



Female Health Company

2011 Press Releases



## Contacts

### **The Female Health Company**

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## **THE FEMALE HEALTH COMPANY RECEIVES ORDER FROM UNFPA FOR 20 MILLION FC2 FEMALE CONDOMS FOR BRAZIL TO BE DELIVERED WITHIN FY2012**

CHICAGO, December 14, 2011- The Female Health Company ([FHCO-NEWS](#)), today announced that it has received an order from UNFPA for 20 million FC2 Female Condoms for Brazil. Delivery under the contract is expected to commence in March, 2012 and conclude within fiscal year 2012.

Earlier the Company had announced that a tender had been awarded for up to 20 million units. The order just received covers the entire quantity of the tender.

O.B. Parrish, Chairman and C.E.O. of The Female Health Company, noted that the order reflects Brazil's leadership in providing women with options to control their health and in further enhancing their national HIV/AIDS prevention program. It also reflects UNFPA's remarkable global contribution to HIV/AIDS prevention.

"We are very encouraged by recent indications of demand growth from customers that distribute female condoms globally and believe the long-term outlook for the Company remains positive for three reasons: the feminization of HIV/AIDS, the complexity of developing easy-to-use alternative prevention methods, and the emergence of drug resistant strains of sexually transmitted infections (STI's)."

### **About The Female Health Company**

The Female Health Company, based in Chicago, Illinois, manufactures and markets the *FC2 Female Condom®* (FC2), which is available in the U.S. and in about 120 other countries globally. The Company owns certain worldwide rights to the *FC2 Female Condom®*, including patents that have been issued in the U.S., the European Union, Canada, Australia, South Africa, Japan, The People's Republic of China, Spain, Mexico, Greece, Turkey and the African Regional Intellectual Property Organization (ARIPO), which includes Botswana, The Gambia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Sierra Leone, Somalia, Sudan, Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. FC2 patent applications are pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

### ***"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:***

*The statements in this release which are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this release relate to the timing of deliveries under the order for Brazil. These statements are 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, and are made as of the date of this release. The Company assumes no obligation to update any forward-looking statements contained in this release as a result of new information or future events, developments or circumstances. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the*

*global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2011. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).

For Immediate Release

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## **The Female Health Company Reports Fiscal Year 2011 Results**

### **Fourth Quarter Operating Income Exceeds Operating Income During First Nine Months of Fiscal Year by 134%**

#### **Highlights:**

##### Fourth Quarter

- *Gross margin improves to 59.5% vs. 49.2% in first nine months of fiscal year*
- *Operating income of \$2.3 million vs. \$1.0 million in first nine months of fiscal year FY2011*
- *Operating income of \$3.3 million*
- *Company generates \$7.0 million in cash from operations*
- *Net income, including tax benefit, of \$5.4 million*
- *Company pays 8<sup>th</sup> consecutive quarterly dividend of \$0.05 per share on November 9, 2011*

**CHICAGO, December 2, 2011** - The Female Health Company (NASDAQ-CM: [FHCO-NEWS](#)), which manufactures and markets the *FC2 Female Condom*, today reported its financial results for the quarter and fiscal year ended September 30, 2011.

For the three months ended September 30, 2011, unit sales decreased 13% to 12 million units, versus 13.8 million units – the highest quarterly unit sales in the Company’s history -- during the fourth quarter of FY2010. Net revenues decreased 9% to \$7.1 million, compared with \$7.8 million in the three months ended September 30, 2010, as a result of lower unit shipments.

The Company previously announced that results for FY2011 would be negatively impacted by delays in the receipt of large orders from Brazil and the Republic of South Africa (RSA). In November 2011 the Company received an order from the Republic of South Africa Department of Health for 5 million units of FC2 for delivery as soon as possible. Shipments against the order will begin before calendar year end. With respect to the Brazil tender for up to 20 million units, the Company has been advised by UNFPA that an order will be placed through UNFPA. The Company anticipates that the RSA order, any additional orders that may be received from RSA, and the order expected from UNFPA with respect to the Brazilian tender will positively impact FY 2012 results.

Global demand continued to increase during the fourth quarter, as reflected by strong revenue improvement and higher gross margins when compared with the first three quarters of FY2011. Fourth quarter revenues did not include any shipments of product

to either Brazil or RSA departments of health. Gross profit decreased 8% to \$4.2 million, or 59.5% of net revenues, in the most recent quarter, compared with \$4.6 million, or 59.0% of net revenues, in the fourth quarter of FY2010 and 49.2% of net revenues during the first nine months of FY2011. Operating income decreased to \$2.3 million in the three months ended September 30, 2011, compared with \$3.1 million in the prior-year quarter.

The Company reported net income attributable to common shareholders of \$4.5 million, or \$0.16 per diluted share, in the fourth quarter of FY2011, down 18% from the fourth quarter of FY2010, when net income attributable to common shareholders totaled \$5.5 million, or \$0.19 per diluted share. In the fourth quarter of FY2011, the Company recorded a small favorable currency gain of \$0.01 million and a tax benefit of \$2.5 million, compared with an unfavorable currency loss of \$0.1 million and a tax benefit of \$2.8 million in the corresponding period of the previous fiscal year.

The Company expects significant quarter-to-quarter variations in its operating results, due to the timing, receipt and requested shipping schedules of large orders. As reported throughout FY2011, the Company's financial results were negatively impacted by on-going delays involving certain large tenders.

For the year ended September 30, 2011, net revenues decreased 16% to \$18.6 million, compared with \$22.2 million in FY2010, reflecting lower unit shipments, which decreased 16% to 32.9 million units, compared with 38.9 million units in FY2010. Gross profit decreased 24% to \$9.9 million (53.1% of net revenues), compared with \$12.9 million (58.2% of net revenues) in FY2010. Operating income decreased 24% to \$3.3 million in FY2011, compared with \$4.3 million in FY2010, which included a \$1.9 million restructuring charge.

In FY2011, net income attributable to common stockholders decreased 20% to \$5.4 million, or \$0.19 per diluted share, compared with net income attributable to common stockholders of \$6.7 million, or \$0.24 per diluted share, in FY2010. In FY2011, the Company recognized a tax benefit for past losses that added \$2.5 million to net income attributable to common stockholders, whereas a \$2.8 million tax benefit was recognized in FY2010. Stockholders' equity at September 30, 2011 totaled \$16.8 million, versus \$16.1 million at the end of FY2010.

"We are very pleased to report that Fiscal 2011 represented another year of solid profitability for our Company," noted O.B. Parrish, Chief Executive Officer of The Female Health Company. We generated sufficient cash flow to continue our quarterly dividend program during fiscal 2011. After the payment of approximately \$5.5 million in cash dividends, our year-end balance sheet reflected a cash position of over \$4.2 million, compared with \$2.9 million at the end of fiscal 2010. Our Company remains debt-free and has \$2 million available in an unused credit line."

"As noted in previous press releases, timing issues regarding the receipt and shipment of large orders can significantly impact our Company's operating results, positively or negatively. The impact during Fiscal 2011 was significant, illustrating the difficulty of

providing specific revenue and operating earnings guidance. In the future, we intend to provide general comments each quarter regarding the Company's outlook, based upon information available to management at the time.

We believe the demand for FC2 will continue to increase as governments, public health agencies, donor groups, and women's rights organizations seek more effective protection for women in the global battle against HIV/AIDS, and this should be reflected in long-term revenue and earnings growth for the Company. Regarding the outlook for Fiscal 2012, we believe the Company will post record unit sales for the first quarter and that revenue and operating earnings for the year will improve significantly from Fiscal 2011 levels," concluded Parrish.

### **Investor Conference Call**

***As previously announced, the Female Health Company will host an investor conference call at 11:00 a.m. Eastern time, December 2, 2011. Shareholders and other interested parties may participate in the conference call by dialing 877-317-6789 (international participants dial 412-317-6789) and asking to be connected to "The Female Health Company" conference call, a few minutes before 11:00 a.m. Eastern Time on December 2, 2011. A replay of the call will be available one hour after the call through 9:00 a.m. EST on Friday, December 16, 2011 by dialing 877-344-7529 (international callers dial 412-317-0088) and entering the conference ID 10006829.***

### **About The Female Health Company**

The Female Health Company, based in Chicago, Illinois, manufactures and markets the *FC2 Female Condom® (FC2)*, which is available in the U.S. and in about 120 other countries globally. The Company owns certain worldwide rights to the *FC2 Female Condom®*, including patents that have been issued in the U.S., the European Union, Canada, Australia, South Africa, Japan, The People's Republic of China, Spain, Mexico, Greece, Turkey and the African Regional Intellectual Property Organization (ARIPO), which includes Botswana, The Gambia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Sierra Leone, Somalia, Sudan, Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe. FC2 patent applications are pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

### ***"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:***

*The statements in this release which are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this release include statements regarding the*

*timing of receipt by the Company of orders from Brazil and the RSA, underlying demand for FC2, the outlook for FY 2012 and the continuation of cash dividends in future periods. These statements are 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, and are made as of the date of this release. The Company assumes no obligation to update any forward-looking statements contained in this release as a result of new information or future events, developments or circumstances. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).

