U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number 1-13602

THE FEMALE HEALTH COMPANY

(Exact Name of Small Business Issuer as Specified in Its Charter)

Wisconsin	39-1144397
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

515 N. State Street, Suite 2225, Chicago, IL	60610
(Address of Principal Executive Offices)	(Zip Code)

(312) 595-9123
(Issuer's Telephone Number, Including Area Code)

Not applicable
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO
--- ---

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date:

Common Stock, $.01 Par Value - 16,503,329 shares outstanding as of August 13, 2002

Transitional Small Business Disclosure Format (check one):

Yes ----- No X -----

FORM 10-QSB

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Certain statements included in this quarterly report on Form 10-QSB which are not statements of historical fact are intended to be, and are hereby identified as, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. Such factors include, among others, the following: the Company's inability to secure adequate capital to fund operating losses, working capital requirements, advertising and promotional expenditures and principal and interest payments on debt obligations; factors related to increased competition from existing and new competitors including new product introduction, price reduction and increased spending on marketing; limitations on the Company's opportunities to enter into and/or renew agreements with international partners, the failure of the Company or its partners to successfully market, sell, and deliver its product in international markets, and risks inherent in doing business on an international level, such as laws governing medical devices that differ from those in the U.S., unexpected changes in the regulatory requirements, political risks, export restrictions, tariffs, and other trade barriers, and fluctuations in currency exchange rates; the disruption of production at the Company's manufacturing facility due to raw material shortages, labor shortages, and/or physical damage to the Company's facilities; the Company's inability to manage its growth and to adapt its administrative, operational and financial control systems to the needs of the expanded entity and the failure of management to anticipate, respond to and manage changing business conditions; the loss of the services of executive officers and other key employees and the Company's continued ability to attract and retain highly-skilled and qualified personnel; the costs and other effects of litigation, governmental investigations, legal and administrative cases and proceedings, settlements and investigations; and developments or assertions by or against the Company relating to intellectual property rights.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

<TABLE>
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	JUNE 30, 2002
ASSETS	
Current Assets:	
<S>	<C>
Cash	$ 869,923
Accounts receivable, net	1,327,089
Inventories.	1,169,341
Prepaid expenses and other current assets.	362,968
TOTAL CURRENT ASSETS.	3,729,321
Certificate of Deposit.	119,186
Intellectual property rights, net	405,177
Other assets	153,118

	677,481
PROPERTY, PLANT AND EQUIPMENT	3,867,443
Less accumulated depreciation and amortization.	(3,099,742)
Net property, plant, and equipment	767,701
TOTAL ASSETS.	$ 5,174,503
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current Liabilities:	
Note payable, related party, net of unamortized discount	$ 805,085
Accounts payable	580,712
Accrued expenses and other current liabilities	1,732,838
Preferred dividends payable.	100,725
TOTAL CURRENT LIABILITIES	3,219,360
Note payable, bank, net of unamortized discount.	1,079,626
Convertible debentures	450,000
Deferred gain on sale of facility.	1,259,113
TOTAL LIABILITIES	6,008,099
STOCKHOLDERS' DEFICIT:	
Convertible preferred stock.	6,600
Common stock	160,535
Additional paid-in-capital	52,509,595
Unearned consulting compensation	(79,501)
Accumulated deficit.	(53,544,667)
Accumulated other comprehensive income	145,918
Treasury stock, at cost.	(32,076)
TOTAL STOCKHOLDERS' DEFICIT	(833,596)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 5,174,503

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Three Months Ended June 30,	
	2002	2001
<S>	<C>	<C>
Net revenues.	$ 1,991,287	$ 2,296,590
Cost of products sold	1,073,929	1,388,279
Gross profit.	917,358	908,311
Advertising & promotion	12,725	2,989
Selling, general and administrative	790,426	660,744
Litigation settlement	1,289,397	----
Stock compensation.	1,331,238	38,144
Total operating expenses.	3,423,786	701,877
Operating income (loss)	(2,506,428)	206,434
Interest, net and other expense	294,581	161,768
Income(loss)before income taxes	(2,801,009)	44,666
Provision for income taxes	----	----
Net income(loss).	(2,801,009)	44,666

Preferred dividends, Series 1	32,910	32,910
Net income(loss) attributable to common stockholders.	$(2,833,919)	$ 11,756
Net income(loss) per common share outstanding	$ (0.18)	$ 0.00
Weighted average common shares outstanding.	16,035,261	14,656,473

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Nine Months Ended June 30,	
	2002	2001
<S>	<C>	<C>
Net revenues	$ 5,921,756	$ 4,959,512
Cost of products sold.	3,390,849	3,258,768
Gross profit	2,530,907	1,700,744
Advertising & promotion.	33,800	110,155
Selling, general and administrative.	2,225,084	2,023,129
Litigation settlement	1,289,397	----
Stock compensation	1,415,392	79,938
Total operating expenses	4,963,673	2,213,222
Operating loss	(2,432,766)	(512,478)
Interest, net and other expense.	706,449	463,926
Loss before income taxes	(3,139,215)	(976,404)
Provision for income taxes	----	----
Net loss	(3,139,215)	(976,404)
Preferred dividends, Series 1.	98,734	99,729
Net loss attributable to common stockholders	$(3,237,949)	$(1,076,133)
Net loss per common share outstanding. . . .	$ (0.20)	$ (0.07)
Weighted average common shares outstanding .	15,967,922	14,392,258

