U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2004

[ ] 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 North 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 - 20,080,169 shares outstanding
as of May 13, 2004

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

	March 31, 2004

ASSETS		
Current Assets:		
Cash	$	1,674,850
Accounts receivable, net		1,725,488
Inventories, net		787,490
Prepaid expenses and other current assets		169,653
TOTAL CURRENT ASSETS		4,357,481
Certificate of deposit		70,485
Intellectual property rights, net		250,234
Other assets		182,424
		503,143
PROPERTY, PLANT AND EQUIPMENT		4,734,802
Less accumulated depreciation and amortization		(4,494,918)
Net property, plant and equipment		239,884
TOTAL ASSETS	$	5,100,508
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Note payable, bank, net of unamortized discount		1,749,380
Accounts payable		301,867
Accrued expenses and other current liabilities		431,750
Current maturities of obligations under capital leases		30,681
Preferred dividends payable		6,093
TOTAL CURRENT LIABILITIES		2,519,771
Obligations under capital leases		12,516
Deferred gain on sale of facility		1,336,305
TOTAL LONG TERM LIABILITIES		1,348,821
STOCKHOLDERS' EQUITY:		
Convertible preferred stock		5,293
Common stock		198,584
Additional paid-in-capital		58,282,225
Unearned consulting compensation		(86,249)
Deferred compensation		(88,125)
Accumulated deficit		(57,690,633)
Accumulated other comprehensive income		642,897
Treasury stock, at cost		(32,076)
TOTAL STOCKHOLDERS' EQUITY		1,231,916
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	5,100,508

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2004	2003

Net revenues	$ 2,205,565	$ 1,684,293
Cost of products sold	1,408,773	1,034,598
Gross profit	796,792	649,695
Advertising & promotion	14,776	7,035
Selling, general and administrative	1,049,808	1,063,497
Research & development	44,143	17,926
Stock compensation	47,899	192,141
Total operating expenses	1,156,626	1,280,599
Operating loss	(359,834)	(630,904)
Interest, net and other expense	350,923	265,204
Net loss	(710,757)	(896,108)
Preferred dividends, Series 1	23,108	2,761
Net loss attributable to common stockholders	$ (733,865)	$ (898,869)
Net loss per common share outstanding	$ (0.04)	$ (0.05)
Weighted average common shares outstanding	19,707,709	19,200,034

See notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended March 31,	
	2004	2003
Net revenues	$ 4,534,313	$ 3,928,233
Cost of products sold	2,863,291	2,257,150
Gross profit	1,671,022	1,671,083
Advertising & promotion	26,250	22,973
Selling, general and administrative	2,166,665	1,973,716
Research & development	78,190	24,077
Stock compensation	95,797	516,114
Total operating expenses	2,366,902	2,536,880
Operating loss	(695,880)	(865,797)
Interest, net and other expense	667,121	513,798
Net loss	(1,363,001)	(1,379,595)
Preferred dividends, Series 1	26,156	5,809
Net loss attributable to common stockholders	$ (1,389,157)	$ (1,385,404)
Net loss per common share outstanding	$ (0.07)	$ (0.07)

