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For Immediate Release



The Female Health Company Reports Third Quarter Fiscal Year 2006 Results

CHICAGO, August 14, 2006- The Female Health Company (OTC BB FHCO) reported net revenues of \$3,301,206 and net loss attributable to common stockholders of \$(27,460) or \$(0.00) per diluted share for the three months ended June 30, 2006 compared to net revenues of \$2,854,017 and net loss attributable to common stockholders of \$(218,675) or \$(0.01) per diluted share for the three months ended June 30, 2005.

Gross profit increased \$99,358, or 9%, to \$1,194,307 for the three months ended June 30, 2006 from \$1,094,949 for the three months ended June 30, 2005.

Net revenues increased \$447,189, or 16%, to \$3,301,206 for the three months ended June 30, 2006, compared with \$2,854,017 for the same period last year. The strong revenue performance the Company experienced was attributable to an increase in units shipped to global public sector customers during the third quarter of the current fiscal year.

The Company expects significant quarter to quarter variations due to the timing of large orders, production scheduling, and shipping of products.

The Company posted operating income for the three months ended June 30, 2006 of \$2,378 compared to an operating loss of \$(168,303) for the same period last year.

Total operating expenses decreased \$71,323, or 6%, to \$1,191,929 for the three months ended June 30, 2006 compared to \$1,263,252 for the same period last fiscal year.

Selling, general and administrative expenses decreased \$64,349, or 6%, to \$1,080,421 for the three months ended June 30, 2006 from \$1,144,770 for the three months ended June 30, 2005. The Company experienced reductions in amortization of intangible assets, bad debt expense and the reimbursement of expenses related to a Business Linkages Challenge Fund (B.L.C.F.) grant which were partially offset by higher employee compensation costs.

The Company had net revenues of \$10,402,139 and net income attributable to common stockholders of \$68,674 or \$0.00 per diluted share for the nine months ended June 30, 2006 compared to net revenues of \$8,160,234 and a net loss attributable to common stockholders of \$(1,379,967) or \$(0.06) per diluted share for the nine months ended June 30, 2005.

Gross profit increased \$1,167,079, or 42%, to \$3,975,501 for the nine months ended June 30, 2006 from \$2,808,422 for the nine months ended June 30, 2005. The improvement was a result of increased net revenues more than offsetting the less than proportionate increase in variable and fixed costs incurred to manufacture the product. The less than proportionate increase exists because of lower direct material, labor and indirect production costs per unit resulting from efficiencies due to sustaining increased production levels throughout the current fiscal year.

Net revenues increased \$2,241,905 for the nine months ended June 30, 2006, or 27%, compared with the same period last year. Net revenues reached during the first nine months of the 2006 fiscal year were at the highest levels in the Company's history. The net revenues growth was attributable to an increase in units sold to global public sector customers.

The Company shipped 13,801,205 units for the nine months ended June 30, 2006 compared to 9,987,082 for the same period in the prior year. Units shipped during the first nine months of the current fiscal year were the highest in the Company's history. Both year-to-date units sales and orders on hand (scheduled for Q4 of fiscal 2006 and Q1 of fiscal 2007 shipment) are at record levels.

The Company posted operating income for the nine months ended June 30, 2006 of \$158,804 compared to an operating loss of \$(1,210,849) for the same period last year.

Total operating expenses decreased \$202,574, or 5%, to \$3,816,697 for the nine months ended June 30, 2006 compared to \$4,019,271 for the same period last fiscal year.

Selling, general and administrative expenses decreased \$229,490, or 6%, to \$3,542,918 for the nine months ended June 30, 2006 from \$3,772,408 for the nine months ended June 30, 2005. The decrease was primarily due to a reduction of non-cash stock compensation which had been issued during the first half of the prior fiscal year as an inducement to warrant holders who exercised common stock purchase warrants. No similar inducement occurred during the current fiscal year. Part of the expense reduction was offset by higher employee compensation.

The Company generated positive cash flow from operations for the third quarter and the nine month period. Additionally, as of June 30, 2006, the Company's balance sheet included no debt, \$2.2 million in cash and \$4.2 million in stockholders' equity.

The Female Health Company, based in Chicago, owns certain worldwide rights to FC Female Condom™ including patents which have been issued in the United States, United Kingdom, Japan, France, Italy, Germany, Spain, The People's Republic of China, Canada, New Zealand, South Korea and Australia. FC Female Condom™ is the only available product controlled by a woman that protects against sexually transmitted diseases including HIV/AIDS, and unintended pregnancy.

As previously announced, The Female Health Company will host an investor conference call at 11:00 a.m. Eastern time, August 14, 2006. Shareholders and other interested parties may participate in the conference call by dialing 877-860-4996 (international/local participants dial 973-582-2854) and referencing the conference code 7710611, a few minutes before 11:00 a.m. EST on August 14, 2006. A replay call will be available through August 21, 2006 by dialing 877-519-4471 (international callers 973-341-3080) and referencing the conference code is 7710611.

“Safe Harbor” statement under the Private Securities Litigation Reform Action of 1995: The statements in this release which are not historical fact are forward-looking statements based upon the Company's current plans and strategies, and reflect the Company's current assessment of the risks and uncertainties related to its business, including such things as product demand and market acceptance; the economic and business environment and the impact of government pressures; currency risks; capacity; efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings. Actual events affecting the Company and the impact of such events on the Company's operations may vary from those currently anticipated.

For more information about the Female Health Company, dial toll-free via fax, 1-800-PRO-INFO and enter company code “FHCO”. Also, visit the Company's web site at www.femalehealth.com and www.femalecondom.org. If you would like to be added to an e-mail alert list, please send an e-mail to FHCInvestor@femalehealthcompany.com

THE FEMALE HEALTH COMPANY

Unaudited Condensed Consolidated Balance Sheet

	June 30, 2006	June 30, 2005
Cash	\$ 2,208,107	\$ 1,542,822
Restricted cash	215,514	-
Accounts receivable, net	1,914,118	2,183,762
Inventories, net	1,291,087	879,767
Certificate of deposit	49,678	-
Prepaid and other current assets	445,413	365,487
Total current assets	6,123,917	4,971,838
Certificate of deposit	-	47,360
Other non-current assets	187,078	262,435
Net property, plant & equipment	354,317	359,015
TOTAL ASSETS	\$ 6,665,312	\$ 5,640,648
Accounts payable	\$ 456,071	\$ 350,815
Accrued expenses	849,723	642,591
Unearned revenues	-	205,200
Current maturities of obligations under capital leases	-	8,952
Preferred dividends payable	8,390	12,639
Total current liabilities	1,314,184	1,220,197
Deferred gain on sale of facility	1,105,967	1,174,527
Total liabilities	2,420,151	2,394,724
Total stockholders' equity	4,245,161	3,245,924
TOTAL LIABILITIES AND EQUITY	\$ 6,665,312	\$ 5,640,648