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	2002	2001
OPERATIONS:		
<S>	<C>	<C>
Net (loss)	$(3,139,215)	$ (976,404)
Adjustment for noncash items:		
Depreciation and amortization	382,863	385,044

Interest added to certificate of deposit	(4,186)	----
Amortization of discounts on notes payable and convertible debentures	463,317	239,556
Litigation settlement	1,289,397	----
Stock based compensation	1,415,392	79,938
Changes in operating assets and liabilities	(441,371)	(352,952)
Net cash (used in) operating activities	(33,803)	(624,818)
INVESTING ACTIVITIES:		
Net cash (used in)investing activities, capital expenditures	(42,398)	(36,415)
FINANCING ACTIVITIES:		
Proceeds from note payable, bank	500,000	----
Proceeds from issuance of convertible debentures	----	450,000
Dividends paid on preferred stock	(95,825)	(107,186)
Proceeds from issuance of common stock	60,000	300,000
Net cash provided by financing activities	464,175	642,814
Effect of exchange rate changes on cash	12,543	30,217
INCREASE IN CASH	400,517	11,798
Cash at beginning of period	469,406	457,122
CASH AT END OF PERIOD	$ 869,923	$ 468,920
Schedule of noncash financing and investing activities:		
Renewal of notes payable with related parties	$ 1,000,000	$1,300,000
Issuance of warrants on notes payable and credit facility	681,137	239,556
Common stock issued for payment of preferred stock dividends and convertible debenture interest	73,389	64,520
Preferred dividends declared, Series 1	98,734	99,729

</TABLE>

See notes to unaudited condensed consolidated financial statements.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation

The accompanying financial statements are unaudited but in the opinion of management contain all the adjustments (consisting of those of a normal recurring nature) considered necessary to present fairly the financial position and the results of operations and cash flow for the periods presented in conformity with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Operating results for the three and nine months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-KSB for the fiscal year ended September 30, 2001.

Principles of consolidation and nature of operations:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Female Health Company - UK and The Female Health Company - UK, plc. All significant intercompany transactions and accounts have been eliminated in consolidation. The Female Health Company ("FHC" or the "Company") is currently engaged in the marketing, manufacture and distribution of a consumer health care product known as the female condom, "FC," in the U.S. and "femidom", "femy" and "the female condom" outside the U.S. The Female Health Company - UK, is the holding company of The Female Health Company - UK, plc, which operates a 40,000 sq. ft. leased manufacturing facility located in London, England.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and use assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Reclassification:
- -----------------

Certain expenses on the statements of operations for the three and nine months ended June 30, 2001 have been reclassified to be consistent with the presentation shown for the three and nine months ended June 30, 2002.

NOTE 2 - Earnings Per Share

Earnings per share (EPS):
- -------------------------

Basic EPS is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of the incremental common shares issuable upon conversion of convertible preferred or convertible debt and the exercise of stock options and warrants for all periods. Fully diluted (loss) per share is not presented since the effect would be anti-dilutive.

NOTE 3 - Comprehensive Loss

Total Comprehensive Income (Loss) was $(2,627,922) and $(3,017,099) for the three and nine months ended June 30, 2002 and $16,175 and $(1,113,791) for the three and nine months ended June 31, 2001.

NOTE 4 - Inventories

The components of inventory consist of the following:
<TABLE>
<CAPTION>

	JUNE 30, 2002
<S>	<C>
Raw Material and work in process	$ 876,831
Finished Goods	338,195
Inventory, Gross	1,215,026
Less: Inventory reserves	(45,685)
Inventory, net	$ 1,169,341

</TABLE>

NOTE 5 - Financial Condition

The Company's consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss of $3.2 million for the nine months ended June 30, 2002 and as of June 30, 2002 had an accumulated deficit of $53.5 million. At June 30, 2002, the Company had working capital of $.5 million and stockholders' deficit of $.8 million. In the near term, the Company expects operating and capital costs to continue to exceed funds generated from operations due principally to the Company's manufacturing costs relative to current production volumes and the ongoing need to commercialize the Female Condom around the world. As a result, operations in the near future are expected to continue to use working capital. Management recognizes that the Company's continued operations may depend on its ability to raise additional capital through a combination of equity or debt financing, strategic alliances and increased sales volumes.

At various points during the developmental stage of the product, the Company was able to secure resources, in large part through the sale of equity and debt securities, to satisfy its funding requirements. As a result, the Company was able to obtain FDA approval, worldwide rights, manufacturing facilities and equipment and to commercially launch the Female Condom.

Management believes that developments, including the Company's agreement with the UNAIDS, a joint United Nations program on HIV/AIDS, and various distribution partners in major countries, provide an indication of the Company's success in broadening awareness and distribution of the Female Condom and may benefit future efforts to raise additional capital and to secure additional agreements

to promote and distribute the Female Condom throughout other parts of the world.

NOTE 5- Financial Condition - (Continued)

On May 18, 2001 the Company entered into an agreement with Heartland Bank providing for a $2,000,000 credit facility. The unpaid balances on the note are due May 18, 2004 and bear interest payable at a rate of 10% per annum. The agreement contains certain covenants which include restrictions on the payment of dividends and distributions and on the issuance of warrants. The Company may borrow under the credit facility from time to time subject to conditions, including obtaining personal guarantees of 125% of the amount outstanding under the loan. In connection with the credit facility, the Company issued warrants to Heartland bank to purchase the number of shares divided by the warrant purchase price as of the date of exercise.

The warrant purchase price is equal to 70% of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but in no event shall the per share price be less than $.50 or more than $1.00. In accounting for Heartland Bank's warrants, the Company has designated 1,000,000 warrants valued at $270,800 and these are recorded by the Company as additional paid in capital and a discount on the credit facility.