Weighted average common shares outstanding	19,653,554	18,751,585

See notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended March 31,	
	2004	2003
OPERATIONS:		
Net loss	$ (1,363,001)	$ (1,379,595)
Adjustment for noncash items:		
Depreciation and amortization	223,496	249,074
Interest added to certificate of deposit	(1,864)	(2,313)
Amortization of discounts on notes payable	521,253	344,794
Amortization of unearned consulting fees	95,797	175,474
Common stock issued for bonuses	88,125	128,700
Stock compensation	-	340,640
Changes in operating assets and liabilities	640,347	312,486
Net cash provided by operating activities	204,153	169,260
INVESTING ACTIVITIES:		
Proceeds from maturity of certificate of deposit	27,600	29,105
Decrease in restricted cash	132,480	68,687
Capital expenditures	(14,216)	(34,351)
Net cash provided by investing activities	145,864	63,441
FINANCING ACTIVITIES:		
Proceeds from issuance of preferred stock	1,500,500	-
Proceeds from exercise of stock options	70,350	-
Proceeds from exercise of stock warrants	101,250	-
Dividends paid on preferred stock	(11,200)	(103,197)
Payments on related party notes	(1,000,000)	-
Payments on capital lease obligations	(3,421)	(12,343)
Net cash provided by (used in) financing activities	657,479	(115,540)
Effect of exchange rate changes on cash	35,059	(21,234)
INCREASE IN CASH	1,042,555	95,927
Cash at beginning of period	632,295	377,308
CASH AT END OF PERIOD	$ 1,674,850	$ 473,235
Schedule of noncash financing and investing activities:		
Common stock issued for payment of preferred stock dividends and convertible debenture interest	$ 20,316	$ 40,777
Common stock issued for conversion of convertible debentures	-	450,000
Common stock issued as part of senior staff retention program	176,250	-
Issuance of warrants on notes payable and credit facility	-	265,700
Preferred dividends declared, Series 1	5,840	5,809

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 months and six months ended March 31, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2004. 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, 2003.

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.

Stock-Based compensation:

The Company accounts for its stock-based compensation plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Six Months Ended March 31	
	2004	2003
Net loss, as reported	$ (1,389,157)	$ (1,385,404)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(384,740)	(356)
Pro forma net loss	$ (1,773,897)	$ (1,385,760)
Loss per share:		
As reported	$ (0.07)	$ (0.07)
Pro forma	$ (0.09)	$ (0.07)

NOTE 1 - Basis of Presentation - (Continued)

Reclassification:

Certain items in the financial statements for the six months ended March 31, 2003 have been reclassified to be consistent with the presentation shown for the six months ended March 31, 2004.

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 stock 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 Income (Loss)

Total Comprehensive Loss was $(660,604) and $(1,137,626) for the three and six months ended March 31, 2004 and $(939,969) and $(1,355,211) for the three and six months ended March 31, 2003.

NOTE 4 - Inventories

The components of inventory consist of the following:

		March 31, 2004
Raw material and work in process	$	581,890
Finished goods		233,305
Inventory, gross		815,195
Less: inventory reserves		(27,705)
Inventory, net	$	787,490

NOTE 5 - Stock Compensation

Effective September 26, 2002, the holders of outstanding options to purchase a total of 2,365,980 shares of common stock agreed to exchange all of their outstanding stock options for (i) a total of 469,000 shares of restricted common stock in the case of U.S. option holders or the right to receive a total of 122,495 shares of deferred common stock on September 26, 2003 in the case of U.K. option holders and (ii) the right to receive new options to purchase a total of 2,365,980 shares of common stock on the first business day that is at least six months and one day after the effective date of the exchange. The Company recorded $728,430 of amortized compensation expense in fiscal 2003 relating to issuance of the restricted and deferred common stock. The new options which were granted on April 22, 2003, at an exercise price of $1.40 are being accounted for in accordance with fixed plan accounting guidance provided in APB No. 25. As of March 31, 2004, 2,326,980 of the new options were still outstanding. Options to purchase a total of 320,000 shares of common stock did not participate in the September 26, 2002 exchange. None of these latter options were still outstanding as of March 31, 2004.

NOTE 6 - Preferred Stock

The Company has 56,000 outstanding shares of Series 1 Preferred Stock. Each share of Series 1 Preferred Stock is convertible into one share of the Company's common stock. Annual preferred stock dividends will be paid if and as declared by the Company's Board of Directors. No dividends or other distributions will be payable on the Company's common stock unless dividends are paid in full on the Series 1 Preferred Stock. The Series 1 Preferred Stock may be redeemed at the option of FHC, in whole or in part, subject to certain conditions, at $2.50 per share plus accrued and unpaid dividends. In the event of a liquidation or dissolution of the Company, the Series 1 Preferred Stock would have priority over the Company's common stock.

