to Micropar but do not meet the requirements for de-recognition of such liabilities from the consolidated balance sheet of the Company. Such liabilities correspond to:

(i) FDS tax benefits described in Note 10 obtained by through 1999 whereby 50% of the ICMS (a value added tax) payable each month is payable over 10 years without interest or monetary correction

(ii) In July 2003 the Company entered into the REFIS program to refinance certain federal taxes over 120 months. As of December 31, 2003, installments maturing in the short-term amount to R$259

(iii) Tax contingencies are related to a tax process filed against the Company by tax authorities of the State of Sao Paulo to revert credits taken by the Company monetarily corrected related to added value taxes during the years of 1994 and 1996.

As further described in Note 1 the Company has also legally distributed to Micropar certain tax contingencies for all of which a loss is considered reasonably possible. The Company is the primary obligor with respect to the contingent liabilities, if finally payable. These contingent liabilities amount to R$ 175.

As part of the sale of the shares of the Company to Rayovac Corporation consummated on May 28,2004, the selling shareholders have committed, subject to certain limitations (including a cap on all items except for tax liabilities spun off to Micropar), to cause Micropar to pay all its liabilities (including the liabilities and contingencies distributed and described above).

14 COMMITMENTS AND CONTINGENCIES

(a) CONTINGENCIES

The Company is party to claims with respect to certain taxes, contributions and labor issues. In addition the Company has, based on legal counsel advice, applied certain credits against taxes payable, although contrary to the text of enacted tax law, based on grounds of unconstitutionality of the law. Considering that the amounts are still due under the law, however, the Company has recorded a provision for the compensated amounts plus related interest.

Management believes, based in part on advice from legal counsel, that the reserve for contingencies is sufficient to meet probable and reasonably estimable losses in the event of unfavorable rulings. However, ultimate resolution of the contingencies may have a significant effect on the consolidated financial position, results of operations and cash flows of the Company.

The following table summarizes the contingent claims and related judicial deposits:

	DECEMBER 31, 2003	
	CONTINGENCIES	RESTRICTED DEPOSITS FOR LEGAL PROCEEDINGS
Tax	69,779	
Labor	2,401	643
	72,180	643

The provision for tax contingencies is related to the following two matters:

(i) The Company is challenging a limitation on tax loss offsets imposed by Brazilian Law whereby federal income tax regulations limits to 30% of annual income before taxes the tax losses available for offsetting taxable income. The Company challenged this limitation on the grounds that it is unconstitutional and obtained a legal injunction providing protection against possible fines. The Company has recorded a provision related to income taxes payable that were not paid for having offset tax losses in excess of the 30% limited mentioned before for R$ 3,739 as at December 31, 2003.

(ii) The Company has offset IPI (a value added type tax) using a calculation formula which is not in accordance with the basis established by enacted tax law for determination of tax liabilities. The Company is challenging in court the constitutionality of the provisions of that law. Although not in accordance with enacted tax law, the offsets have still been made to reduce taxes payable, based on the opinion of legal advisors and management's conclusion that a favorable decision from the courts is probable. This opinion is supported by definitive rulings of the Federal Supreme Court in respect of similar cases of other companies.

Considering that offset IPI taxes still constitute taxes payable under current tax law, the Company recorded liabilities totaling R$ 66,040 for the amounts originally offset. The Company will be legally released from such tax liability in the event of a definitive favorable decision by the courts on the specific lawsuit brought in by the Company.

(b) ENVIRONMENTAL REMEDIATION LIABILITIES

As part of its battery manufacturing process, the Company uses certain substances that may pose environmental hazards. The Company is aware of the presence of certain contaminating substances in the soil and water of its factory located in Jaboatao dos Guararapes.

Under Brazilian law, damages to the environment, including contamination, are subject to administrative, civil and criminal responsibilities. Civil responsibilities include a responsibility to either remediate or indemnify affected third parties.

Based on legal counsel's opinion, the Company has a legal liability to perform remediation efforts at its factory in Jaboatao dos Guararapes.

The Company has performed a preliminary remediation plan which includes preliminary estimations of the costs to remediate, based on its review of the site, the areas affected, the substances involved, and the expected nature of the anticipated remediation activities to be undertaken. The Company's estimation includes determining the expected remediation methods, and a range of estimates of costs for each step of the remediation. The Company has employed outside consultants to assist in making such determinations. Although the ultimate costs associated with the remediation are not known, the Company currently estimates the total costs to be in the range of between R$ 3,100 and R$ 7,500 at December 31, 2003 and has accrued R$ 4,777 which it believes is the best estimate at this moment.

On May 24, 2004 the Company communicated to CPRH, the environmental agency of the state of Pernambuco of the technical information related to the site contamination, its intention to perform the remediation activities imposed by the law, and its commitment to perform additional technical studies including a more detailed remediation plan for submission to the agency within 45 days. As of the date of preparation of these financial statements the estimates of costs and expected timing are preliminary and the amount of the provision has not been discounted to present value.

Considering the early stage of the process to estimate the costs and the uncertainties inherent in determining the costs associated with the clean-up of contamination, including the time periods over which such costs must be paid, there can be no assurance that the final costs of remediation may not differ from the estimated remediation costs.

(c) VENDOR FINANCING

The Company provides guarantees to certain banks, not in excess of 120 days, for financing provided by the bank of sales to certain customers. Under the vendor program the Company is the secondary obligor to the bank and monitors the amount due from the customer to the bank. The Company periodically reviews the adequacy of its allowance for doubtful accounts and adjusts the Company's allowance accordingly. At December 31, 2003, the face value of customer guarantees totaled R$ 33,204 and the estimated the fair value of such guarantees as of December 31, 2003 has been estimated at R$ 14 which is presented under "Other liabilities".