The Company initially borrowed $1,500,000 under the credit facility and obtained guarantees of five individuals equal in total to the amount outstanding under the loan. Three of the guarantors are directors of the Company and one of the guarantors is a trust for the benefit of the Company's Chairman and Chief Executive Officer. Each guarantor may be liable to Heartland Bank for up to 125% of the guarantor's guarantee amount if the Company defaults under the credit facility. The Company issued warrants to the five guarantors to purchase the number of shares of the Company's Common Stock equal to the guarantee amount of such guarantor divided by the warrant purchase price as of the date of exercise. The warrant purchase price is equal to 70% of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but in no event shall the per share price be less than $.50 or more than $1.00. The Company also issued additional warrants to purchase 100,000 shares of Common Stock to two guarantors with a warrant price of $.50 per share. In accounting for the guarantors' warrants, the Company has designated 3,200,000 warrants valued at $667,578 and these are recorded by the Company as additional paid in capital and a discount on the credit facility.

On December 18, 2001 and December 20, 2001 the Company borrowed an additional aggregate $400,000 under the credit facility initially entered into on May 18, 2001. The Company obtained guarantees from two individuals to guarantee the additional amount outstanding on the credit facility. Each guarantor may be liable to Heartland Bank for up to 125% of the guarantor's guarantee amount if the Company defaults under the credit facility. The Company issued warrants to the two guarantors to purchase the number of shares of the Company's Common Stock equal to the guarantee amount of such guarantor divided by the warrant purchase price as of the date of exercise. The warrant purchase price is equal to 70% of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but in no event shall the per share price be less than $.50 or more than $1.00. The Company also issued additional warrants to purchase 100,000 shares of Common Stock to one of the guarantors with a warrant price of $.50 per share. In accounting for the guarantors' warrants, the Company has designated 900,000 warrants valued at $326,127 and these are recorded by the Company as additional paid in capital and a discount on the credit facility.

During the three months ended December 31, 2001, the Company completed a private placement where 120,000 shares of the Company's common stock were sold for $60,000. The stock sale was directly with an accredited investor. The Company sold the shares to this investor at the price of $.50.

NOTE 5- Financial Condition - (Continued)

On February 20, 2002 the Company borrowed an additional $100,000 under the credit facility initially entered into on May 18, 2001. The Company obtained a guarantee from one individual to guarantee the additional amount outstanding on the credit facility. The guarantor may be liable to Heartland Bank for up to 125% of the guarantor's guarantee amount if the Company defaults under the credit facility. The Company issued warrants to the one guarantor to purchase the number of shares of the Company's Common Stock equal to the guarantee amount of such guarantor divided by the warrant purchase price as of the date of exercise. The warrant purchase price is equal to 70% of the "market price" of the Common Stock as of the day immediately prior to the date the exercise notice is given to the Company, but in no event shall the per share price be less than $.50 or more than $1.00. In accounting for the guarantor's warrants, the Company has designated 151,515 warrants valued at $89,300 and are recorded by the

Company as additional paid in capital and a discount on the credit facility.

Until internally generated funds are sufficient to meet cash requirements, FHC will remain dependent upon its ability to generate sufficient capital from outside sources. While management believes that net revenues from sales of the Female Condom will eventually exceed operating costs and that ultimately operations will generate sufficient funds to meet capital requirements as it did in the third quarter of fiscal 2002, there can be no assurance that such level of operations will be achieved again. Likewise, there can be no assurance that the Company will be able to source all or any portion of future required capital through the sale of debt or equity or, if raised, the amount will be sufficient to operate the Company until sales of the Female Condom generate sufficient net revenues to fund operations. In addition, any funds raised may be costly to the Company and/or dilutive to stockholders. If the Company is not able to source the required funds or any future capital which becomes required, the Company may be forced to sharply curtail the Company's efforts to promote the female condom, to attempt to sell certain of its assets and rights or to curtail certain of its operations and may ultimately be forced to cease operations. Currently, the Company has made no plans to sell any assets nor has it identified any assets to be sold or potential buyers.

NOTE 6 - Industry Segments And Financial Information About Foreign and Domestic Operations

The Company currently operates primarily in one industry segment which includes the development, manufacture and marketing of consumer health care products.

The Company operates in foreign and domestic regions. Information about the Company's operations by geographic area is as follows:

<TABLE>
<CAPTION>
(Amounts in Thousands)

,	Net Sales to External Customer For the Nine months ended June 30,		Long-Term Assets as of June 30,	
	2002	2001	2002	2001
<S>	<C>	<C>	<C>	<C>
United States	$2,131	$2,184	$ 154	$ 22
Brazil	1,049	331	-	-
Ghana	*	273		
South Africa	594	732	-	-
United Kingdom	*	*	1,291	1,663
Zimbabwe	786	*	-	-
Other	1,362	1,440	-	-
	$5,922	$4,960	$1,445	$1,685

<FN>

* Less than 5 percent of total net sales
</TABLE>

NOTE 7 - Contingent Liabilities & Litigation Settlement

The testing, manufacturing and marketing of consumer products by the Company entail an inherent risk that product liability claims will be asserted against the Company. The Company maintains product liability insurance coverage for claims arising from the use of its products. The coverage amount is currently $5,000,000 for FHC's consumer health care product.