(Financial Highlights Follow)

**The Female Health Company**  
**Unaudited Condensed Consolidated Balance Sheets**

	September 30, 2011	September 30, 2010
Cash	\$ 4,249,324	\$ 2,918,776
Certificate of deposit	63,875	-
Restricted cash	4,526	4,578
Accounts receivable, net	2,305,473	4,460,517
Income tax receivable	-	28,179
Inventory	2,026,528	2,194,330
Prepaid expenses and other current assets	297,267	284,948
Deferred income taxes	800,000	1,900,000
Total current assets	<u>9,746,993</u>	<u>11,791,328</u>
Other non-current assets	116,360	178,713
Net property, plant & equipment	1,979,438	2,398,060
Deferred income taxes	7,600,000	4,000,000
Total assets	<u>\$ 19,442,791</u>	<u>\$ 18,368,101</u>
Accounts payable	\$ 1,076,994	\$ 586,596
Accrued expenses and other current liabilities	846,591	906,994
Accrued compensation	369,825	444,843
Total current liabilities	<u>2,293,410</u>	<u>1,938,433</u>
Obligations under capital leases	-	12,999
Deferred rent	101,133	-
Deferred grant income	107,481	132,312
Deferred income taxes	188,177	152,227
Total liabilities	<u>2,690,201</u>	<u>2,235,971</u>
Total stockholders' equity	<u>16,752,590</u>	<u>16,132,130</u>
Total liabilities and stockholders' equity	<u>\$ 19,442,791</u>	<u>\$ 18,368,101</u>

**The Female Health Company**  
**Unaudited Condensed Consolidated Income Statements**

	Three Months Ended September 30,	
	2011	2010
Net revenues	\$ 7,109,050	\$ 7,799,923
Cost of sales	2,881,697	3,197,435
Gross profit	4,227,353	4,602,489
Advertising and promotion	87,320	22,991
Selling, general and administrative	1,830,464	1,514,486
Restructuring costs	-	3,478
Total operating expenses	1,917,784	1,540,955
Operating income	2,309,569	3,061,534
Interest, net and other income	814	1,264
Foreign currency transaction gain (loss)	12,993	(91,937)
Income before income taxes	2,323,376	2,970,861
Income tax benefit	(2,191,342)	(2,544,878)
Net income	4,514,718	5,515,739
Net income attributable to common stockholders	\$ 4,514,718	\$ 5,515,739
Net income per basic common share outstanding	\$ 0.17	\$ 0.20
Basic weighted average common shares outstanding	27,301,422	27,211,526
Net income per diluted common share outstanding	\$ 0.16	\$ 0.19
Diluted weighted average common shares outstanding	28,891,118	28,861,955

**The Female Health Company**  
**Unaudited Condensed Consolidated Income Statements**

	Twelve Months Ended September 30,	
	2011	2010
Net revenues	\$ 18,565,102	\$ 22,221,955
Cost of sales	8,699,912	9,297,136
Gross profit	9,865,190	12,924,819
Advertising and promotion	332,764	220,181
Selling, general and administrative	6,226,155	6,425,175
Research and development	10,929	381
Restructuring costs	-	1,929,922
Total operating expenses	6,569,848	8,575,659
Operating income	3,295,342	4,349,160
Interest, net and other income (loss)	(2,109)	29,168
Foreign currency transaction loss	(61,258)	(154,196)
Income before income taxes	3,231,975	4,224,132
Income tax benefit	(2,167,076)	(2,512,946)
Net income	5,399,051	6,737,078
Net income attributable to common stockholders	\$ 5,399,051	\$ 6,737,078
Net income per basic common share outstanding	\$ 0.20	\$ 0.25
Basic weighted average common shares outstanding	27,287,342	26,981,275
Net income per diluted common share outstanding	\$ 0.19	\$ 0.24
Diluted weighted average common shares outstanding	28,971,011	28,545,391

## Contacts

### **The Female Health Company**

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### **THE FEMALE HEALTH COMPANY'S DISTRIBUTOR, SEKUNJALO INVESTMENTS CORPORATION (PTY) Ltd., RECEIVES ORDER FOR 5 MILLION FC2 FEMALE CONDOMS FROM THE REPUBLIC OF SOUTH AFRICA DEPARTMENT OF HEALTH**

CHICAGO, November 22, 2011 - The Female Health Company ([FHCO- NASDAQ-CM](http://FHCO-NASDAQ-CM)) today announced that its exclusive distributor in the Republic of South Africa (RSA), Sekunjalo Investments Corporation (PTY) Ltd., has received an order from the RSA Department of Health (DOH) to supply 5 million FC2 Female Condoms for delivery as soon as possible. Shipments against the order will begin before calendar year end.

O.B. Parrish, Chairman and C.E.O. of The Female Health Company, noted that "the Company applauds South Africa for providing FC2 Female Condoms, a safe, effective product that gives women options to control their sexual health, particularly HIV/AIDS prevention".

"We are very encouraged by recent indications of demand growth from customers that distribute female condoms globally and believe the long-term outlook for the Company remains positive for three reasons: the feminization of HIV/AIDS, the complexity of developing easy-to-use alternative prevention methods, and the emergence of drug resistant strains of sexually transmitted infections (STI's)."

The FC2 Female Condom has been approved by the FDA as a Class III medical device and has been cleared by the World Health Organization for purchase by U. N. Agencies.

### **About The Female Health Company**

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For Immediate Release



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Donna Felch, CFO 312-595-9123

## **The Female Health Company to Report FY2011 Operating Results on Friday, December 2, 2011**

### **Investor Conference Call Scheduled for 11:00 a.m. EST**

CHICAGO, November 22, 2011 -- The Female Health Company (Nasdaq: FHCO) today announced that it will host an investor conference call to discuss its FY2011 operating results on Friday, December 2, 2011 at 11:00 a.m. Eastern Time (EST). The Company expects to report its operating results earlier the same day.

**Shareholders and other interested parties may participate in the conference call by dialing 1-877-374-8416 (international participants dial 1-412-317-6716) and asking to be connected to "The Female Health Company Conference Call" a few minutes before 11:00 a.m. EST on December 2, 2011. A replay of the call will be available one hour after the call through 9:00 a.m. EST on Friday, December 16, 2011 by dialing 877-344-7529 (international callers dial 412-317-0088) and entering the conference ID 10006829.**

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## **The Female Health Company Declares 4<sup>th</sup> Quarter Dividend of \$0.05/share**

CHICAGO, October 7, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), today announced that its Board of Directors has declared a quarterly cash dividend of \$0.05 per share. The dividend is payable November 9, 2011 to stockholders of record as of November 2, 2011. This will be the eighth consecutive quarterly dividend paid since the Company announced the initiation of a cash dividend program in January, 2010.

“The Company’s Board of Directors and Management team believes that the payment of cash dividends allows shareholders to participate directly in the Company’s success” stated O.B. Parrish, Chairman and Chief Executive Officer of The Female Health Company. “Our sustained profitability over the past few years has generated cash from operations in excess of the Company’s capital spending requirements and kept it debt free. We believe that utilizing some of this excess cash flow to pay cash dividends is in the best interests of our shareholders.”

Any future quarterly dividends and the record date for any such dividend will be approved each quarter by the Company’s Board of Directors and announced by the Company. Payment of future dividends is in the discretion of the Board of Directors and the Company may not have sufficient cash flows to continue to pay dividends.

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CHICAGO, Sep. 19, 2011 - The Female Health Company ([FHCO- NASDAQ-CM](#)) today announced that its exclusive distributor in the Republic of South Africa (RSA), Sekunjalo Investments Corporation (PTY) Ltd., was awarded a contract to supply the Ministry of Health (MOH) up to 11 million FC2 Female Condoms. The contract is valid through August 31, 2012. The tender quantity of 11 million units is a significant increase from the RSA's last tender (4 million units), evidencing the country's growing demand for female condoms. Units supplied during the contract term can be increased over the specified quantity at the purchasers' request.

O.B. Parrish, Chairman and C.E.O. of The Female Health Company, noted that "the Company is delighted at RSA's decision to continue to supply our high-quality, effective product that provides women with options to control their sexual health, particularly HIV/AIDS prevention".

The FC2 Female Condom has been approved by the FDA as a Class III medical device and has been cleared by the World Health Organization for purchase by U. N. Agencies.

### **About The Female Health Company**

The Female Health Company (FHC), based in Chicago, Illinois, manufactures and markets the *FC2 Female Condom® (FC2)*, which is available in the U.S. and about 100 other countries around the world. The Company owns certain worldwide rights to the *FC2 Female Condom®*, including patents that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, China, Spain, Mexico, Greece and Turkey and are pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

### **About Sekunjalo Investments Corporation (PTY) Ltd.**

Sekunjalo Investments Corporation Pty Ltd was established fourteen years ago for the express purpose of supplying the South African National Dept. of Health with male condoms on government tender. Sekunjalo has been FHC's chosen partner in the Republic of South Africa for seven years, successfully supplying Female Condoms to hundreds of government clinics across the provinces on tender. The Sekunjalo partnership also owns and operates Barrs Pharmaceuticals, a GMP-approved pharmaceutical

factory located in Cape Town, from which it supplies many medicinal products to governments in Southern Africa, also through tender processes.

**"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:**

*The statements in this release which are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this release relate to the timing and size of shipments under the RSA's contract. These statements are 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, and are made as of the date of this release. The Company assumes no obligation to update any forward-looking statements contained in this release as a result of new information or future events, developments or circumstances. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).