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

15 RELATED PARTIES

Assets and liabilities balances at December 31, 2003, as well as transactions during the year arising from transactions with related parties, are presented below:

	2003
Balances	
Accounts payable	376
Transactions	
Purchases	684

As of June 2002, the Company leases from Micropar a facility of approximately 25,000 square meters located in Guarulhos free of rent. A portion of the surface is used for the administrative headquarters of the Company and the rest is not currently being used. Under the terms of the lease, the Company is responsible for all maintenance expenses of the property, which amounted to approximately R$ 468 during the year. On May 28, 2004 the Company and Micropar modified the terms of the lease and it has been agreed that will expire without penalty to any party no later than 120 days as from the date of the modification.

16 FINANCIAL INSTRUMENTS

(a) FOREIGN CURRENCY RISK MANAGEMENT

The Company does not enter into financial instruments for trading or speculative purposes.

The Company enters into financial derivative instruments to reduce exposure to foreign exchange fluctuations related to its foreign-currency denominated debt. For those purposes, the Company has entered into non-cash forward cross-currency swaps by which the Company has the right to receive or pay at maturity the difference arising from: (a) the amount in Reais computed based on a notional amount in a foreign currency plus interest accrued on such notional amount less (b) the amount in Reais computed by applying an agreed interest rate based on the Interbank Certificates of Deposit (CDI) rate to a notional amount in Reais. At December 31, 2003, the Company had contracts totaling US$ 5,300 thousand and EURO 1,500 thousand, which mature in January 2004. The fair value of those derivatives amounts to R$ 11 and is presented in "Other liabilities".

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

(b) FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value amounts are determined using available market information and appropriate valuation methodologies. Considering its short-term nature the carrying amounts for cash and cash equivalents, trade accounts receivable, short-term and derivative financial instruments (presented in Other liabilities) are a reasonable estimate of their fair values.

17 SEGMENT INFORMATION

	2003				
	ZINC-CARBON BATTERIES	ALKALINE BATTERIES	FLASHLIGHTS	ADJUSTMENTS	TOTAL AS PER FINANCIAL STATEMENTS
Net sales revenues	95,442	58,477	11,371	1,816	167,106
Cost of sales	(74,270)	(34,198)	(7,137)	(2,908)	(118,513)
Shipping and handling costs	(6,975)	(984)	(132)	(12)	(8,103)
Gross profit	14,197	23,295	4,102	6,999	48,593

18 VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	PAYMENTS WRITE-OFFS	CHARGES TO COST AND EXPENSES	INTEREST/ MONETARY CORRECTION	BALANCE AT END OF YEAR
Provisions off set against assets balances					
Allowance for doubtful accounts	1,171	(294)	37		914
Allowance for slow moving and obsolete inventories			1,223		1,223
Valuation allowance on deferred income taxes assets	49,003		13,977		62,980
Reserves					
Provision for contingencies	5,791	(142)		491	6,140
Accrued liability for legal proceedings	37,383		21,394	7,263	66,040
Environment remediation contingencies	4,777				4,777
Liabilities and contingencies distributed to Micropar Ltda.	13,010	(549)		1,124	13,585

* * *

EXHIBIT 99.2

MICROLITE S.A.
UNAUDITED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
AT MARCH 31, 2004 AND 2003

MICROLITE S.A.

CONSOLIDATED INTERIM BALANCE SHEETS
EXPRESSED IN THOUSANDS OF REAIS

	MARCH 31 (UNAUDITED) 2004	2003	DECEMBER 31, 2003
ASSETS			
Current assets			
Cash and cash equivalents	231	517	1,239
Trade accounts receivable, net	3,747	9,830	6,995
Recoverable taxes	2,992	4,529	2,224
Inventories, net	25,043	33,695	28,031
Prepaid expenses	737	2,432	478
Other	1,757	1,794	1,730
	34,507	52,797	40,697
Property, plant and equipment, net	35,886	41,115	37,430
Other assets			
Restricted deposits for legal proceedings	327	269	643
Restricted deposits for legal proceedings distributed to Micropar Ltda.	5,427	5,240	5,408
Other	87	930	186
	5,841	6,439	6,237
Total assets	76,234	100,351	84,364
LIABILITIES AND NET CAPITAL DEFICIENCY			
Current liabilities			
Accounts payable	14,223	19,285	15,504
Short-term debt	32,146	36,126	32,969
Taxes payable, other than income taxes	1,117	1,790	570
Payroll and related charges	2,932	3,036	3,049
Accrued pension cost liability	586	586	586
Customer accruals	3,934	5,316	4,427
Tax liabilities and contingencies transferred to Micropar Ltda.	262		259
Other	4,280	4,377	4,545
	59,480	70,516	61,909
Long-term liabilities			
Taxes payable, other than income taxes	1,416	1,416	1,416
Provision for contingencies	6,320	5,805	6,140
Accrued liability for legal proceedings	70,587	42,449	66,040
Accrued pension cost liability	3,794	3,420	3,646
Environment remediation liabilities	4,776	4,776	4,777
Tax liabilities and contingencies transferred to Micropar Ltda.	13,534	13,276	13,326
	100,427	71,142	95,345
Restricted deposits distributed to Micropar Ltda.	5,427	5,240	5,408
Commitments and contingencies (Note 8)			
Net capital deficiency			
Share capital (732,508 thousand common and 1,367,408 thousand preferred shares authorized, issued and outstanding with no par value)	32,919	32,919	32,919
Appropriated retained earnings		3,585	
Unappropriated accumulated losses	(122,019)	(83,051)	(111,217)

Total net capital deficiency	(89,100)	(46,547)	(78,298)
Total liabilities and net capital deficiency	76,234	100,351	84,364

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
EXPRESSED IN THOUSANDS OF REAIS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES

	THREE-MONTH PERIODS ENDED MARCH 31	
	2004	2003
NET SALES	36,056	38,354
Cost of sales	(25,968)	(28,090)
GROSS PROFIT	10,088	10,264
Selling, general and administrative expenses	(16,781)	(13,003)
Other operating income (expenses), net	1,334	1,696
OPERATING LOSS	(5,359)	(1,043)
Non-operating income (expenses)		
Financial income	599	656
Financial expenses	(6,099)	(9,754)
Foreign exchange gain (loss), net	57	682
LOSS BEFORE TAXES ON INCOME	(10,802)	(9,459)
Taxes on income - benefit (expense)	--	--
NET LOSS AND COMPREHENSIVE LOSS	(10,802)	(9,459)
BASIC AND DILUTED LOSS PER THOUSAND SHARES - R$		
Preferred shares	(5.14)	(4.50)
Common shares	(5.14)	(4.50)
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED - THOUSANDS OF SHARES		
Preferred shares	1,367,408	1,367,408
Common shares	732,508	732,508

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

UNAUDITED CONSOLIDATED INTERIM
STATEMENTS OF CASH FLOWS
EXPRESSED IN THOUSANDS OF REAIS

	THREE-MONTH PERIODS ENDED MARCH 31	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(10,802)	(9,459)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation of property, plant and equipment	1,751	1,749
Gain on disposal of property, plant and equipment	(242)	
Monetary and foreign currency exchange variations Accruals, net	5,843	5,608
Provision for contingencies		1,113
Decrease (increase) in assets		
Trade accounts receivable	3,248	2,689
Inventories	2,988	(6,956)
Other	(830)	(2,043)
Increase (decrease) in liabilities		
Accounts payable	(1,281)	729
Payroll and related charges	(117)	(265)
Accrued liability for legal proceedings, net of restricted deposits	251	589
Other	(208)	469
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	601	(5,777)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(79)	(588)
Proceeds from disposal of property, plant and equipment	114	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	35	(588)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term debt issuances and repayments, net	(1,644)	5,758
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(1,644)	5,758
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,008)	(607)
Cash and cash equivalents, beginning of the period	1,239	1,124
Cash and cash equivalents, end of the period	231	517
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for interest	(748)	(1,406)

The accompanying notes are an integral part of these consolidated financial statements.

MICROLITE S.A.

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF
CHANGES IN NET CAPITAL DEFICIENCY
EXPRESSED IN THOUSANDS OF REAIS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES

	THREE-MONTH PERIOD ENDED MARCH 31, 2004		
	THOUSANDS OF SHARES		
	PREFERRED	COMMON	REAIS
Share capital			
Beginning and end of the period	1,367,408	732,508	32,919
Unappropriated accumulated losses			
Beginning of period			(111,217)
Net loss for the period			(10,802)
End of the period			(122,019)
Total net capital deficiency			(89,100)

	THREE-MONTH PERIOD ENDED MARCH 31, 2003		
Share capital			
Beginning and end of the period	1,367,408	732,508	32,919
Appropriated retained earnings			
Beginning and end of the period			3,585
Unappropriated accumulated losses			
Beginning of the period			(73,592)
Net loss for the period			(9,459)
End of the period			(83,051)
Total net capital deficiency			(46,547)

The accompanying notes are an integral part of these consolidated interim
financial statements.

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1. OPERATIONS

Microlite S.A. (the "Company") manufactures, imports and markets zinc-carbon batteries, alkaline batteries and flashlights. The Company was created in 1951 and entered into a joint venture with Rayovac International Corp. of Panama in 1954. The Company is the owner of the "Rayovac" and "Maxpower" brands in Brazil and in certain countries outside Brazil and operates two factories located in Jaboatao dos Guararapes and Ipojuca in the state of Pernambuco. The administrative headquarters are located in Guarulhos in the state of Sao Paulo in a facility leased from Micropar Ltda., a related party, as further described below.

During 2002, the following corporate restructuring was carried out:

- The wholly-owned subsidiary Ipojuca Eletrometalurgica S.A. legally spun-off (through a cisao under Brazilian law) the building where the Ipojuca plant operates. Ipojuca Empreendimentos e Participacoes S.A. is also a wholly-owned subsidiary of the Company.

- Following the spin-off, Ipojuca Eletrometalurgica S.A. was merged into the Company.

- The shareholders of the Company incorporated Micropar Ltda. ("Micropar"), a limited liability company, and on June 27, 2002 the shareholders of the Company and quotaholders of Micropar (which were the same at that time) approved a cisao under Brazilian law of certain assets and liabilities of Microlite to Micropar which was recorded as a distribution to Micropar on June 27, 2002. The assets transferred consisted of real estate held for sale located in Guarulhos (the "Guarulhos property") where the administrative headquarters of the Company are located but not used for production since 1999, restricted deposits for legal proceedings and compulsory loans made to Eletrobras, the government-owned utility company. Liabilities transferred consisted of contingent tax liabilities for which the tax authorities had issued assessments against the Company, taxes payable refinanced under the REFIS program (a program to refinance unpaid taxes established by the Brazilian federal government), and ICMS (Imposto sobre Circulacao de Mercadorias e Servicos, a state value-added type tax) payable in the long-term as result of state tax incentives.

Micropar has issued a guarantee to the Company by which, in the event of non-payment by the Company, it commits to pay to the appropriate creditors the contingent tax liabilities, the amounts due under the REFIS program and ICMS payable.

Although the assets and liabilities described above have been subject to the cisao and are considered to have been distributed to Micropar, certain assets and liabilities continue to be recorded in the financial statements of the Company as described below:

(a) The Company has entered into a lease agreement with Micropar at no charge and for an indefinite period for the Guarulhos property. Approximately 2,000 square meters of the total 25,000 square meters of the Guarulhos property serve as the administrative headquarters of the Company and the remaining area is not being utilized. Under the terms of the lease the Company is responsible for all maintenance expenses of the property. Considering the Company's continuous involvement with the Guarulhos property through the lease agreement the cost of the property continues to be recorded as an asset in the financial statements of the Company. Upon termination of the lease agreement and, consequently, of the continuous involvement of the Company, the distribution of the Guarulhos property is expected to be recorded as a reduction in equity. See also Note 9.