The former holders of the $1,500,000 convertible debentures issued on May 19, 1999 and June 3, 1999 alleged that the Company was in default with respect to the perfection of the former holders' security interest in the Company's assets. The former holders demanded the issuance of 1,500,000 shares of the Company's common stock to the former holders due to this alleged default. On July 23, 2002 the Company and the former holders settled the dispute out of court. The Company agreed to issue 450,000 shares of the Company's common stock to the former convertible debenture holders and to extend the expiration dates of 2.25 million warrants held by the former holders to 2007. The former convertible debenture holders agreed to release their security interest in the Company's assets. The issuance of the shares and the extension of the expiration date of the warrants have been recorded in accordance with Financial Accounting Standards Board No.

5. In accounting for the litigation settlement, the Company designated the value of the newly issued shares and extended warrants at $1,289,397. The fair value of extending the warrants was estimated at the date of settlement using the Black-Scholes pricing model assuming expected volatility of 63.4 and a risk-free interest rate of 6.26%. These non-cash costs are recorded as litigation settlement on the three and nine-month statement of operations and as accrued expenses and other current liabilities on the June 30, 2002 balance sheet.

NOTE 8 - Related Parties

It has been and currently is the policy of the Company that transactions between the Company and its officers, directors, principal shareholders or affiliates are to be on terms no less favorable to the Company than could be obtained from unaffiliated parties. The Company intends that any future transactions between the Company and its officers, directors, principal shareholders or affiliates will be approved by a majority of the directors who are not financially interested in the transaction.

NOTE 9 - Stock Compensation

In September 2001, certain option holders waived their rights to exercise their options until the Company amended its Amended and Restated Articles of Incorporation to increase the number of shares of common stock authorized for issuance. To obtain this waiver, the Company agreed to re-price these options at $.56 per share once the amendment was approved. The Company's stock was trading at less than $.56 per share when the waivers were obtained.

On May 8, 2002 shareholders approved an amendment to the Company's Amended and Restated Articles of Incorporation to increase the total number of authorized shares of the Company's common stock from 27,000,000 to 35,500,000 shares.

Since the amendment was approved, options to purchase an aggregate of 2,659,800 shares of common stock have been re-priced to $.56 per share. The Company will continue to account for all of its stock options in accordance with variable plan accounting guidance provided in APB 25 and related interpretations. This accounting treatment requires the Company to record expense with respect to stock options on a periodic basis based upon the amount, if any, by which the fair market value of the common stock exceeds the exercise price of the stock options. The reduction in the exercise price of the re-priced options and the increase in the stock price of the Company's common stock as of June 30, 2002 resulted in the Company recording $1,308,858 of stock compensation expense related to the Company's stock options under variable plan accounting for the three-month period ended June 30, 2002. For the nine months ended June 30, 2002, the Company recorded $1,341,858 of stock compensation expense pertaining to the Company's stock options.

THE FEMALE HEALTH COMPANY AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

The Female Health Company ("FHC" or the "Company") manufactures, markets and sells the female condom (FC), the only FDA-approved product under a woman's control which can prevent unintended pregnancy and sexually transmitted diseases ("STDs"), including HIV/AIDS.

FC has undergone extensive testing for efficacy, safety and acceptability around the world. Certain of these studies show that having FC available allows women to have more options, resulting in an increase in protected sex acts and a decrease in STDs, including HIV/AIDS.

The product is currently sold or available in various venues including commercial (private sector) and public sector clinics in over 80 countries. It is commercially marketed in 17 countries by various FHC country specific partners, including the United States, United Kingdom, Japan, Canada, Holland, France, Venezuela, and Brazil. The company signed a non-binding memorandum of understanding with Hindustan Latex Limited for distribution in India.

As noted above, FC is sold to the global public sector. In the U.S., the product is marketed to city and state public health clinics as well as not-for-profit organizations such as Planned Parenthood. Under an agreement with UNAIDS, UNAIDS facilitates the availability and distribution of FC in the developing world and the Company sells the product to developing countries at a reduced price based on the Company's cost of production. Currently over 80 developing countries purchase FC under the terms of this agreement.

PRODUCT

FC is made of polyurethane, a thin but strong material which is resistant to rips and tears during use. FC consists of a soft, loose fitting sheath and two flexible O rings. One of the rings is used to insert the device and helps to

hold it in place. The other ring remains outside the vagina after insertion. FC lines the vagina, preventing skin from touching skin during intercourse. FC is pre-lubricated and disposable and is intended for use during only one sex act.

RAW MATERIALS

Polyurethane is the principal raw material the Company uses to produce FC. The Company has entered into a supply agreement with Deerfield Urethane, Inc. for the purchase of all of the Company's requirements of polyurethane. Under this agreement, the parties negotiate pricing on an annual basis. The original term of the agreement extended to December 31, 1995 and thereafter automatically renews for an additional one-year period unless either party gives at least 12 months prior written notice of termination.

GLOBAL MARKET POTENTIAL

HIV/AIDS is the most devastating pandemic that humankind has faced in recorded history. UNAIDS and the World Health Organization ("WHO") estimate that more than 60 million people have been infected with the virus and the current estimate is that over 40 million people globally are living with HIV. AIDS is not the only sexually transmitted disease that the global public health community is battling. In the United States, the Center for Disease Control and Protection noted that one in five Americans over the age of 12 has Herpes and 1 in every 3 sexually active people will get an STD by age 24. Women are currently the fastest growing group (globally) infected with HIV and are expected to comprise the majority of the new cases in the coming year.

Currently there are only two products that prevent the transmission of HIV/AIDS through sexual intercourse --the latex male condom and FC.