For Immediate Release

**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch 312.595.9123



**The Female Health Company to Present at  
Rodman & Renshaw's Annual Global Investment Conference  
on Tuesday, September 13, 2011**

CHICAGO, September 1, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), which manufactures and markets the *FC2 Female Condom*®, today announced that the Company's CEO, O.B. Parrish, and its CFO, Donna Felch, are scheduled to make a presentation at **Rodman & Renshaw's Global Investment Conference** at 4:05 p.m. on Tuesday, September 13, 2011, in the Empire Room (lobby level).

The Conference will be held September 11-13, 2011 at the New York Waldorf-Astoria in New York City. Additional information on the Conference is available on the Internet at [www.rodmanandrenshaw.com](http://www.rodmanandrenshaw.com).

**About Rodman & Renshaw**

Rodman & Renshaw is a full-service investment banking firm that is dedicated to providing investment banking services to companies that have significant recurring capital needs due to their growth and development strategies. The firm also provides research, sales and trading services to institutional investor clients that focus on such companies.

Through its life sciences investment banking team, Rodman & Renshaw provides a broad range of investment banking services to biotechnology, specialty pharmaceutical, medical device and other companies operating in the life science space. The team consists of seasoned professionals, many of whom have PhDs or other advanced medical or scientific degrees. Their experience and expertise enable the firm to deliver the specialized advice and differentiated services its clients demand.

Additional information on Rodman & Renshaw is available on the Internet at [www.rodmanandrenshaw.com](http://www.rodmanandrenshaw.com).

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For Immediate Release

**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch, CFO 312.595.9123



## **The Female Health Company Reports Third Quarter Operating Results**

### ***Highlights:***

- ***Company generates \$4.6 million in cash from operations in first nine months of FY2011***
- ***Revenues increase 101% over the same period last year***
- ***Company records net income of \$416,667 for Q3 of FY2011, up 454% from Q3 of FY2010, in spite of order delays***
- ***Company to pay quarterly dividend of \$0.05 per share on August 9, 2011***

CHICAGO, August 5, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), which manufactures and markets the *FC2 Female Condom®*, today reported its operating results for the third quarter and first nine months of FY2011.

For the three months ended June 30, 2011, the Company's net revenues increased 101% to approximately \$3.5 million, compared with approximately \$1.8 million in the third quarter of the previous fiscal year. Revenues in the third quarter of FY2010 were unusually low. Revenues for the third quarter of FY 2011, a significant improvement over those of the prior year, reflect the Company's quarter to quarter volatility in unit sales.

In the third quarter of FY2011, the Company recorded net income of \$416,667, or \$0.01 per diluted share, compared with net income of \$75,159, or \$0.00 per diluted share, in the third quarter of FY2010.

Cost of sales increased 109% to \$1,703,754 in the third quarter of FY2011, compared with \$814,764 in the prior-year quarter, as a result of increased unit sales. Gross profit increased 93% to \$1,813,685 in the most recent quarter, compared with \$939,447 in the third quarter of FY2010. The gross profit margin declined to 52% of net revenues, versus 54% in the prior-year quarter, primarily due to one-time production costs.

Operating expenses for the quarter ended June 30, 2011 increased 48% to \$1,363,184 when compared with operating expenses of \$918,397 in the third quarter of FY2010. The major components of the increase in operating expenses

included increased compensation-related expenses along with expansion of the *FC2* education programs in several U.S. cities, partially offset by decreased selling and marketing expenses and consulting fees. The comparison was somewhat hampered by the fact that FY2010 third quarter expenses were significantly reduced by the reversal of an incentive-related accrual.

Operating income for the three months ended June 30, 2011 increased 2,040% to \$450,501, versus \$21,050 in the year-earlier quarter. The increase reflects significantly increased gross profit resulting from higher unit sales, somewhat offset by higher operating expenses.

On July 15, 2011, the Company announced that it had encountered additional bureaucratic delays involving two significant orders: the tender for up to 20 million units previously awarded by the Brazilian Ministry of Health to the Company's distributor in Brazil and the award of a Republic of South Africa tender for up to 11 million units. The Company now projects that these orders may favorably impact its FY2012 operating results. "Given this volatility in the timing of large orders and shipments, we are pleased that our business model has generated sustained profitability and payment of cash dividends during Fiscal 2011, while allowing the Company to remain debt free," observed O.B. Parrish, Chief Executive Officer of The Female Health Company.

"We believe the long-term outlook for the Company is very bright," continued Parrish. "HIV/AIDS remains a major worldwide healthcare issue, and a growing number of public health care agencies and donor organizations now realize that prevention is critical to controlling the epidemic and reducing treatment costs. The United Nations Joint Programs on AIDS (UNAIDS) estimates that the annual global public sector market for male and female condoms will grow to 19 billion units within the next ten years, compared with approximately 10 billion in 2010. Women now account for more than 50% of all new adult HIV/AIDS infections, and the *FC2* Female Condom is the only available product controlled by a woman and approved by the FDA and cleared by the World Health Organization for purchase by UN agencies that helps prevent HIV/AIDS. This highlights the remarkable long-term opportunity for *FC2*."

"We are confident the feminization of HIV/AIDS, along with the importance of empowering women to protect themselves, will increase the long-term demand for *FC2*. We are proud of The Female Health Company's role in addressing critical issues involving women's health and will continue to work with public health agencies and non-profit organizations to increase the availability and acceptance of female condoms around the world," concluded Parrish.

For the nine months ended June 30, 2011, the Company reported net revenues of approximately \$11.5 million, which represented a 21% decrease when compared with net revenues of approximately \$14.4 million in the prior-year period. The decline in net revenues reflected the previously announced delay in

the receipt of two large orders. For the nine months ended June 30, 2011, net income decreased to \$884,333, or \$0.03 per diluted share, compared with \$1,221,341, or \$0.04 per diluted share, in the corresponding period of the previous fiscal year.

In the first nine months of FY2011, cost of sales decreased 5% due to lower unit sales. Gross profit decreased 32% to approximately \$5.6 million (49% of net revenues) in the first nine months of FY2011, compared with approximately \$8.3 million (58% of net revenues) in the first nine months of FY2010, reflecting the impact of lower year-to-date unit volumes upon manufacturing overhead absorption rates.

Operating expenses for the first nine months of FY2011 decreased 34% to \$4,652,064, compared with operating expenses of \$7,034,704 in the first nine months of FY2010. Operating expenses for the nine months ended June 30, 2010 included a one-time restructuring charge of \$1,926,444.

Operating income for the nine months ended June 30, 2011 decreased 23% to \$985,772, versus \$1,287,627 in the year-earlier period. The reduction in gross profit was somewhat offset by the 34% reduction in total operating expenses for the nine months ended June 30, 2011.

The Company recorded a foreign currency transaction loss of \$18,022 in the third quarter of FY2011, versus a foreign currency transaction gain of \$17,190 in the quarter ended June 30, 2010. For the nine months ended June 30, 2011, the Company recorded a foreign currency transaction loss of \$74,251, compared with a foreign currency transaction loss of \$62,259 in the corresponding period of the previous fiscal year.

During the first nine months of FY2011, the Company generated \$4.6 million in cash from operations, and unrestricted cash balances totaled approximately \$3.3 million as of June 30, 2011. The Company had no outstanding debt and \$2.0 million in unused credit lines at the end of the most recent quarter.

On July 15, 2011, the Company announced that, due to the delay in two large orders from Brazil and the Republic of South Africa, its earlier earnings guidance for FY2011 would not be achieved. The Company believes the fourth quarter and full year ending September 30, 2011 will be profitable and cash flow positive, but that unit sales and operating income for FY2011 will be lower than previous guidance. As stated earlier, FHC now expects that the two delayed orders may favorably impact FY2012 operating results.

As noted in previous news releases, the Company expects significant quarter-to-quarter variations in its operating results, due to the timing of large order receipts, production scheduling and shipments.

On July 14, 2011, the Board of Directors announced that the Company will pay its seventh consecutive quarterly cash dividend in the amount of approximately \$1.4 million (\$0.05 per share) on August 9, 2011 to shareholders of record as of August 2, 2011. The Company expects to pay this dividend from its cash on hand.

Any future quarterly dividends and the record date for such dividends must be approved each quarter by the Company's Board of Directors and announced by the Company. Payment of any future dividends will be at the discretion of the Board of Directors and will be based upon cash flows, alternative demands upon cash resources, and other factors.

### **Investor Conference Call**

**Shareholders and other interested parties may participate in the conference call by dialing 1-877-374-8416 (international participants dial 1-412-317-6716) and asking to be connected to "The Female Health Company Conference Call" a few minutes before 11:00 a.m. EDT on August 5, 2011. A replay of the call will be available one hour after the call through 9:00 a.m. EDT on Monday, August 22, 2011 by dialing 877-344-7529 (international callers dial 412-317-0088) and entering the conference ID 10002775.**

### **About The Female Health Company**

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*Company's current plans and strategies, and reflect the Company's current assessment of the risks and uncertainties related to its business, and are made as of the date of this release. The Company assumes no obligation to update any forward-looking statements contained in this release as a result of new information or future events, developments or circumstances. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).