The Company issued 473,377 shares of Series 3 Preferred Stock to eleven investors during February 2004 and received $1,500,500 in proceeds. Each share of Series 3 Preferred Stock is convertible at any time into one share of the Company's common stock. Holders of shares of the Series 3 Preferred Stock are entitled to cumulative dividends in preference to any dividend on the Company’s common stock at the rate of 10% of the original issuance price ($3.17 per share) per annum, payable at the Company’s option in cash or shares of the Company’s common stock. If dividends are paid in shares of common stock, the dividend rate will be equal to 95% of the average of the closing sales prices of the common stock on the five trading days preceding the dividend reference date. The dividend reference date shall mean January 1, April 1, July 1, October 1 of each year. In the event of a liquidation or dissolution of the Company, the Series 3 Preferred Stock would have priority over the Company's common stock and holders of any other series of preferred stock of the Company. The Company may redeem any share of Series 3 Preferred Stock at any time that is after the second anniversary of the date of issuance of the share, provided that the redemption may not occur until the first day on or after the second anniversary of the date of issuance of such share in which the market value of the Company's common stock is at least 150% of the original issuance price of $3.17 per share.

NOTE 7 - 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:

(Amounts in Thousands)

	Net Sales to External Customers For the Six Months Ended March 31,		Long-Term Assets As of March 31,	
	2004	2003	2004	2003
United States	$ 1,321	$ 1,268	$ 102	$ 137
Congo	448	*	-	-
France	517(1)	326	-	-
Kenya	375	269	-	-
Nigeria	*	250	-	-
South Africa	415	436	-	-
United Kingdom	*	*	641	1,009
Zimbabwe	506	406	-	-
Other	952	973	-	-
	$ 4,534	$ 3,928	$ 743	$ 1,146

* Less than 5 percent of total net sales

(1) Comprised of a single customer considered to be a major customer (exceeds 10% of net sales).

NOTE 8 - Contingent Liabilities

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.

Note 9 - Accounting Change and Acquired Intangible Asset

The Company adopted SFAS 142, Goodwill and Other Intangible Assets, effective October 1, 2002. At the date of adoption, the Company reassessed the estimated useful lives of its definite life intangible assets, and found the previously determined lives to be appropriate. The following is a summary of acquired intangible assets at March 31, 2004:

	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:		
Patents	$1,123,214	$872,980

Amortization expense recognized on all amortizable intangible assets totaled $65,327 and $58,549 for the six months ended March 31, 2004 and 2003, respectively.

Estimated aggregate amortization expenses for each of the next following years is as follows:

Year ending September 30:	
2004	$ 65,327
2005	130,654
2006	54,253
	$ 250,234

General

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

The female condom has undergone extensive testing for efficacy, safety and acceptability, not only in the United States but also in many countries around the world. Certain of these studies show that having the female condom 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. It is commercially marketed in 21 countries by various FHC country specific partners, including the United States, United Kingdom, Japan, Canada, Holland, France, and Brazil. Currently there are programs and /or pilot studies ongoing in 87 developing countries.

Product

The female condom is made of polyurethane, a thin but strong material which is resistant to rips and tears during use. The female condom 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. The female condom lines the vagina, preventing skin from touching skin during intercourse. The female condom 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 the female condom. 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 term of the agreement expires December 31, 2004, and automatically renews for additional one year periods unless either party gives at least 12 months prior written notice of termination.

Global Market Potential

It is more than twenty years since the first clinical evidence of AIDS was noted. HIV/AIDS is the most devastating pandemic that humankind has faced in recorded history. The Joint United Nations Programme on HIV/AIDS ("UNAIDS") and the World Health Organization ("WHO") estimate that at the end of 2003, 40 million people globally will be living with HIV. Women now comprise the majority of the new cases. UNAIDS estimates that if further action isn’t taken up to 100 million people could die of AIDS by 2020.

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

The Condom Market

Estimates for the global annual market for male condoms are between 6-9 billion units. In addition, given the rapid spread of HIV/AIDS in India and China, UNAIDS estimates that the need for condoms, both male and female, may be as high as 29 billion units in the next 6 years.