Male Condom Market: It is estimated the global annual market for male condoms is close to 5 billion units. However, the majority of all acts of sexual intercourse, excluding those intended to result in pregnancy, are completed without protection. As a result, it is estimated the potential market for barrier contraceptives is much larger than the identified male condom market.

ADVANTAGES VERSUS THE MALE CONDOM

FC is currently the only available barrier contraceptive method controlled by women which allows them to protect themselves from unintended pregnancy and STDs, including HIV/AIDS. The most important advantage is that using FC, a woman has a prevention method she controls as many men do not like to wear male condoms and may refuse to do so.

The polyurethane material that is used for FC offers a number of benefits over latex, the material that is most commonly used in male condoms. Polyurethane is much stronger than latex, reducing the probability that FC sheath will tear during use. Unlike latex, polyurethane quickly transfers heat, so FC immediately warms to body temperature when it is inserted, which may result in increased pleasure and sensation during use. The product offers an additional benefit to the 7% to 20% of the population that is allergic to latex and who, as a result, may be irritated by latex male condoms. To the Company's knowledge, there is no reported allergy to date to polyurethane. FC is also more convenient, providing the option of insertion hours before sexual arousal and as a result is less disruptive during sexual intimacy than the male condom which requires sexual arousal for application.

COST EFFECTIVENESS

Various studies have been reported in the literature on the cost-effectiveness of FC. The studies show that making FC available is highly cost effective in reducing public health costs in developing countries as well as in the U.S. Further studies show that including FC in prevention programs to high risk groups is not only cost-effective but cost-saving.

WORLDWIDE REGULATORY APPROVALS

FC received Pre-Market Approval ("PMA") as a Class III Medical Device from the U.S. Food and Drug Administration ("FDA") in 1993. The extensive clinical testing and scientific data required for FDA approval laid the foundation for approvals throughout the rest of the world, including receipt of a CE Mark in 1997 which allows the Company to market FC throughout the European Union ("EU"). In addition to the United States and the EU, other countries (with registration requirements) have approved FC for sale, including Canada, Russia, Australia, Japan, South Korea and Taiwan.

The Company believes that FC's PMA and FDA classification as a Class III Medical Device create a significant barrier to entry in the US. The Company estimates that it would take a minimum of four to six years to implement, execute and

receive FDA approval of a PMA to market another type of female condom.

The Company believes there are no material issues or material costs associated with the Company's compliance with environmental laws related to the manufacture and distribution of FC.

STRATEGY

The Company's strategy is to act as a manufacturer, selling FC to the global public sector, United States public sector and commercial partners for country-specific marketing. The public sector and commercial partners assume the cost of shipping and marketing the product. As a result, as volume increases, the Company's operating expenses will not increase significantly.

COMMERCIAL MARKETS

The Company markets the product directly in the United Kingdom. The Company has distribution agreements with commercial partners in 17 countries including the United States, Japan, Canada, Brazil, Venezuela, Denmark, Holland, France and India. The agreements are generally exclusive for a single country. Under these agreements, each partner markets and distributes FC in a single country and the Company manufacturers FC and sells the product to the partner for distribution in that country.

RELATIONSHIPS AND AGREEMENTS WITH PUBLIC SECTOR ORGANIZATIONS

Currently, it is estimated more than 1.5 billion male condoms are distributed worldwide by the public sector each year. FC is seen as an important addition to prevention strategies by the public sector because studies show that the availability of FC decreases the amount of unprotected sex by as much as 25% over male condoms alone.

The Company has an agreement with UNAIDS to supply FC to developing countries at a reduced price which is negotiated each year based on the Company's cost of production. The current price per unit is approximately 0.38 (pounds), or approximately $0.58. Under the agreement, UNAIDS and the Company cooperate in education efforts and marketing FC in developing countries. Sales of FC are made directly to public health authorities in each country at the price established by the agreement with UNAIDS. The term of the agreement currently expires on December 31, 2002, but automatically renews for additional one-year periods unless either party gives at least 90 days prior written notice of termination.

STATE-OF-THE-ART MANUFACTURING FACILITY

The Company manufactures FC in a 40,000 square-foot leased facility in London, England. The facility is currently capable of producing 60 million units per year. With additional equipment, this capacity can be significantly increased. On April 22, 2002 the Company's subsidiary, Female Health Company (UK) plc received the prestigious Queen's award for Enterprise, the highest honor that can be bestowed on a UK business. The award, given in the Queen's Golden Jubilee year, has been made in recognition of the Company's outstanding international trade achievements.

GOVERNMENT REGULATION

In the U.S., FC is regulated by the FDA. Pursuant to section 515(a)(3) of the Safe Medical Amendments Act of 1990 (the "SMA Act"), the FDA may temporarily suspend approval and initiate withdrawal of the PMA if the FDA finds that FC is unsafe or ineffective, or on the basis of new information with respect to the device, which, when evaluated together with information available at the time of approval, indicates a lack of reasonable assurance that the device is safe or effective under the conditions of use prescribed, recommended or suggested in the labeling. Failure to comply with the conditions of FDA approval invalidates the approval order. Commercial distribution of a device that is not in compliance with these conditions is a violation of the SMA Act.

COMPETITION

The Company's female condom participates in the same market as male condoms but is not seen as directly competing with male condoms. Rather, the Company believes that providing FC is additive in terms of prevention and choice. Latex male condoms cost less and have brand names that are more widely recognized than FC. In addition, male condoms are generally manufactured and marketed by companies with significantly greater financial resources than the Company. It is also possible that other parties may develop a female condom. These competing products could be manufactured, marketed and sold by companies with significantly greater financial resources than those of the Company.