(Financial Highlights Follow)

**The Female Health Company**  
**Unaudited Condensed Consolidated Balance Sheets**

	<b>June 30, 2011</b>	<b>September 30, 2010</b>
Cash	\$ 3,284,070	\$ 2,918,776
Certificate of deposit	63,062	-
Restricted cash	4,639	4,578
Accounts receivable, net	1,338,735	4,460,517
Income tax receivable	28,561	28,179
Inventories, net	2,127,551	2,194,330
Prepaid expenses and other current assets	369,412	284,948
Deferred income taxes	1,900,000	1,900,000
Total current assets	9,116,030	11,791,328
Other non-current assets	120,344	178,713
Net property, plant & equipment	2,083,532	2,398,060
Deferred income taxes	4,000,000	4,000,000
Total assets	\$ 15,319,906	\$ 18,368,101
Accounts payable	\$ 573,061	\$ 586,596
Accrued expenses and other current liabilities	629,056	906,994
Accrued compensation	300,663	444,843
Total current liabilities	1,502,780	1,938,433
Obligations under capital leases	-	12,999
Deferred rent	90,206	-
Deferred income taxes	113,689	152,227
Deferred grant income	152,227	132,312
Total liabilities	1,858,902	2,235,971
Total stockholders' equity	13,461,004	16,132,130
Total liabilities and stockholders' equity	\$ 15,319,906	\$ 18,368,101

**The Female Health Company**  
**Unaudited Condensed Consolidated Statements of Income**

	Three Months Ended	
	June 30,	
	2011	2010
Net revenues	\$ 3,517,439	\$ 1,754,211
Cost of sales	<u>1,703,754</u>	<u>814,764</u>
Gross profit	1,813,685	939,447
Advertising and promotion	114,226	38,029
Selling, general and administrative	1,246,890	922,024
Research and development	2,068	-
Restructuring costs, net	-	<u>(41,656)</u>
Total operating expenses	<u>1,363,184</u>	<u>918,397</u>
Operating income	<u>450,501</u>	<u>21,050</u>
Non-operating (expense) income:		
Interest, net and other (expense) income	(546)	10,566
Foreign currency transaction (loss) gain	<u>(18,022)</u>	<u>17,190</u>
Income before income taxes	431,933	48,806
Income tax expense (benefit)	<u>15,266</u>	<u>(26,353)</u>
Net income	<u>\$ 416,667</u>	<u>\$ 75,159</u>
Net income per basic common share outstanding	\$ 0.02	\$ 0.00
Basic weighted average common shares outstanding	27,301,422	27,216,798
Net income per diluted common share outstanding	\$ 0.01	\$ 0.00
Diluted weighted average common shares outstanding	28,971,510	28,819,516

**The Female Health Company**  
**Unaudited Condensed Consolidated Statements of Income**

	<b>Nine Months Ended</b>	
	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
Net revenues	\$ 11,456,052	\$ 14,422,032
Cost of sales	<u>5,818,216</u>	<u>6,099,701</u>
Gross profit	5,637,836	8,322,331
Advertising and promotion	245,444	197,190
Selling, general and administrative	4,395,691	4,910,689
Research and development	10,929	381
Restructuring costs, net	-	1,926,444
Total operating expenses	<u>4,652,064</u>	<u>7,034,704</u>
Operating income	<u>985,772</u>	<u>1,287,627</u>
Non-operating (expense) income:		
Interest, net and other (expense) income	(2,922)	27,904
Foreign currency transaction (loss)	<u>(74,251)</u>	<u>(62,259)</u>
Income before income taxes	908,599	1,253,272
Income tax expense	<u>24,266</u>	<u>31,931</u>
Net income	<u>\$ 884,333</u>	<u>\$ 1,221,341</u>
Net income per basic common share outstanding	\$ 0.03	\$ 0.05
Basic weighted average common shares outstanding	27,282,597	26,906,295
Net income per diluted common share outstanding	\$ 0.03	\$ 0.04
Diluted weighted average common shares outstanding	28,987,263	28,491,308

For Immediate Release

**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch, C.F.O. 312.595.9123



## **The Female Health Company Appoints Dr. Lucie van Mens Director of Program Development & Support**

CHICAGO, August 4, 2011- The Female Health Company (NASDAQ- [FHCO](#) - [News](#)) announced today that Lucie van Mens has been appointed Director of Program Development and Support. Dr. van Mens has significant experience in the field of HIV/AIDS prevention. She most recently held the position as Coordinator of Universal Access to Female Condoms (UAFIC), a partnership between Oxfam Novib, i+solutions, Rutgers WPF and the Dutch Ministry of Foreign Affairs in cooperation with social marketing organizations in African countries. In this position, she successfully headed the advocacy group in demanding improved access to female condoms through increased funding for programming and research and development of female condoms. Her involvement in public health, focusing on prevention of STI (sexually transmitted infections) and HIV/AIDS dates back to 1995. During that period, positions held included that of program manager of STOP AIDS NOW!, a partnership between four Dutch organizations for international cooperation (Cordaid, Hivos, ICCO, Oxfam Novib and the AIDS Fund) and Program Manager, STI and AIDS Prevention – Soa Aids Nederland.

Dr. van Mens earned her MA in Social History from Erasmus University, Rotterdam. She earned MBA certificates in Finance, Marketing, Logistics and Organization and a PhD in Organization and Management Studies from the Rotterdam School of Management, Erasmus University. Dr. van Mens spent the earlier portion her career in the field of education.

"We are very pleased to have Dr. van Mens join us, bringing her unique perspective regarding STI and HIV/AIDS prevention. She has a proven track record of success in both raising awareness of the unmet need for female condoms globally and expanding women's access to them. Her experiences in programming, social marketing, fund-raising and management will be a valuable addition to the Company's on-going efforts," said Mike Pope, Vice President and General Manager, to whom she will be reporting.

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that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, Spain, Greece, Turkey and the People's Republic of China, and pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared *FC2* for purchase by U.N. agencies.

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For Immediate Release



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Donna Felch, CFO 312-595-9123

## **The Female Health Company to Host Third Quarter Conference Call on Friday, August 5, 2011**

CHICAGO, July 29, 2011 -- The Female Health Company (Nasdaq: FHCO) today announced that it will host an investor conference call to discuss its operating results for the third quarter and first nine months of FY2011 on Friday, August 5, 2011 at 11:00 a.m. Eastern Time (EDT). The Company expects to report its operating results earlier the same day.

**Shareholders and other interested parties may participate in the conference call by dialing 1-877-374-8416 (international participants dial 1-412-317-6716) and asking to be connected to "The Female Health Company Conference Call" a few minutes before 11:00 a.m. EDT on August 5, 2011. A replay of the call will be available one hour after the call through 9:00 a.m. EDT on Monday, August 22, 2011 by dialing 877-344-7529 (international callers dial 412-317-0088) and entering the conference ID 10002775.**

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For Immediate Release

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## **The Female Health Company Expects to Report Modest Profit in FY2011 Third Quarter despite Continued Delays in Receipt and Shipping of Large Orders**

### **Board of Directors Declares Third Quarter Cash Dividend of \$0.05 per Common Share**

CHICAGO, July 15, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), today provided information regarding its financial expectations for the third quarter of FY2011. The Company announced that, while it should report a modest profit and higher unit shipments for the third quarter of FY2011 than in the prior-year quarter, unit shipments, revenues and net income will be adversely affected by bureaucratic delays and other timing issues involving the receipt and shipment of anticipated substantial orders from Brazil and the Republic of South Africa. As a result, while the Company expects positive operating earnings for FY2011, results will be significantly less than earlier guidance. Since the May 6, 2011 announcement that the Company's Brazilian distributor, Semina Indústria e Comércio (Semina), was awarded a tender for up to 20 million female condoms, unexpected bureaucratic issues have delayed the placement of orders under the terms of the tender. The Company is awaiting the resolution of certain administrative issues in the Republic of South Africa that have delayed a tender award for the purchase of up to 11 million female condoms.

The Company has routinely noted in its SEC filings and earnings releases that there is the possibility of significant quarter-to-quarter sales variations due to the timing and shipment of large orders. The Company will report its operating results for the three and nine months ended June 30, 2011 on August 5, 2011. The Company will hold a conference call at 10 AM CDT on that date to comment upon the financial results.

"Over the past years, the face of AIDS has become feminized. Globally, HIV/AIDS is the leading cause of death for women of reproductive age (15-44). Women now comprise more than 50% of adult HIV/AIDS cases. These facts have raised awareness of the need for prevention, as evidenced by the fact that *FC2* is now available in 120 countries around the world. Although our financial results have been constrained by continued bureaucratic delays related to the timing and shipment of certain large orders, we are confident that the fundamentals of our business remain strong and that demand for, and acceptance of, the *FC2 Female Condom*, continues to increase", stated O.B. Parrish, Chairman and Chief Executive Officer of The Female Health Company.

"We are very encouraged by recent indications of demand growth from customers that distribute female condoms globally and believe the long-term outlook for the Company remains positive for three reasons: the feminization of HIV/AIDS, the complexity of

developing easy-to-use alternative prevention methods, and the emergence of drug resistant strains of sexually transmitted infections (STI's)."

The Female Health Company also announced that its Board of Directors has declared a quarterly cash dividend of \$0.05 per share. The dividend is payable August 9, 2011 to stockholders of record as of August 2, 2011. This represents the seventh consecutive quarterly cash dividend declared by the Company since it announced the initiation of a cash dividend program in January 2010.