(b) The tax liabilities and tax contingencies which were part of the spin-off continued to be in the books of the Company since the Company is the primary obligor and the criteria for de-recognition of liabilities under SFAS No. 140 - "Accounting for transfers and servicing of financial assets and extinguishment of liabilities" have not been met. As such, the Company continues to record the tax liabilities and contingencies on its balance sheet under "Tax liabilities and contingencies distributed to Micropar Ltda." and discloses the tax contingencies in Note 7. In spite of the distribution, the amounts due under the REFIS after the cisao continued to be paid by Microlite and were recorded as a reduction in the liability.

(c) Restricted deposits for legal proceedings are related to tax litigation in which the Company is the plaintiff and the Brazilian Internal Revenue Service is the defendant. Ownership of the restricted deposits continues to be in the name of the Company and as such the deposits continue to be recorded in the financial statements of the Company. Upon the "cisao" the Company recorded the distribution of the restricted deposits as a reduction in equity and an increase in "mezzanine" equity under "Restricted deposits distributed to Micropar Ltda". No provision has been recorded for the tax litigation related to the restricted deposits since the Company considers that probability of loss in such litigation is remote. The amount recorded under "mezzanine" equity represents the responsibility to transfer to Micropar the cash, currently restricted, once released upon finalization of the tax litigation if the Company is successful.

The Company has presented operating and net losses during the last years. As of March 31, 2004 current liabilities exceeded current assets by approximately R$ 24,973 and the net capital deficiency was R$ 89,100. The ability of the Company to continue as a going concern as of March 31, 2004 was dependent on continued financing from financial institutions or financial resources provided by its shareholders. On February 21, 2004 the shareholders entered into a "Share Purchase Agreement" to sell the outstanding shares of the Company to Rayovac Corporation. The sale was consummated on May 28, 2004 when the shares were transferred to Rayovac Battery Participacoes Ltda., a subsidiary of Rayovac Corporation. On June 14 and June 22, 2004, Rayovac Corporation made capital contributions to the Company of R$ 18,578 and R$ 6,201, respectively (equivalent to US$ 6 million and US$ 2 million translated at the exchange rate on the dates of contribution). In addition, Rayovac Corporation committed to provide financial support for Microlite, if required, to meet its financial obligations until at least through June 23, 2005 through loans, capital contributions, guarantees of loans from financial institutions or other means deemed appropriate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION AND CONSOLIDATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which differ in certain significant respects from accounting principles adopted in Brazil for statutory and tax purposes.

The consolidated financial information for the three-month periods ended March 31, 2004 and 2003 is un-audited. However, in the opinion of management, this financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for the interim periods presented. The results for the three-month period ended March 31, 2004 are not necessarily indicative of the results expected for the entire year. This consolidated financial information has been prepared substantially on the same basis as the consolidated financial statements as of and for the year ended December 31, 2003 and should be read in conjunction therewith.

The consolidated financial statements include the financial position and results of operations of the Company and its wholly-owned subsidiary Ipojuca Empreendimentos e Participacoes S.A.

All significant intercompany accounts and transactions have been eliminated.

(b) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation no. 46 (FIN 46), "Consolidation of Variable Interest Entities" which was subsequently modified by FIN 46R issued in December 2003. FIN 46R requires non public companies, like the Company, to apply FIN 46R to variable interest entities created before February 1, 2003 no later than the end of the first annual reporting period beginning after June 15, 2003. Therefore, the Company must apply FIN 46R as of December 31, 2004 for variable interest entities created before February 1, 2003, such as Micropar. The Company is currently assessing the effects that FIN 46R may have upon its effective date on December 31, 2004 with respect to its relationships with Micropar.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

3. TAXES ON INCOME

(a) ANALYSIS OF TAX BALANCES
The major components of the deferred tax accounts in the balance sheet are as follows:

	MARCH 31, 2004	MARCH 31, 2003	DECEMBER 31, 2003
CURRENT DEFERRED TAX ASSETS			
Deferred taxes on allowance for doubtful accounts	270	353	311
Deferred taxes on allowance for slow moving and obsolete inventories	416	416	416
Deferred taxes on customer accruals	1,337	1,807	1,506
Total current deferred tax assets	2,023	2,576	2,233
Valuation allowance	(2,023)	(2,576)	(2,233)
	--	--	--
NON-CURRENT DEFERRED TAX ASSETS, NET			
Net operating loss carry forwards	24,839	21,359	22,199
Deferred taxes on provision for pension plan	1,290	1,163	1,439
Deferred taxes on provision for contingencies	26,148	16,406	24,541
Deferred taxes on environmental remediation liabilities	1,624	1,624	1,624
Tax liabilities and contingencies distributed to Micropar Ltda.	4,691	4,649	4,619
Reversal of revaluation on property, plant and equipment	4,349	4,425	4,371
Other deferred tax assets	2,662	861	2,024
Other deferred tax liabilities	(49)	(90)	(70)
Total	65,554	50,397	60,747
Valuation allowance	(65,554)	(50,397)	(60,747)
	--	--	--

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

Net operating loss carry forwards of the Company as of March 31, 2004 are presented below:

	MARCH 31, 2004
Tax losses for income tax purposes	69,030
Tax losses for social contribution on income purposes	84,240

Federal income tax and social contribution regulations currently state that tax losses may offset no more than 30% of taxable income in any given year.

During the three-month periods ended March 31, 2004 and 2003, a valuation allowance has been recorded for an amount equal to the tax benefit that would have resulted from applying the statutory income tax and social contribution rate of 34% to the pre-tax loss for the respective period.