PATENTS AND TRADEMARKS

The Company currently holds product and technology patents in the United States, Japan, the United Kingdom, France, Italy, Germany, Spain, the European Patent

Convention, Canada, The People's Republic of China, Brazil, South Korea and Australia. These patents expire between 2005 and 2013. Additional technology patents are pending in Japan. The patents cover the key aspects of FC, including its overall design and manufacturing process. The Company terminated its license of the trademark "Reality" in the United States and now has the registered trademark FC Female Condom in the United States. The Company has trademarked "femidom" and "femy" in certain foreign countries. The Company has also secured, or applied for, 13 trademarks in 26 countries to protect the various names and symbols used in marketing the product around the world. In addition, the experience that has been gained through years of manufacturing FC has allowed the Company to develop trade secrets and know-how, including certain proprietary production technologies that further secure its competitive position.

RESULTS OF OPERATIONS
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THREE MONTHS ENDED JUNE 30, 2002 COMPARED TO THREE MONTHS ENDED JUNE 30, 2001

The Company had net revenues of $1,991,287 and a net loss attributable to common stockholders of $2,833,919 for the three months ended June 30, 2002 compared to net revenues of $2,296,590 and net income attributable to common stockholders of $11,756 for the three months ended June 30, 2001. Without the current quarter's non-cash charges for the litigation settlement and compensation related to stock options, the net loss attributable to common stockholders would have been $235,664.

Net revenues decreased $305,303 in the current quarter, or 13%, compared with the same period last year. The lower net revenues occurred because of lower unit sales shipped to global and domestic public sector customers.

The Company expects significant quarter to quarter variation due to the timing of receipt of large orders, subsequent production scheduling, and shipping of products as various countries launch the product. The Company believes this variation between quarters will continue for several quarters to come until reorders form an increasing portion of total net revenues.

Cost of products sold decreased $314,350 to $1,073,929 in the current quarter from $1,388,279 for the same period last year. The cost of products sold decrease of 23% on a 13% sales decrease resulted in a improvement in costs of products sold as a percentage of sales from 54% in the current quarter compared to 60% during the same period in the prior year. Savings relating to raw material purchases provided for a reduction in direct material costs per unit during the current quarter compared to the same period last year and resulted in the decrease in cost of products sold between periods.

Advertising and promotional expenditures increased $9,736 to $12,725 in the current quarter from $2,989 for the same period in the prior year. Selling, general and administrative expenses increased $129,682, or 20%, to $790,426 in the current quarter from $660,744 for the same period last year. The change reflects an increase in insurance, U.K. rents and property taxes and global selling expenses in the current quarter compared to similar costs incurred in the prior fiscal year's third quarter. As a percentage of sales; selling, general and administrative expenses were 40% in the current quarter compared to 29% during the same period in the prior year.

Total operating expenses increased $2,721,909 to $3,423,786 in the current quarter from $701,877 for the same period last year. $2,598,255, or 95%, of this increase represents non-cash costs incurred from the litigation settlement and stock option expenses during the current year's third quarter. Further explanation of these costs is provided in the Notes to Unaudited Condensed Consolidated Financial Statements section in Notes 7 and 9, respectively.

The Company recorded an operating loss of $2,506,428 for the current year's third quarter. Without the non-cash charges for the litigation settlement and compensation related to stock options, the Company would have recorded operating income of $91,827.

Net interest and other expenses increased $132,813 to $294,581 for the current period from $161,768 for the same period last year. The increase occurred because the Company had a larger amount of non-cash expenses incurred from the amortization of discounts on note payable and credit facility than the third quarter of the prior year.

NINE MONTHS ENDED JUNE 30, 2002 COMPARED TO NINE MONTHS ENDED JUNE 30, 2001

The Company had net revenues of $5,921,756 and a net loss attributable to common stockholders of $3,237,949 for the nine months ended June 30, 2002 compared to net revenues of $4,959,512 and a net loss attributable to common stockholders of $1,076,133 for the nine months ended June 30, 2001. Without the current fiscal year's non-cash charges for the litigation settlement and compensation related to stock options, the net loss attributable to common stockholders would have

been $606,694.

Net revenues for the nine-month period increased $962,244, or 19%, compared with the same period last year. The higher net revenues occurred because of higher unit sales shipped to global public sector customers. For the fifth consecutive quarter global unit shipments surpassed one million units.

Cost of products sold increased $132,081 to $3,390,849 for the current fiscal year from $3,258,768 for the same period last year. The cost of products sold increase of 4% on a 19% sales increase resulted in a improvement in costs of products sold as a percentage of sales from 57% in the current fiscal year compared to 66% during the same period in the prior year. As unit sales increase, fixed manufacturing costs do not require additional costs to be incurred, enabling the Company to produce at a lower cost of goods sold per unit. Due to this change and the sales increase, gross profit increased $830,163, or 49%, to $2,530,907 from $1,700,744 during the prior fiscal year. As a percentage of sales, gross profit was 43% for nine months ended June 30, 2002 compared to 34% for the same period last year.

Advertising and promotional expenditures decreased $76,355 to $33,800 for the nine months ended June 30, 2002 from $110,155 for the same period in the prior year. The decline resulted from a reduction in advertising costs between these periods and an elimination of promotional expenses during the nine months ended June 30, 2002.