"The Company's Board of Directors and management team believe that the payment of cash dividends allows shareholders to participate directly in the Company's long-term success," stated O.B. Parrish, Chairman and Chief Executive Officer of The Female Health Company. "While our operating results have suffered due to timing issues involving large orders during the current fiscal year, we have continued to generate cash flows from operations that significantly exceed our capital spending requirements, and our balance sheet remains free of debt. We remain highly optimistic regarding the Company's future and the expanding role that FC2 will play in the global battle against HIV/AIDS."

Any future quarterly dividends and the record date for any such dividend will be approved each quarter by the Company's Board of Directors and announced by the Company. Payment of future dividends is in the discretion of the Board of Directors and the Company may not have sufficient cash flows to continue to pay dividends.

#### **About The Female Health Company**

The Female Health Company, based in Chicago, Illinois, manufactures and markets the FC2 Female Condom® (FC2), which is available in the U.S. and approximately 120 other countries around the world. The Company owns certain worldwide rights to the FC2 Female Condom®, including patents that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, China, Spain, Mexico, Greece and Turkey and are pending in various countries. The FC2 Female Condom® is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

#### **"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:**

*The statements in this release which are not historical fact are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this release include expected operating results for the third quarter of fiscal 2011 and the full fiscal year, the resolution of issues resulting in the delay of receipt of certain large orders and the continuation of cash dividends in future periods. These statements are 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, and are made as of the date of this release. The Company assumes no obligation to update any forward-looking statements contained in this release as a result of new information or future events, developments or circumstances. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks,*

*export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).

## **Contacts**

### **The Female Health Company**

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### **Semina Indústria e Comércio**

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## **THE FEMALE HEALTH COMPANY'S BRAZILIAN DISTRIBUTOR, SEMINA, AWARDED CONTRACT FOR UP TO 20 MILLION FC2 FEMALE CONDOMS**

CHICAGO, May 6, 2011- The Female Health Company ([FHCO- NASDAQ-CM](#)) today announced that its exclusive distributor in Brazil, Semina Indústria e Comércio (Semina), was successful in a public tender to supply the Brazilian Ministry of Health (MOH) with up to 20 million FC2 Female Condoms. The contract is valid through March 29, 2012. The actual quantity purchased will be determined at the Ministry of Health's discretion.

O.B. Parrish, Chairman and C.E.O. of The Female Health Company, noted that the contract reflects Brazil's and the MOH's leadership in providing women with options to control their health and in further enhancing the national HIV/AIDS prevention program.

FHCO and Semina have agreed to install a local FC2 production facility in Brazil if nationwide consumption continues to grow significantly, reaching an average of 20 million units annually.

Parrish reaffirmed the statement in the Company's February 4, 2011 earnings release that it may experience significant quarter to quarter variations in results due to the timing of substantial orders and that it expected modest results for the first half of fiscal 2011 and strong results for the second half of the fiscal year.

### **About The Female Health Company**

The Female Health Company (FHC), based in Chicago, Illinois, manufactures and markets the *FC2 Female Condom® (FC2)*, which is available in the U.S. and about 100 other countries around the world. The Company owns certain worldwide rights to the *FC2 Female Condom®*, including patents that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, China, Spain, Mexico, Greece and Turkey and are pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

### **About Semina Indústria e Comércio**

Semina Indústria e Comércio Ltda, based in São Paulo, Brazil, is FHC's exclusive distributor of *FC2* female condoms in Brazil. Semina also manufactures silicon diaphragms for Johnson & Johnson

worldwide, certified by FDA, CE and ISO 13485. The Company is also a leading developer and distributor of educational materials focused on reproductive health and family planning. Semina subscribes to the highest international standards of quality and holds certifications of Good Manufacturing Practices and Distribution and its products are duly registered with ANVISA (Brazilian Regulatory Sanitary Agency).

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For Immediate Release

**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch, CFO 312.595.9123



## **The Female Health Company Reports Second Quarter Operating Results and Confirms Annual Guidance**

### ***Highlights:***

- ***Brazil contract for up to 20 M units of FC2 awarded to Semina Indústria e Comércio, FHCO's exclusive distributor in Brazil***
- ***Company confirms annual guidance, including outlook for strong second half of fiscal year***
- ***Company to pay quarterly dividend of \$0.05 per share on May 10, 2011***
- ***Second quarter unit sales and net income decreased due to delays in receipt of significant orders***
- ***Company generated \$2.5 million in cash from operations in first half of FY2011***

CHICAGO, May 6, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), which manufactures and markets the *FC2 Female Condom®*, today reported its operating results for the second quarter and first half of FY2011.

For the three months ended March 31, 2011, the Company's net revenues declined 40% to approximately \$4.3 million, compared with approximately \$7.2 million in the second quarter of the previous fiscal year. These results are consistent with the guidance provided by the Company on February 4, 2011. The decrease in unit sales during the first and second quarter of FY2011 reflect continued delays in the receipt of two large orders. We expect sales to accelerate in the second half of FY2011.

In the second quarter of FY2011, the Company recorded net income of \$80,998, or \$0.00 per diluted share, compared with net income of \$1,844,531, or \$0.06 per diluted share, in the second quarter of FY2010. The reduction in earnings per share resulted from a decline in net revenues and a lower gross profit margin, somewhat offset by decreased operating expenses.

Cost of sales declined 17% to \$2,480,011 in the second quarter of FY2011, compared with \$2,999,124 in the prior-year quarter. Gross profit decreased 57% to \$1,807,234 in the most recent quarter, compared with \$4,180,023 in the second quarter of FY2010. Gross profit margin declined to 42% of net revenues,

versus 58% in the prior-year quarter, reflecting the reduced rate of absorption of manufacturing overhead resulting from lower units produced.

Operating expenses for the quarter ended March 31, 2011 decreased 25% to \$1,705,949 when compared with operating expenses of \$2,289,315 in the second quarter of FY2010. Operating expenses in the same period last year included one-time restructuring costs of approximately \$72,000. The major components of the net reduction in operating expenses included lower selling expenses, decreased legal and consulting fees and reduced compensation-related expenses, somewhat offset by an increase in advertising and promotion costs related to *FC2* education programs in several U.S. cities.

Operating income for the three months ended March 31, 2011 decreased 95% to \$101,285, versus \$1,890,708 in the year-earlier quarter. The decrease reflects significantly reduced gross profit, somewhat offset by a reduction in operating expenses.

“Revenues and earnings trailed prior-year levels during the first two quarters of Fiscal 2011, as anticipated, due to delays in the receipt of two large orders for *FC2 Female Condoms*,” noted O.B. Parrish, Chief Executive Officer of The Female Health Company. “With respect to one of these orders, we are pleased that our distributor in Brazil, Semina Indústria e Comércio, was awarded a contract for the provision of up to 20 million *FC2* condoms to the Brazilian Ministry of Health. We expect to begin shipping *FC2*, in accordance with this contract, in the current quarter. If the entire 20 million units are purchased, it would equal more than 50% of FY2010’s total sales units. We believe this reflects Brazil’s growing commitment to the fight against HIV/AIDS and other sexually transmitted diseases, along with high levels of acceptance of *FC2* among women.”

“In accordance with our previous guidance, we believe sales will accelerate sharply in the second half of the fiscal year, reflecting shipments to Brazil and other routine orders and the receipt of a previously delayed large order from the Republic of South Africa,” continued Parrish. “Due to the prior expansion of *FC2* production capacity the Company will be able to supply the increased volume.”

HIV/AIDS remains a major worldwide healthcare issue. Prevention is critical to control the epidemic and reduce costs. UNAIDS estimates that the annual global public sector market for male and female condoms will grow to 19 billion units within the next ten years. Women now account for more than 50% of all new HIV/AIDS infections. The *FC2 Female Condom* is the only available FDA-approved product whose use is initiated by women, that helps to prevent HIV/AIDS. This highlights the remarkable long-term opportunity for the *FC2 Female Condom*.

“We remain confident that rising awareness of the feminization of HIV/AIDS, and the importance of empowering women to protect themselves, will increase the long-term demand for *FC2 Female Condoms*. FC2 is the only female condom approved by FDA and cleared by WHO for purchase by UN agencies. We are proud of The Female Health Company’s role in addressing critical issues involving women’s health and will continue to work with public health agencies and non-profit organizations to increase the availability and acceptance of female condoms around the world,” concluded Parrish.

For the six months ended March 31, 2011, the Company reported net revenues of approximately \$7.9 million, which represented a 37% decrease when compared with net revenues of approximately \$12.7 million in the prior-year period. The decline in net revenues reflected the previously announced delay in the receipt of two large orders. For the six months ended March 31, 2011, net income decreased to \$467,666, or \$0.02 per diluted share, compared with \$1,146,181, or \$0.04 per diluted share, in the corresponding period of the previous fiscal year.

In the first half of FY2011, cost of sales decreased 22% due to lower unit sales. Gross profit decreased 48% to approximately \$3.8 million (48% of net revenues) in the first six months of FY2011, compared with approximately \$7.4 million (58% of net revenues) in the first half of FY2010, reflecting the impact of lower year-to-date unit volume upon manufacturing overhead absorption rates.

Operating expenses for the first six months of FY2011 decreased 46% to \$3,288,880 when compared with operating expenses of \$6,116,306 in the first six months of FY2010. Operating expenses for the six months ended March 31, 2010 included a one-time restructuring charge of \$1,968,100.