4. INVENTORIES

	MARCH 31, 2004	MARCH 31, 2003	DECEMBER 31, 2003
Finished products	8,972	13,101	13,255
Unfinished products	3,747	4,327	3,246
Raw material and auxiliary supplies	8,921	10,627	8,017
Spare parts	3,270	3,246	3,249
Imports in transit	1,356	3,617	1,487
Allowance for slow moving and obsolete inventories	(1,223)	(1,223)	(1,223)
	25,043	33,695	28,031

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

5. SHORT-TERM DEBT

PURPOSE	FINANCIAL CHARGES	MARCH 31, 2004	MARCH 31, 2003	DECEMBER 31, 2003
Domestic currency				
Bank loan	Interest from 26.60% to 28.38% p.a.	8,715	21,081	5,186
Vendor program	1.55% p.a	4,599	2,945	9,827
Foreign currency				
Advance of foreign exchange contracts	Interest from 6.10% to 12% p.a.	6,142	7,726	6,594
Import financing	Interest from 6.37% to 9.75% p.a.	12,690	4,374	11,362
		32,146	36,126	32,969

Domestic financing as of March 31, 2004 matures on May 10, 2004, and foreign currency financing matures between April 5, 2004 and March 4, 2005 and is guaranteed by sureties provided by the fully-owned subsidiary Ipojuca Empreendimentos e Participacoes S.A.

The Company offers to certain of its customers the ability to finance their purchase under a "vendor program" whereby the customer enters into a loan agreement with certain banks for a period varying between 14 and 120 days. The Company's customer is the primary obligor of the loan and the Company provides the bank with a guarantee to repay the loan if the customer does not pay at maturity. The interest charged by the bank during the financing period is either assumed by the customer or by the Company, depending on the agreement reached with each customer. The Company recognizes sales revenue under vendor agreements following the same criteria followed for all its sales and only after acceptance of delivery of goods by the customer. Upon receiving payment from the bank, the Company recognizes a reduction in accounts receivable. In instances where the Company has invoiced for products sold and received payment from the bank, but the conditions for recognizing revenue have not yet been met, the Company recognizes a liability under "Short-term debt". See Note 8(c) for a description of the accounting for the guarantees issued to the banks under the vendor program.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

6. NET CAPITAL DEFICIENCY

(a) SHARE CAPITAL AND SHARE RIGHTS

Total authorized, issued and outstanding share capital of the Company is 1,367,408 preferred shares and 732,508 common shares.

Each holder of common shares is entitled to one vote for each share held on all matters that come before a shareholders' meeting. Preferred shares are not redeemable, nor convertible into common shares, and have no voting rights, but are assured priority for return of capital in the event of liquidation.

(b) COMPOSITION OF CAPITAL (AS OF ALL DATES PRESENTED)

		THOUSANDS OF SHARES		
	PERCENTAGE OF TOTAL	COMMON	PREFERRED	TOTAL
Interelectrica Administracao e Participacoes Ltda. Varta Group	7.14	59,984	90,000	149,984
Varta Aktiengeselischaft	53.33	306,270	813,552	1,119,822
Tabriza Brasil Empreendimentos e Participacoes Ltda	18.20	366,254	16,031	382,285
Samuel Barata and Estrela Barata	21.33		447,825	447,825
	100.00	732,508	1,367,408	2,099,916

(c) UN-APPROPRIATED ACCUMULATED LOSSES

Brazilian Corporate Law and the Company's by-laws require that certain appropriations be made from retained earnings to reserve accounts on an annual basis. The purpose and basis of appropriation to such reserves is described below:

Legal reserve - the legal reserve results from appropriations from retained earnings of 5% of annual net income as stated in the statutory accounting records prepared in accordance with accounting practices adopted in Brazil. Such appropriations are required until the balance reaches 20% of the balance of share capital, based on the statutory accounting records. At March 31, 2004 such total capital was R$ 32,919 thousand and no legal reserve exists.

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

Brazilian law permits the payment of dividends and interest attributed to shareholders' equity only in reais and from retained earnings as stated in the accounting records prepared in accordance with accounting practices adopted in Brazil. At March 31, 2004, accumulated losses as per such records amounted to R$ 64,422 thousand.

(d) EARNINGS PER SHARE

SFAS No. 128, "Earnings per share", addresses computation, presentation and disclosure requirements for earnings per share.

Since common and preferred shareholders equally share in losses, the basic loss per share is computed by dividing net loss for the period attributable to common and preferred shares by the weighted-average number of shares of each class outstanding during the period.

No instruments are outstanding which may have a dilutive or antidilutive effect.

The computation of basic and diluted loss per share is as follows:

	THREE-MONTHS PERIOD ENDED MARCH 31, 2004		
	COMMON	PREFERRED	TOTAL
Basic and diluted numerator			
Undistributed losses attributable to common and Preferred shareholders	(3,768)	(7,034)	(10,802)
Basic and diluted denominator			
Weighted-average outstanding shares (thousand)	732,508	1,367,408	
Loss per thousand shares (in reais) - basic and diluted	(5.14)	(5.14)	

	THREE-MONTHS PERIOD ENDED MARCH 31, 2003		
	COMMON	PREFERRED	TOTAL
Basic and diluted numerator			
Undistributed losses attributable to common and Preferred shareholders	(3,300)	(6,159)	(9,459)
Basic and diluted denominator			
Weighted-average outstanding shares (thousand)	732,508	1,367,408	
Loss per thousand shares (in reais) - basic and diluted	(4.50)	(4.50)	

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

7. TAX LIABILITIES AND CONTINGENCIES DISTRIBUTED TO MICROPAR LTDA.

	MARCH 31, 2004	MARCH 31, 2003	DECEMBER 31, 2003
Tax incentives payable - FDS (i)	5,456	5,456	5,456
REFIS (ii)	2,441	--	2,445
Tax contingencies (iii)	5,899	7,820	5,684
	13,796	13,276	13,585
Total short-term	(262)		(259)
Total long-term	13,534	13,276	13,326

As described in Note 1, certain liabilities were legally distributed to Micropar but do not meet the requirements for de-recognition of such liabilities from the consolidated balance sheet of the Company. Such liabilities correspond to the following:

(i) Industrial Development Fund of Suape (FDS) tax benefits obtained by Ipojuca through 1999 whereby 50% of the ICMS (a value added tax) payable each month is payable over 10 years without interest or monetary correction.