Selling, general and administrative expenses increased $201,955, or 10%, to $2,225,084 in the current fiscal year from $2,023,129 for the same period last year. The change reflects increases in insurance, legal and global selling expenses partially offset by a reduction in consulting expenses incurred during the comparative periods. As a percent of sales, selling, general and administrative expenses were 38% during the nine months ended June 30, 2002 compared to 41% for the same period last year.

Total operating expenses increased $2,750,451 to $4,963,673 for the nine months ended June 30, 2002 from $2,213,222 for the same period last year. $2,631,255, or 96%, of this increase represents non-cash costs the litigation settlement and stock option expenses incurred during the nine months ended June 30, 2002. Further explanation of these costs is provided in the Notes to Unaudited Condensed Consolidated Financial Statements section in Notes 7 and 9, respectively.

The Company recorded an operating loss of $2,432,766 for the nine months ended June 30, 2002. Without the non-cash charges for the litigation settlement and compensation related to stock options, the Company would have recorded operating income of $198,489.

Net interest and other expenses increased $242,523 to $706,449 for the nine months ended June 30, 2002 from $463,926 for the same period last year. The increase occurred because the Company had a larger amount of non-cash expenses incurred from the amortization of discounts on note payable and credit facility than the same period of the prior year.

Factors That May Affect Operating Results and Financial Condition

The Company's future operating results and financial condition are dependent on the Company's ability to increase demand for and to cost-effectively manufacture sufficient quantities of the female condom. Inherent in this process is a number of factors that the Company must successfully manage in order to achieve favorable future results and improve its financial condition.

Reliance on a Single Product

The Company expects to derive the vast majority, if not all, of its future net revenues from the female condom, its sole current product. While management believes the global potential for the female condom is significant, the product is in the early stages of commercialization and, as a result, the ultimate level of consumer demand around the world is not yet known. To date, sales of the female condom have not been sufficient to cover the Company's operating costs, on an annual basis.

Distribution Network

The Company's strategy is to act as a manufacturer and to develop a global distribution network for the product by completing partnership arrangements with companies with the necessary marketing and financial resources and local market expertise. To date, this strategy has resulted in numerous in-country distributions in the public sector, particularly in Africa, Latin America and recently in India. Several partnership agreements have been completed for the commercialization of the female condom in private sector markets around the world. However, the Company is dependent on country governments as well as city and state public health departments within the United States to continue their commitment to prevention of STDs, including AIDS, by including female condoms in their programs. The Company is also dependent on finding appropriate partners

for the private sector markets around the world. Once an agreement is completed, the Company is reliant on the effectiveness of its partners to market and distribute the product. Failure by the Company's partners to successfully market and distribute the female condom or failure of country governments to implement prevention programs which include distribution of barrier methods against the AIDS crisis, or an inability of the Company to secure additional agreements for AIDS crisis, or an inability of the Company to secure additional agreements for new markets either in the public or private sectors could adversely affect the Company's financial condition and results of operations.

As part of this strategy the Company has entered into two recent agreements.

On November 29, 2001, the Company signed a non-binding memorandum of understanding with Hindustan Latex Limited ("HLL"), an Indian government organization and India's largest male condom manufacturer. HLL distributes to public sector customers including government and non-government organizations and to consumers through 160,000 retail outlets. Jointly with HLL a marketing strategy will be developed for the country of India. Over time, the Company anticipates that HLL and the Company will explore manufacturing options within India.

On December 18, 2001, the Company announced the appointment of Total Access Group ("TAG") as the exclusive distributor for public sector sales within a 15 state region in the western United States. TAG is a privately held national distributor to the United States public sector and serves over 2,500 customers, which include state and local health departments, community based organizations, HIV/STD prevention organizations, Planned Parenthood clinics and family planning organizations. TAG is a full service distributor and will provide marketing, education and customer service support. TAG is required to purchase 2,190,000 units within a three year period to retain exclusive distribution rights.

Inventory and Supply

All of the key components for the manufacture of the female condom are essentially available from either multiple sources or multiple locations within a source.

Global Market and Foreign Currency Risks

The Company manufactures the female condom in a leased facility located in London, England. Further, a material portion of the Company's sales are in foreign markets. Manufacturing costs and sales to foreign markets are subject to normal currency risks associated with changes in the exchange rate of foreign currencies relative to the United States dollar. To date, the Company's management has not deemed it necessary to utilize currency hedging strategies to manage its currency risks. On an ongoing basis, management continues to evaluate its commercial transactions and is prepared to employ currency hedging strategies when it believes such strategies are appropriate. In addition, some of the Company's future international sales may be in developing nations where dramatic political or economic changes are possible. Such factors may adversely affect the Company's results of operations and financial condition.

Government Regulation

The female condom is subject to regulation by the FDA, pursuant to the federal Food, Drug and Cosmetic Act (the "FDC Act"), and by other state and foreign regulatory agencies. Under the FDC Act, medical devices must receive FDA clearance before they can be sold. FDA regulations also require the Company to adhere to certain "Good Manufacturing Practices," which include testing, quality control and documentation procedures. The Company's compliance with applicable regulatory requirements is monitored through periodic inspections by the FDA. The failure to comply with applicable regulations may result in fines, delays or suspensions of clearances, seizures or recalls of products, operating restrictions, withdrawal of FDA approval and criminal prosecutions. The Company's operating results and financial condition could be materially adversely affected in the event of a withdrawal of approval from the FDA.