Operating income for the six months ended March 31, 2011 decreased 58% to \$535,271, versus \$1,266,577 in the year-earlier period. The reduction in gross profit was somewhat offset by the 46% reduction in total operating expenses for the six months ended March 31, 2011.

The Company recorded a foreign currency transaction loss of \$25,323 in the second quarter of FY2011, versus a foreign currency transaction loss of \$30,760 in the quarter ended March 31, 2010. For the six months ended March 31, 2011, the Company recorded a foreign currency transaction loss of \$56,229, compared with a foreign currency transaction loss of \$79,449 in the corresponding period of the previous fiscal year.

During the first half of FY2011, the Company generated \$2.5 million in cash from operations and had unrestricted cash balances of approximately \$2.6 million as of March 31, 2011. The Company had no outstanding debt and \$2.0 million in unused credit lines.

As noted in previous news releases, the Company expects significant quarter-to-quarter variations in its operating results, due to the timing of large order receipts, production scheduling and shipments.

On April 13, 2011, the Board of Directors announced the Company's 6th consecutive quarterly cash dividend. The Company expects to pay, from its cash on hand, the cash dividend of approximately \$1.4 million (\$0.05 per share) on May 10, 2011 to stockholders of record as of May 3, 2011.

Any future quarterly dividends and the record date for such dividends must be approved each quarter by the Company's Board of Directors and announced by the Company. Payment of any future dividends will be at the discretion of the Board of Directors and will be based upon cash flows, alternative demands upon cash resources, and other factors.

### **Earnings Guidance**

The Company reaffirmed its previous guidance, which anticipates a 15%-20% increase in unit sales in the fiscal year ending September 30, 2011, relative to unit shipments in FY2010. Operating earnings are expected to increase 10%-15% over the \$6.3 million in operating income recorded in FY2010 (exclusive of restructuring charges of \$1.9 million). The Company expects sales and earnings during the second half of FY2011 to be higher than in prior-year periods, with unit sales accelerating as the fiscal year progresses. As experienced in FY2010, the principal challenge in providing guidance involves the timing of orders that can represent a significant portion of the Company's annual revenues. As a result, the Company's guidance could be impacted positively or negatively, depending on the timing of such orders. Recognizing that such variations will occur from time to time, the Company remains positive regarding increasing long-term demand for *FC2*.

### **Investor Conference Call**

***As previously announced, the Female Health Company will host an investor conference call at 11:00 a.m. EDT today, May 6, 2011. Shareholders and other interested parties may participate in the conference call by dialing 1-877-317-6789 (international participants dial 1-412-317-6789) and asking to be connected to "The Female Health Company Conference Call", a few minutes before 11:00 a.m. EDT on May 6, 2011. A replay of the call will be available one hour after the call through 5:00 p.m. EDT on Friday, May 20, 2011 by dialing 1-877-344-7529 (international callers dial 1-412-317-0088) and entering the conference ID 450522.***

### **Use of Non-GAAP Financial Information**

In addition to the results reported in accordance with U.S. generally accepted accounting principles ("GAAP") included in this release, the Company has provided certain non-GAAP financial information, specifically operating income exclusive of the \$1.9 million restructuring charge. Management believes that the presentation of this non-GAAP financial measure provides useful information to investors because this information may allow investors to better evaluate ongoing business performance and certain components of the Company's results. In addition, because the restructuring charge related to a non-recurring event in the first quarter of FY2010, the Company believes that the presentation of this non-GAAP financial measure enhances an investor's ability to make period-to-period comparisons of the Company's operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results. The Company has reconciled the non-GAAP financial information included in this release in a table below.

### **About The Female Health Company**

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*differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: product demand and market acceptance; competition in the Company's markets and the risk of new competitors and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. Actual events affecting the Company and the impact of such events on the Company's operations may vary from those currently anticipated.*

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(Financial Highlights Follow)

**The Female Health Company**  
**Unaudited Condensed Consolidated Balance Sheets**

	<b>March 31, 2011</b>	<b>September 30, 2010</b>
Cash	\$ 2,611,605	\$ 2,918,776
Certificate of deposit	62,362	-
Restricted cash	4,643	4,578
Accounts receivable, net	3,168,939	4,460,517
Income tax receivable	37,127	28,179
Inventory	1,539,265	2,194,330
Prepaid expenses and other current assets	326,628	284,948
Deferred income taxes	1,900,000	1,900,000
Total current assets	9,650,569	11,791,328
Other non-current assets	120,642	178,713
Net property, plant & equipment	2,192,555	2,398,060
Deferred income taxes	4,000,000	4,000,000
Total assets	\$ 15,963,766	\$ 18,368,101
Accounts payable	\$ 325,344	\$ 586,596
Accrued expenses and other current liabilities	580,969	906,994
Accrued compensation	452,412	444,843
Total current liabilities	1,358,725	1,938,433
Obligations under capital leases	4,660	12,999
Deferred rent	59,529	-
Deferred income taxes	152,227	152,227
Deferred grant income	119,896	132,312
Total liabilities	1,695,037	2,235,971
Total stockholders' equity	14,268,729	16,132,130
Total liabilities and stockholders' equity	\$ 15,963,766	\$ 18,368,101

**The Female Health Company**  
**Unaudited Condensed Consolidated Statements of Income**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Net revenues	\$ 4,287,245	\$ 7,179,147
Cost of sales	2,480,011	2,999,124
Gross profit	1,807,234	4,180,023
Advertising and promotion	111,818	89,311
Selling, general and administrative	1,585,270	2,128,257
Research and development	8,861	-
Restructuring costs, net	-	71,747
Total operating expenses	1,705,949	2,289,315
Operating income	101,285	1,890,708
Non-operating (loss) income:		
Interest, net and other (loss) income	(3,094)	5,007
Foreign currency transaction loss	(25,323)	(30,760)
Income before income taxes	72,868	1,864,955
Income tax (benefit) expense	(8,130)	20,424
Net income	\$ 80,998	\$ 1,844,531
Net income per basic common share outstanding	\$ 0.00	\$ 0.07
Basic weighted average common shares outstanding	27,301,422	27,211,526
Net income per diluted common share outstanding	\$ 0.00	\$ 0.06
Diluted weighted average common shares outstanding	28,992,322	28,861,955

**The Female Health Company**  
**Unaudited Condensed Consolidated Statements of Income**

	<b>Six Months Ended</b>	
	<b>March 31,</b>	
	<b>2011</b>	<b>2010</b>
Net revenues	\$ 7,938,613	\$ 12,667,821
Cost of sales	4,114,462	5,284,938
Gross profit	3,824,151	7,382,883
Advertising and promotion	131,218	159,161
Selling, general and administrative	3,148,801	3,988,664
Research and development	8,861	381
Restructuring costs, net	-	1,968,100
Total operating expenses	3,288,880	6,116,306
Operating income	535,271	1,266,577
Non-operating (loss) income:		
Interest, net and other (loss) income	(2,376)	17,338
Foreign currency transaction (loss)	(56,229)	(79,449)
Income before income taxes	476,666	1,204,466
Income tax expense	9,000	58,285
Net income	\$ 467,666	\$ 1,146,181
Net income per basic common share outstanding	\$ 0.02	\$ 0.04
Basic weighted average common shares outstanding	27,273,184	26,751,043
Net income per diluted common share outstanding	\$ 0.02	\$ 0.04
Diluted weighted average common shares outstanding	28,996,232	28,347,734

### Reconciliation of Non-GAAP Financial Information

Following is a reconciliation of the Non-GAAP financial measure of operating income exclusive of restructuring charge to the nearest GAAP financial measure of operating income for the twelve months ended September 30, 2010.

	For Twelve Months Ended September 30, 2010
Operating income exclusive of restructuring charge	\$6,279,082
Less: Restructuring charge	\$1,929,922
Operating Income	\$4,349,160

For Immediate Release

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Donna Felch, CFO 312-595-9123



## **The Female Health Company to Host Second Quarter Conference Call on Friday, May 6, 2011**

CHICAGO, April 29, 2011 -- The Female Health Company ([NASDAQ: FHCO](http://www.nasdaq.com/quote/FHCO)) today announced that it will host an investor conference call to discuss its operating results for the second quarter and first half of FY2011 on Friday, May 6, 2011 at 11:00 a.m. Eastern Time (EDT). The Company expects to report its operating results earlier the same day.

**Shareholders and other interested parties may participate in the conference call by dialing 1-877-317-6789 (international participants dial 1-412-317-6789) and asking to be connected to "The Female Health Company Conference Call," a few minutes before 11:00 a.m. EDT on May 6, 2011. A replay of the call will be available one hour after the call through 5:00 p.m. EDT on Friday, May 20, 2011 by dialing 877-344-7529 (international callers dial 412-317-0088) and entering the conference ID 450522.**

### **About The Female Health Company**

The Female Health Company, based in Chicago, Illinois, manufactures and markets the *FC2 Female Condom® (FC2)*, which is available in the U.S. and about 100 other countries around the world. The Company owns certain worldwide rights to the *FC2 Female Condom®*, including patents that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, China, Spain, Mexico, Greece, and Turkey, and are pending in various countries. *The FC2 Female Condom®* is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared FC2 for purchase by U.N. agencies.

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For Immediate Release

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Donna Felch, CFO 312.595.9123



## **The Female Health Company Declares 2nd Quarter Dividend of \$0.05/share**

CHICAGO, April 13, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), today announced that its Board of Directors has declared a quarterly cash dividend of \$0.05 per share. The dividend is payable May 10, 2011 to stockholders of record as of May 3, 2011.