(ii) In July 2003, the Company entered into the REFIS program to refinance certain federal taxes over 120 months.

(iii) Tax contingencies are related to a tax process filed against the Company by the tax authorities of the State of Sao Paulo to revert monetarily corrected credits taken by the Company for value added taxes during the years of 1994 and 1996.

As further described in Note 1, the Company has also legally distributed to Micropar certain tax contingencies for all of which a loss is considered reasonably possible. The Company is also the primary obligor with respect to the contingent liabilities, if finally payable. As of March 31, 2004, these contingent liabilities amount to R$ 182.

As part of the sale of the shares of the Company to Rayovac Corporation consummated on May 28, 2004, the selling shareholders have committed, subject to certain limitations (including a cap on all items except for tax liabilities spun off to Micropar), to cause Micropar to pay all its liabilities (including the liabilities and contingencies distributed and described above).

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

8. COMMITMENTS AND CONTINGENCIES

(a) CONTINGENCIES

The Company is party to claims with respect to certain taxes, contributions and labor issues. In addition the Company has, based on legal counsel advice, applied certain credits against taxes payable, although contrary to the text of enacted tax law, based on grounds of unconstitutionality of the law. Considering that the amounts are still due under the law, however, the Company has recorded a provision for the compensated amounts plus related interest.

Management believes, based in part on advice from legal counsel, that the reserve for contingencies is sufficient to meet probable and reasonably estimable losses in the event of unfavorable rulings. However, the ultimate resolution of the contingencies may have a significant effect on the consolidated financial position, results of operations and cash flows of the Company.

The following table summarizes the contingent claims and related judicial deposits:

	MARCH 31, 2004		MARCH 31, 2003		DECEMBER 31, 2003	
	CONTINGENCIES	RESTRICTED DEPOSITS FOR LEGAL PROCEEDINGS	CONTINGENCIES	RESTRICTED DEPOSITS FOR LEGAL PROCEEDINGS	CONTINGENCIES	RESTRICTED DEPOSITS FOR LEGAL PROCEEDINGS
Tax	74,360		45,808		69,779	
Labor	2,547	327	2,446	269	2,401	643
	76,907	327	48,254	269	72,180	643

The provision for tax contingencies is related to the following two matters:

(i) The Company is challenging a limitation on tax loss offsets imposed by Brazilian Law whereby federal income tax regulations limits to 30% of annual income before taxes the tax losses available for offsetting taxable income. The Company challenged this limitation on the grounds that it is unconstitutional and obtained a legal injunction providing protection against possible fines. The Company has recorded a provision related to income taxes payable that were not paid for having offset tax losses in excess of the 30% limited mentioned before for R$ 3,773 as at March 31, 2004 (R$ 3,359 at March 31, 2003 and R$ 3,739 at December 31, 2003).

(ii) The Company has offset IPI (a value added type tax) using a calculation formula which is not in accordance with the basis established by enacted tax law for determination of tax liabilities. The Company is challenging in court the constitutionality of the provisions of that law. Although not in accordance with enacted tax law, the offsets have still been made to reduce taxes payable, based on the opinion of legal advisors and management's conclusion that a favorable decision from the courts is probable. This opinion is supported by definitive rulings of the Federal Supreme Court in respect of similar cases of other companies.

Considering that offset IPI taxes still constitute taxes payable under current tax law, the Company recorded liabilities totaling R$ 70,587 (R$ 42,449 at March 31, 2003 and R$ 66,040 at December 31, 2003) for the amounts originally offset. The Company will be legally released from such tax liability in the event of a definitive favorable decision by the courts on the specific lawsuit brought in by the Company.

(b) ENVIRONMENTAL REMEDIATION LIABILITIES

As part of its battery manufacturing process, the Company uses certain substances that may pose environmental hazards. The Company is aware of the presence of certain contaminating substances in the soil and water of its factory located in Jaboatao dos Guararapes.

Under Brazilian law, damages to the environment, including contamination are subject to administrative, civil and criminal responsibilities. Civil responsibilities include a responsibility to either remediate or indemnify affected third parties.

Based on legal counsel's opinion, the Company has a legal liability to perform remediation efforts at its factory in Jabotao dos Guararapes.

The Company has performed a preliminary remediation plan which includes preliminary estimations of the costs to remediate based on its review of the site, the areas affected, the substances involved, and the expected nature of the anticipated remediation activities to be undertaken. The Company's estimation includes determining the expected remediation methods, and a range of estimates of costs for each step of the remediation. The Company has employed outside consultants to assist in making such determinations. Although the ultimate costs associated with the remediation are not known, the Company currently estimates the total costs to be in the range of between R$ 3,100 and R$ 7,500 at March 31, 2004 and has accrued R$ 4,776 which it believes is the best estimate at this moment.

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On May 24, 2004 the Company communicated to CPRH, the environmental agency of the state of Pernambuco, of the technical information related to the site contamination, its intention to perform the remediation activities imposed by the law, and its commitment to perform additional technical studies, including a more detailed remediation plan for submission to the agency within 45 days. As of the date of preparation of these financial statements the estimates of costs and timing are preliminary and the amount of the provision has not been discounted to present value.