Liquidity and Sources of Capital

Historically, the Company has incurred cash operating losses relating to expenses incurred to develop and promote the Female Condom. During the nine months ended June 30, 2002, cash used in operations totaled less than $.1 million. The Company used net proceeds from the issuance of the Company's common stock and additional borrowings on the company's credit facility to fund cash used in operations, capital expenditures, payment of preferred stock dividends and an increase in its cash position.
Until internally generated funds are sufficient to meet cash requirements, the Company will remain dependent upon its ability to generate sufficient capital from outside sources.

At June 30, 2002, the Company had current liabilities of $3.2 million including a $1.0 million note payable due March 25, 2003 to Mr. Dearholt, a Director of the Company. As of June 30, 2002, Mr. Dearholt beneficially owned 4,439,412

shares of the Company's Common Stock.

In the near term, the Company's management expects operating and capital costs to continue to exceed funds generated from operations, due principally to the Company's fixed manufacturing costs relative to current production volumes and the ongoing need to commercialize the Female Condom around the world. It is estimated that the Company's cash burn rate, net with revenues, is less than $0.1 million per year.

The Company believes that net revenue from sales of the female condom will eventually exceed operating costs, and that, ultimately, operations will generate sufficient funds to meet capital requirements as it did on a cash basis during the third quarter of fiscal year 2002; however, the Company can make no assurance that it will achieve such level of operations again. Likewise, the Company can make no assurance that the Company will be able to source all or any portion of its required capital through the sale of debt or equity or, if raised, the amount will be sufficient to operate until sales of the female condom generate sufficient net revenues to fund operations. In addition, any funds raised may be costly to the Company and/or dilutive to its shareholders. If the Company is unable to raise adequate financing when needed, the Company may be required to sharply curtail the Company's efforts to promote the female condom, to attempt to sell certain of its assets and rights or to curtail certain of its operations and may ultimately be forced to cease operations. Currently, the Company is focused on growing its business and, therefore, the Company has made no plans to sell any assets nor has it identified any assets to be sold or potential buyers.

IMPACT OF INFLATION AND CHANGING PRICES

Although the Company cannot accurately determine the precise effect of inflation, the Company has experienced increased costs of product, supplies, salaries and benefits, and increased selling, general and administrative expenses. Historically, the Company has absorbed increased costs and expenses without increasing selling prices.

ITEMS 1-5
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ITEM 2(C)
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The former holders of the $1,500,000 convertible debentures issued on May 19, 1999 and June 3, 1999 alleged that the Company was in default with respect to the perfection of the former holders' security interest in the Company's assets. The former holders demanded the issuance of 1,500,000 shares of the Company's common stock to the former holders due to this alleged default.

On July 23, 2002 the Company and the former holders settled the dispute out of court. The Company agreed to issue 450,000 shares of the Company's common stock to the former convertible debenture holders and to extend the expiration dates of 2.25 million warrants held by the former holders to 2007. The former convertible debenture holders agreed to release their security interest in the Company's assets.

The Company believes it has satisfied the exemption from the securities registration requirement provided by section 4(2) of the Securities Act and Regulation D promulgated thereunder in this offering since the shares were issued to sophisticated, accredited investors, who provided representations which the Company deemed necessary to satisfy itself that they were accredited investors and were purchasing the stock for investment and not with a view to resale in connection with a public offering.

ITEM 4
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The Company held the 2002 Annual Meeting of its shareholders on May 8, 2002. At the meeting, shareholders were asked to approve an amendment to the Company's Amended and Restated Articles of Incorporation to increase the total number of authorized shares of the Company's common stock from 27,000,000 to 35,500,000, to elect O.B. Parrish, Mary Ann Leeper, Ph.D., William R. Gargiulo, Jr., Stephen M. Dearholt, David R. Bethune, Michael R. Walton, James R. Kerber, and Richard E. Wenninger to the Board of Directors to serve until the 2003 Annual Meeting, and to ratify the appointment of McGladrey & Pullen, LLP as the Company's independent public accountants for the fiscal year ending September 30, 2002. The results of the shareholder voting is listed below:

<TABLE>
<CAPTION>

Matter Voted On:	For	Against	Withheld	Abstentions
<S>	<C>	<C>	<C>	<C>
Increase number of authorized shares to 35,500,000	14,716,450	238,136		58,536
O.B. Parrish	14,962,295		50,834	
William R. Gargiulo,Jr.	14,961,795		51,334	
Mary Ann Leeper Ph.D.	14,962,295		50,834	
Stephen M. Dearholt.	14,960,095		53,034	
David R. Bethune	14,961,695		51,434	
Michael R. Walton.	14,959,795		53,334	
James R. Kerber.	14,959,895		53,234	
Richard E. Wenninger	14,959,695		53,434	
Ratification of Independent Public Accountants	14,949,533	37,150		26,446

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ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K
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(a) Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation. (1)
3.2	Amended and Restated By-Laws. (2)
4.1	Amended and Restated Articles of Incorporation. (1)
4.2	Articles II, VII, and XI of the Amended and Restated By-Laws (included in Exhibit 3.2). (2)
4.3	Amended and Restated Articles of Incorporation.

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(1) Incorporated herein by reference to the Company's Registration Statement on Form S-3, filed with the Securities and Exchange Commission on February 13, 1998.

(2) Incorporated herein by reference to the Company's 1995 Form 10-KSB.

(b) Report on Form 8-K - No reports on Form 8-K were filed during the quarter ended June 30, 2002.

SIGNATURES

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

THE FEMALE HEALTH COMPANY

DATE: August 13, 2002

/s/ O.B. Parrish

O.B. Parrish, Chairman
and Chief Executive Officer

/s/ Robert R. Zic

Robert R. Zic, Director of Finance
(Principal Accounting Officer)