In January, 2010, the Company announced the initiation of a cash dividend program and has paid five consecutive quarterly dividends since the program's inception.

"The Company's Board of Directors and management team believe that the payment of cash dividends allows shareholders to participate directly in the Company's success" stated O.B. Parrish, Chairman and Chief Executive Officer of The Female Health Company. "The Company's profitability has generated cash from operations that exceeds the Company's capital spending requirements; and the Company is debt free. We believe that utilizing some of this excess cash flow to pay cash dividends is in the best interests of our shareholders."

Any future quarterly dividends and the record date for any such dividend will be approved each quarter by the Company's Board of Directors and announced by the Company. Payment of future dividends is in the discretion of the Board of Directors and the Company may not have sufficient cash flows to continue to pay dividends.

### **About The Female Health Company**

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*and new competitive product introductions; the Company's reliance on its international partners in the consumer sector and on the level of spending on the female condom by country governments, global donors and other public health organizations in the global public sector; the economic and business environment and the impact of government pressures; risks involved in doing business on an international level, including currency risks, regulatory requirements, political risks, export restrictions and other trade barriers; the Company's production capacity, efficiency and supply constraints; and other risks detailed in the Company's press releases, shareholder communications and Securities and Exchange Commission filings, including the Company's Form 10-K for the fiscal year ended September 30, 2010. 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 visit the Company's website at <http://www.femalehealth.com> and <http://www.femalecondom.org>. If you would like to be added to the Company's e-mail alert list, please send an e-mail to [FHCInvestor@femalehealthcompany.com](mailto:FHCInvestor@femalehealthcompany.com).



# Media Release

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## **FOR IMMEDIATE RELEASE**

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(202) 729-4255

**Investor Contacts:** Donna Felch  
(312) 595-9123

**Product/Programs:** Mary Ann Leeper  
(434) 964-1488

## **Houston Launches Innovative Partnership to Expand Access to the FC2 Female Condom**

### ***The Female Health Company Teams with State and Local Health Departments, and Community Partner to Provide Women with a New HIV Prevention Option***

HOUSTON—March 10, 2011—The Female Health Company (FHC) (NASDAQ: FHCO) is teaming up with state and local health departments and local community-based organizations to provide Houston women with access to the FC2 Female Condom®, the only female-initiated method to prevent both sexually transmitted infections (including HIV/AIDS) and unintended pregnancy that is approved by the U.S. Food and Drug Administration (FDA).

FC2 will be introduced on March 10 at a series of events at clinics, hospitals, community-based health centers, and college campuses. The events, timed to coincide with National Women and Girls' HIV/AIDS Awareness Day, will provide participants with free FC2 Female Condoms as well as education on their use.

FC2 will also be available for purchase at select Walgreens locations in the Houston area. The cost of a pack of three FC2 Female Condoms ranges between \$5.99 and \$7.99. Walgreens stocks FC2 in more than 600 stores nationwide.

Since 1999, as reported by AIDS Foundation Houston and Planned Parenthood Gulf Coast, 6,519 new HIV infections have been diagnosed among youth under the age of 30 in Houston, including 922 teenagers. In the United States, the Centers for Disease Control and Prevention (CDC) continue to report that the HIV/AIDS epidemic is taking an increasing toll on women and girls. Women of color, particularly black women, are disproportionately impacted by the disease; they comprise both the majority of new HIV and AIDS cases among women, and the majority of women living with the disease.

“Each year we reach over 50,000 Houstonians through our education and outreach programs,” said Nike Lukan, Director of Prevention Services for AIDS Foundation Houston. “To be able to talk about and offer FC2 as an option to further prevent the spread of HIV/AIDS is an added benefit to our constituents.”

Each of the 17 separate organizations hosting FC2 Female Condom launch events on March 10 has trained its participating representatives on how to educate its constituents on the use the FC2 female condom. Partners include the Texas Department of State Health Services, the Houston Department of Health and Human Services, AIDS Foundation Houston, Planned Parenthood Gulf Coast, YWCA Houston, and a number of local colleges and universities. One event will include the introduction of a new “Status Red” lip gloss developed by LAMIK Beauty, a Houston-based cosmetics company, and the training of local hairstylists on how to engage their female clients with information on safer sex and the FC2 Female Condom.

“We are very pleased that the FC2 Female Condom is now available in Houston,” said Susan Rokes, HIV Program Director for Planned Parenthood. “This is a big step toward improving sexuality education and promoting reproductive health care.”

FC2 is currently the only FDA-approved prevention method that can be initiated and controlled by women. When used correctly and consistently, FC2 can prevent sexually transmitted infections, including HIV/AIDS, and unintended pregnancy. The FC2 Female Condom provides an alternative to either unprotected sex or to male condom usage.

“FHC is privileged to work with such great community organizations to introduce another option for prevention of both sexually transmitted diseases and unintended pregnancies,” said Mary Ann Leeper, FHC’s senior strategic advisor. “FHC is proud to be a part of this very important endeavor; we are committed to working with cities across the U.S., public health departments, and community organizations to increase the option available to promote safer sex.”

#### **About The Female Health Company**

The Female Health Company, based in Chicago, Illinois, manufactures and markets the FC2 Female Condom® (FC2), which is available in the U.S. and about 100 other countries around the world. The Company owns certain worldwide rights to the FC2 Female Condom®, including patents that have been issued in the U.S., Europe, Canada, Australia, South Africa, Japan, China, Spain, Mexico, Greece and Turkey and are pending in various countries. The FC2 Female Condom® is the only available FDA-approved product controlled by a woman that offers dual protection against sexually transmitted diseases, including HIV/AIDS, and unintended pregnancy. The World Health Organization (WHO) has cleared the FC2 Female Condom for purchase by U.N. agencies.

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William R. Gargiulo  
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**San Francisco Launches Female Condom Campaign**

***Female Health Company Supports San Francisco's Campaign  
To Promote the FC2 Female Condom® for Safer Sex and HIV Prevention***

SAN FRANCISCO—February 14, 2011—The Female Health Company (FHC) (NASDAQ: FHCO) is supporting the launch of San Francisco's social marketing campaign to raise awareness and use of the FC2 Female Condom® among people living at risk of HIV infection. The FC2 Female Condom remains the only FDA-approved method of female-initiated HIV prevention available. FHC is working actively with public health departments and other partners to introduce FC2 in U.S. cities with the highest HIV prevalence rates.

According to the San Francisco Department of Public Health, from the first recorded cases of AIDS in 1981 through 2009, the city reported 19,080 AIDS deaths. At the end of 2009, nearly 16,000 San Franciscans were living with HIV infection. The city currently accounts for about 18 percent of all AIDS cases in California.

"I am very pleased to see such community excitement about the FC2 being available in our city. It is so important to give our communities another good option for taking control of the sexual health," said Susan Phillip, MD, Director of STD Prevention and Control, for San Francisco Department of Public Health.

The city's multifaceted communications and marketing effort is being conducted to promote the FC2 female condom as both an acceptable and affordable HIV prevention option. With funding and technical support provided by FHC and other partners, it is sponsoring train-the-trainer programs to equip San Francisco and Bay Area service organizations with the necessary skills to promote female condom usage amongst their clientele.

Similar programs have been launched over the course of the past year in other cities such as Chicago, New York City and Washington. The San Francisco program has drawn on best practices and lessons learned by Washington, which launched a major FC2 social marketing program in 2010 that drew national and local media attention. Like Washington, DC, San Francisco will publicly promote FC2 using bus advertisements, posters and palm cards distributed by community agencies and neighborhood businesses.

“It is so exciting that San Francisco, a national leader in HIV prevention efforts, is aggressively promoting another option for people who want to protect themselves from sexually transmitted diseases and unintended pregnancies,” said Mary Ann Leeper, FHC’s senior strategic advisor. “FHC is thrilled to see this increasing collaboration of cities, public health departments, and community organizations to share best practices and increase the options available to promote safer sex.”

The FC2 Female Condom is currently the only FDA-approved and marketed product controlled by women that prevents sexually transmitted infections (STI) including HIV/AIDS. Used consistently and correctly, it provides women dual protection against STI and unintended pregnancy. The FC2 Female Condom does not compete with the male condom, but is an alternative to either male condom usage or unprotected sex.

In the United States, the Centers for Disease Control and Prevention continue to report that the HIV/AIDS epidemic is taking an increasing toll on women and girls. Women of color, particularly black women, are disproportionately impacted by the disease Black women comprise both the majority of new HIV and AIDS cases among women, and are the majority of women living with the disease.

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**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch, CFO 312.595.9123



## **The Female Health Company Reports First Quarter Operating Results and Reaffirms Annual Guidance**

### ***Highlights:***

- ***Gross Margin approximates 55.2% of net revenues***
- ***Operating Profit of \$0.4 million***
- ***Pretax Margin approximates 11.1% of net revenues***
- ***Cash Flow from Operations \$2.1 million***
- ***Unit sales decline due to timing of large orders***

CHICAGO, February 4, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), which manufactures and markets the *FC2 Female Condom®*, today reported its operating results for the first quarter of FY2011.