Considering the early stage of the process to estimate the costs and the uncertainties inherent in determining the costs associated with the clean-up of contamination, including the time periods over which such costs must be paid, there can be no assurance that the final costs of remediation may not differ from the estimated remediation costs.

(c) VENDOR FINANCING

The Company provides guarantees to certain banks, not in excess of 120 days, for financing provided by the bank of sales to certain customers. Under the vendor program the Company is the secondary obligor to the bank and monitors the amount due from the customer to the bank. The Company periodically reviews the adequacy of its allowance for doubtful accounts and adjusts the Company's allowance accordingly. At March 31, 2004, the face value of customer guarantees totaled R$ 33,905 (R$ 30,105 at March 31, 2003 and R$ 33,204 at December 31, 2003). The estimate of the fair value of such guarantees as of March 31, 2004 is R$ 14 (R$ 11 at March 31, 2003 and R$ 14 at December 31, 2003), which is presented under "Other liabilities".

9. RELATED PARTIES

Assets and liabilities at March 31, 2004 and 2003, as well as transactions during the periods arising from transactions with related parties, are presented below:

	MARCH 31, 2004	MARCH 31, 2003
Balances		
Accounts payable	555	402
Transactions		
Purchases	374	301

EXPRESSED IN THOUSANDS OF REAIS, UNLESS OTHERWISE STATED

As of June 2002, the Company leases from Micropar a facility of approximately 25,000 square meters located in Guarulhos free of rent. A portion of the area is used for the administrative headquarters of the Company, and the rest is not currently being used. Under the terms of the lease, the Company is responsible for all maintenance expenses of the property, which amounted to approximately R$ 115 during the quarter ended March 31, 2004 (R$ 95 during the quarter ended March 31, 2003). On May 28, 2004 the Company and Micropar modified the terms of the lease, and it has been agreed that it will expire without penalty to any party no later than 120 days as from the date of the modification.

10. SEGMENT INFORMATION

	THREE-MONTHS PERIOD ENDED MARCH 31, 2004				
	ZINC-CARBON BATTERIES	ALKALINE BATTERIES	FLASHLIGHTS	ADJUSTMENTS	TOTAL AS PER FINANCIAL STATEMENTS
Net sales revenues	17,754	11,358	1,471	5,473	36,056
Cost of sales	(14,393)	(7,067)	(916)	(3,587)	(25,968)
Shipping and handling Costs	(1,343)	(245)	(20)	(8)	(1,616)
Gross profit per segment	2,018	4,046	535	3,494	10,088

	THREE-MONTHS PERIOD ENDED MARCH 31, 2003				
	ZINC-CARBON BATTERIES	ALKALINE BATTERIES	FLASHLIGHTS	ADJUSTMENTS	TOTAL AS PER FINANCIAL STATEMENTS
Net sales revenues	20,888	11,345	2,151	3,970	38,354
Cost of sales	(15,751)	(7,593)	(1,421)	(3,325)	(28,090)
Shipping and handling costs	(1,400)	(216)	(29)	(6)	(1,651)
Gross profit per segment	3,737	3,536	701	2,290	10,264

* * *

EXHIBIT 99.3

RAYOVAC CORPORATION
NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (UNAUDITED)

INTRODUCTORY INFORMATION

The following unaudited pro forma condensed combined financial information sets forth the combined balance sheet as of March 28, 2004 and the combined results of operations of Rayovac Corporation (the "Company") and Microlite S.A. ("Microlite") assuming the Company purchased Microlite as of October 1, 2002. Certain reclassifications have been made to the historical financial statements of Microlite to conform to the Company's financial presentation.

On May 28, 2004, the Company acquired all of the equity interests in Microlite, a Brazilian battery company, from VARTA AG of Germany and Tabriza Brasil Empreendimentos Ltda. Microlite operates two battery-manufacturing facilities in Recife, Brazil and has several strategically located sales and distribution centers throughout Brazil. Microlite manufactures and sells both alkaline and zinc carbon batteries as well as battery-operated lighting products. Microlite has operated as an independent company since 1982. The acquisition of Microlite consolidates the Company's rights to the Rayovac brand name around the world.

The transaction closed on May 28, 2004 with a total purchase price of approximately $21,500 in cash plus approximately $8,000 of assumed debt. In addition, the Company prepaid contingent consideration totaling $7,000 that will be earned by the seller, Tabriza, upon the attainment by Microlite of certain earnings targets to be achieved through June 30, 2005. The Company is currently finalizing integration plans, which may impact the Company's estimates of the net assets acquired in the transaction.

The following unaudited pro forma financial information should be read in conjunction with the Company's audited and unaudited financial statements, including the notes thereto, contained in: (i) the Rayovac Annual Report on Form 10-K for the year ended September 30, 2003 and (ii) Rayovac's Quarterly Reports on Form 10-Q for the six month period ended March 28, 2004.

RAYOVAC CORPORATION
PRO FORMA CONDENSED COMBINED BALANCE SHEET
March 28, 2004
(Unaudited)
(Amounts in thousands)

	RAYOVAC	MICROLITE(A)	PRO FORMA ADJUSTMENTS(B)	PRO FORMA CONDENSED COMBINED
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 34,334	$ 79	$ --	$ 34,413
Receivables	259,753	1,274	--	261,027
Inventories	196,126	8,518	--	204,644
Prepaid expenses and other	87,530	1,866	--	89,396
Total current assets	577,743	11,737	--	589,480
Property, plant and equipment, net	143,960	12,206	--	156,166
Goodwill	246,685	--	50,586	297,271
Deferred charges and other, net	96,479	1,987	--	98,466
Intangible assets, net	418,969	--	--	418,969
Total assets	$ 1,483,836	$ 25,930	$ 50,586	$ 1,560,352
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities:				
Current maturities of long-term debt	$ 11,725	$ 10,934	$ --	$ 22,659
Accounts payable	134,446	4,838	--	139,284
Accrued liabilities	191,743	4,460	--	196,203
Total current liabilities	337,914	20,231	--	358,145
Long-term debt, net of current maturities	779,887	--	28,500	779,887
Employee benefit obligations, net of current portion	64,423	--	--	92,923
Other	40,569	36,005	--	76,574
Total liabilities	1,222,793	56,236	28,500	1,307,529
Total shareholders' equity	261,043	(30,306)	22,086	252,823
Total liabilities and shareholders' equity	$ 1,483,836	$ 25,930	$ 50,586	$ 1,560,352

See accompanying notes which are an integral part of
this pro forma condensed financial information.

RAYOVAC CORPORATION
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended September 30, 2003
(Unaudited)
(Amounts in thousands, except per share figures)

	RAYOVAC	MICROLITE (A)	PRO FORMA ADJUSTMENTS (B)	PRO FORMA CONDENSED COMBINED
Net sales	$ 922,122	$ 51,921	$ --	$ 974,043
Cost of goods sold	570,579	38,139	--	608,718
Gross profit	351,543	13,782	--	365,325
Selling, general and administrative expenses	291,901	22,785	--	314,686
Income (loss) from operations	59,642	(9,003)	--	50,639
Interest expense	37,182	2,590	1,369	41,141
Other income, net	575	1,531	--	2,106
Income (loss) before income taxes	23,035	(10,062)	(1,369)	11,604
Income tax expense (benefit)	7,553	--	(4,344)	3,209
Income (loss) from continuing operations	15,482	(10,062)	2,975	8,395
Loss from discontinued operations	--	--	--	--
Net income (loss)	$ 15,482	$ (10,062)	$ 2,975	$ 8,395
BASIC EARNINGS PER SHARE				
Weighted average shares and equivalents outstanding	31,847			31,847
Income from continuing operations	$ 0.49			$ 0.26
Discontinued Operations	--			--
Net income	$ 0.49			$ 0.26
DILUTED EARNINGS PER SHARE				
Weighted average shares and equivalents outstanding	32,556			32,556
Income from continuing operations	$ 0.48			$ 0.26
Discontinued Operations	--			--
Net income	$ 0.48			$ 0.26

See accompanying notes which are an integral part of this pro forma condensed financial information.

RAYOVAC CORPORATION
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the six month period ended March 28, 2004
(Unaudited)
(Amounts in thousands, except per share figures)

	RAYOVAC	MICROLITE (A)	PRO FORMA ADJUSTMENTS (B)	PRO FORMA CONDENSED COMBINED
Net sales	$ 732,033	$ 29,129	$ --	$ 761,162
Cost of goods sold	416,163	20,690	--	436,853
Gross profit	315,870	8,439	--	324,309
Selling, general and administrative expenses	243,655	15,004	--	258,659
Income (loss) from operations	72,215	(6,565)	--	65,650
Interest expense	33,424	894	660	34,978
Other income, net	1,733	163	--	1,896
Income (loss) before income taxes	40,524	(7,296)	(660)	32,568
Income tax expense (benefit)	15,399	--	(3,023)	12,376
Income (loss) from continuing operations	25,125	(7,296)	2,363	20,192
Loss from discontinued operations	(324)	--	--	(324)
Net income (loss)	$ 24,801	$ (7,296)	$ 2,363	$ 19,868
BASIC EARNINGS PER SHARE				
Weighted average shares and equivalents outstanding	32,637			32,637
Income from continuing operations	$ 0.77			$ 0.62
Discontinued Operations	(0.01)			(0.01)
Net income	$ 0.76			$ 0.61
DILUTED EARNINGS PER SHARE				
Weighted average shares and equivalents outstanding	33,703			33,703
Income from continuing operations	$ 0.75			$ 0.60
Discontinued Operations	(0.01)			(0.01)
Net income	$ 0.74			$ 0.59

See accompanying notes which are an integral part of this pro forma condensed financial information.

RAYOVAC CORPORATION
NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(A) Microlite Financial Statement Data was converted from Brazilian Reais at the following rates (pro forma condensed combined statements of operations have been converted using an average exchange rate for the quarter and the pro forma condensed combined balance sheet has been converted using the March 28, 2004 exchange rate):

Three month period ended December 29, 2002:	3.68 Brazilian Reais to the US Dollar.
Three month period ended March 30, 2003:	3.49 Brazilian Reais to the US Dollar.
Three month period ended June 29, 2003:	2.98 Brazilian Reais to the US Dollar.
Three month period ended September 30, 2003:	2.93 Brazilian Reais to the US Dollar.
Three month period ended December 28, 2003:	2.90 Brazilian Reais to the US Dollar.
Three month period ended March 28, 2004:	2.90 Brazilian Reais to the US Dollar.
Balance Sheet as of March 28, 2004:	2.94 Brazilian Reais to the US Dollar.

(B) Pro forma adjustments consist of the following:

(i) Additional interest expense has been included in the condensed combined statements of operations for the year ended September 30, 2003 and the six month period ended March 28, 2004 as if the acquisition of Microlite had occurred October 1, 2002 and the debt incurred as a result of the acquisition was outstanding as of that date.

(ii) Income tax benefits associated with Microlite's operating losses have been recognized in the condensed combined statements of operations for the year ended September 30, 2003 and the six month period ended March 28, 2004 at Rayovac's effective tax rate of 38%.

(iii) Debt issued and goodwill recognized as a result of the acquisition have been included in the condensed combined balance sheet as if the acquisition occurred on March 28, 2004. This pro forma condensed combined financial information assumes the book value of Microlite assets acquired approximate fair market value. A final determination of the fair values and useful lives of such assets may differ materially from the preliminary estimates made by management. Any final adjustments may change the allocation of purchase price which could affect the fair value assigned to the assets and liabilities and could result in a change to the unaudited pro forma condensed combined financial statements.