During the three months ended December 31, 2010, the Company's net revenues decreased 33% to approximately \$3.7 million, compared with approximately \$5.5 million in the first quarter of the previous fiscal year. The results are consistent with the guidance provided in 2010 fiscal year end press release issued December 3, 2010, which stated that the first quarter FY2011 would reflect a decrease over that of the prior year due to the delay in two large orders. The fourth quarter of FY2010 was the Company's most profitable quarter to date, without any contribution from these orders. With respect to one of the orders, Brazil's Ministry of Health issued a request in November 2010 for bids on up to 10 million units of nitrile female condoms. This tender reflects an increase in demand compared to the previous tender, awarded to the Company, which was for 4 million units. The Company submitted its bid in December 2010. The Company is anxious to meet the increasing demand for FC2 in Brazil. The Brazil Ministry of Health has not made public the tender award date.

The Company recorded net income of \$386,668, or \$0.01 per diluted share, in the first quarter of FY2011, compared with a net loss of \$(698,351), or \$(0.03) per diluted share, in the first quarter of FY2010.

Cost of sales decreased 28% to \$1,634,450 in the first quarter of FY2011, compared with \$2,285,813 in the first quarter of FY2010, on a 36% decrease in unit sales. Gross profit decreased 37% to \$2,016,918 in the most recent quarter, compared with \$3,202,861 in the first quarter of FY2010. Gross profit as a percentage of net revenues narrowed slightly to 55% in the quarter ended December 31, 2010, compared with 58% in the prior-year quarter.

Operating income increased \$1,058,119 to \$433,987 in the quarter ended December 31, 2010, versus an operating loss of \$(624,132) in the three months ended December 31, 2009, when the Company recognized a one-time restructuring expense of \$1,896,353.

As noted in previous news releases, the Company expects significant quarter-to-quarter variations in its operating results, due to the timing of large order receipts, production scheduling, and shipments.

“While such delays occur, we remain highly confident that the underlying demand for *FC2 Female Condoms* will continue to increase, due to the increase in new HIV/AIDS cases worldwide, the feminization of HIV/AIDS and the related role of FC2 in protecting women,” observed O.B. Parrish, Chief Executive Officer of The Female Health Company. Women now account for more than 50% of all new HIV/AIDS cases. HIV/AIDS is now the leading cause of death worldwide among women 15-44 years of age. “Based upon currently available information, we believe we will receive the two large orders that have been delayed during the current fiscal year.”

“We ended the first quarter with a very strong balance sheet,” continued Parrish. “The Company’s cash position as of December 31, 2010 approximated \$3.6 million, which represented a 23% improvement relative to cash of approximately \$2.9 million at the end of fiscal year 2010. The Company generated \$2.1 million in cash from operations during the first quarter. We remain debt-free, and our shareholders’ equity totaled \$15.4 million at the end of the most recent quarter.”

On January 14, 2011, the Company’s Board of Directors declared a \$0.05 per share quarterly cash dividend to shareholders of record as of January 31, 2011. The dividend payment will be paid on February 7, 2011 from the Company’s cash on hand. This represents the fifth consecutive quarterly cash dividend declared by the Company.

### **FY 2011 Earnings Guidance**

The Company reaffirmed its previous guidance, which anticipates a 15%-20% increase in unit sales in the fiscal year ending September 30, 2011, relative to unit shipments in FY2010. Operating earnings are expected to increase 10%-15% over the \$6.3 million in operating income recorded in FY2010 (exclusive of restructuring charges of \$1.9 million). The Company expects sales and earnings during the first half of FY2011 to be lower than in prior-year periods, with unit sales accelerating as the fiscal year progresses. As experienced in FY2010, the principal challenge in providing guidance involves the timing of orders that can represent a significant portion of the Company’s annual revenues. As a result, the Company’s guidance could be impacted positively or negatively, depending

on the timing of such orders. Recognizing such variations will occur, the Company remains positive regarding long term increased demand for FC2.

### **Investor Conference Call**

***Shareholders and other interested parties may participate in the conference call by dialing 1-877-317-6789 (international participants dial 1-412-317-6789) and asking to be connected to "The Female Health Company Conference Call", a few minutes before 11:00 a.m. EST on February 4, 2011. A replay of the call will be available one hour after the call through 9:00 p.m. EST on Friday, February 18, 2011 by dialing 1-877-344-7529 (international callers dial 1-412-317-0088) and entering the conference ID 447806.***

### **Use of Non-GAAP Financial Information**

In addition to the results reported in accordance with U.S. generally accepted accounting principles ("GAAP") included in this release, the Company has provided certain non-GAAP financial information, specifically operating income exclusive of the \$1.9 million restructuring charge. Management believes that the presentation of this non-GAAP financial measure provides useful information to investors because this information may allow investors to better evaluate ongoing business performance and certain components of the Company's results. In addition, because the restructuring charge related to a non-recurring event in the first quarter of FY2010, the Company believes that the presentation of this non-GAAP financial measure enhances an investor's ability to make period-to-period comparisons of the Company's operating results. This information should be considered in addition to the results presented in accordance with GAAP, and should not be considered a substitute for the GAAP results. The Company has reconciled the non-GAAP financial information included in this release in a table below.

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(Financial Highlights Follow)

**The Female Health Company**  
**Unaudited Condensed Consolidated Balance Sheet**

	<b>December 31, 2010</b>	<b>September 30, 2010</b>
Cash	\$ 3,577,188	\$ 2,918,776
Restricted cash	4,480	4,578
Certificate of deposit	61,630	-
Accounts receivable, net	2,357,323	4,460,517
Income tax receivable	29,950	28,179
Inventory	2,842,084	2,194,330
Prepaid expenses and other current assets	200,190	284,948
Deferred income taxes	1,900,000	1,900,000
Total current assets	10,972,845	11,791,328
Other non-current assets	117,234	178,713
Net property, plant & equipment	2,306,497	2,398,060
Deferred income tax	4,000,000	4,000,000
Total assets	\$ 17,396,576	\$ 18,368,101
Accounts payable	\$ 859,987	\$ 586,596
Accrued expenses and other current liabilities	553,832	906,994
Accrued compensation	279,757	444,843
Total current liabilities	1,693,576	1,938,433
Obligations under capital leases	8,659	12,999
Deferred grant income	126,104	132,312
Deferred income taxes	152,345	152,227
Total liabilities	1,980,684	2,235,971
Total stockholders' equity	15,415,892	16,132,130
Total liabilities and stockholders' equity	\$ 17,396,576	\$ 18,368,101

**The Female Health Company**  
**Unaudited Condensed Consolidated Statements of Operations**

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Net revenues	\$ 3,651,368	\$ 5,488,674
Cost of sales	1,634,450	2,285,813
Gross profit	2,016,918	3,202,861
Advertising and promotion	19,400	69,851
Selling, general and administrative	1,563,531	1,860,408
Research and development	-	381
Restructuring costs, net	-	1,896,353
Total operating expenses	1,582,931	3,826,993
Operating income (loss)	433,987	(624,132)
Non-operating income (expense):		
Interest, net and other income	717	12,331
Foreign currency transaction loss	(30,906)	(48,689)
Income (loss) before income taxes	403,798	(660,490)
Income tax expense	17,130	37,861
Net income (loss)	386,668	(698,351)
Net income (loss) per basic common share outstanding	\$ 0.01	\$ (0.03)
Basic weighted average common shares outstanding	27,245,560	26,300,571
Net income (loss) per diluted common share outstanding	\$ 0.01	\$ (0.03)
Diluted weighted average common shares outstanding	28,997,497	26,300,571

## Reconciliation of Non-GAAP Financial Information

Following is a reconciliation of the Non-GAAP financial measure of operating income exclusive of restructuring charge to the nearest GAAP financial measure of operating income for the twelve months ended September 30, 2010.

	For Twelve Months Ended September 30, 2010
Operating income exclusive of restructuring charge	\$6,279,082
Less: Restructuring charge	\$1,929,922
Operating Income	\$4,349,160

## For Immediate Release

**Contacts:** William R. Gargiulo, Jr. 231.526.1244  
Donna Felch, CFO 312.595.9123



## **The Female Health Company to Present at Sidoti's Semiannual New York Micro-Cap Conference**

CHICAGO, January 4, 2011 - The Female Health Company (NASDAQ-CM: [FHCO - News](#)), which manufactures and markets the *FC2 Female Condom®*, today announced that O.B. Parrish, CEO, and Donna Felch, CFO, are scheduled to make a presentation at the *Sidoti Semiannual New York Micro-Cap Conference* at 8:40 AM Eastern Time on Monday, January 10, 2011. The Company's executives will also meet with investors to discuss the Company's ongoing operations. The conference will be held at the Grand Hyatt New York Hotel in Midtown Manhattan.

### **About Sidoti & Company, LLC**

Sidoti & Company, LLC Micro-Cap Conference is one of the largest micro-cap focused investor events in the U.S., with over 400 institutional investor attendees at the previous micro-cap conference. For more information or to register for the conference, please contact Justin Ruiss by phone at (212) 453-7008 or via email at [jruiss@sidoti.com](mailto:jruiss@sidoti.com).

Sidoti & Company, LLC, founded in 1999, continues to set the Wall Street standard for small-cap equity research. Analysts mine dozens of industries to provide unbiased, institutional-quality research on more than 500 largely undiscovered, profitable companies at a market capitalization below \$3 billion. The firm, also, is quickly becoming the leading provider of research in the micro-cap arena. Sidoti & Company, LLC, now covers more than 50 names in that sector. The number is growing steadily.

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