The Female Condom and the Male Condom

The female condom 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 the female condom, 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 the female condom 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 the female condom sheath will tear during use. Unlike latex, polyurethane quickly transfers heat, so the female condom 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. The female condom 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.

Numerous clinical and behavioral studies have been conducted regarding use of the female condom. Studies show that the female condom is found acceptable by women and their partners in many cultures. Importantly studies also show that when the female condom is made available with male condoms there is a significant increase in protected sex acts. The increase in protected sex acts varies by country and averages between 25% and 35%.

Cost Effectiveness

A study entitled "Cost-effectiveness of the female condom in preventing HIV and STDs in commercial sex workers in South Africa" was reported in the *Journal of Social Science and Medicine* in 2001. This study shows that making the female condom available is highly cost effective in reducing public health costs in developing countries as well as in the U.S.

Female Condom Reuse

A new website funded by the UK's Department for Institutional Development (DFID) has been established "to enhance the capacity of female condom programmers to make appropriate decisions about reuse of FC female condoms." The site is managed jointly by JSI (UK) in partnership with the Female Health Foundation. Limited availability of FC female condom has led women to reuse the product. Given this, the WHO and United States Agency for International Development (USAID) funded research on the safety of reuse.

The website presents the WHO protocol and guidelines as well as offering the opportunity for discussion. The website is located at www.reusefemalecondom.org.

Worldwide Regulatory Approvals

The female condom 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 the female condom throughout the European Union ("EU"). In addition to the United States and the EU, several other countries have approved the female condom for sale, including Canada, Australia, Japan, and India.

The Company believes that the female condom's PMA and FDA classification as a Class III Medical Device create a significant barrier to entry. 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 the female condom.

Strategy

The Company's strategy is to act as a manufacturer, selling the female condom 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.

The Company filed a patent on a second generation product (FC2) in 2003 and initiated a development program. If safety and acceptability studies are successful and FDA approval is received, the Company anticipates a meaningful reduction in cost to manufacture FC2.

Commercial Markets

The Company markets the product directly in the United Kingdom. The Company has distribution agreements with commercial partners in 16 countries with major programs in 12 countries, including the United States, Canada, Brazil, Mexico, Spain, France, and India. Under these agreements, each partner markets and distributes the female condom in a single country and the Company manufactures the female condom and sells the product to the partner for distribution in that country.

After terminating its relationship with its first partner, the Company entered into a non-binding Memorandum of Understanding with a large Japanese pharmaceutical company to distribute the female condom to public and private markets in Japan. In addition, the Company has signed an agreement with a second partner in Japan, Fuji Latex Inc., to manage the importation and quality control of the female condom under Japanese regulatory requirements.

Relationships and Agreements with Public Sector Organizations

The Company has an agreement with UNAIDS to supply the female condom to developing countries at a reduced price. The current price per unit is approximately 0.38 (pounds), or approximately $0.70. Under the agreement, UNAIDS and the Company cooperate in education efforts and marketing the female condom in developing countries. Sales of the female condom are made directly to public health authorities/agencies in each country at the price established by the agreement with UNAIDS. The term of the agreement currently expires on December 31, 2004, but automatically renews for additional one-year periods unless either party gives at least 90 days prior written notice of termination. The female condom is available in 87 countries through public sector distribution.

State-of-the-Art Manufacturing Facility

The Company manufactures the female condom in a 40,000 square-foot leased facility in London, England. The facility is currently capable of producing 60 million units per year.

Government Regulation

In the U.S., the female condom 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 the female condom 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 the female condom is additive in terms of prevention and choice. Latex male condoms cost less and have brand names that are more widely recognized than the female condom. 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, South Korea and Australia. These patents expire between 2005 and 2013. Additional patent applications are pending in the U.S. and in other countries around the world through the Patent Cooperation Treaty. The applications cover the key aspects of the second generation female condom, FC2, including its overall design and manufacturing process. The Company has the registered trademark "FC Female Condom" in the United States.

The Company has also secured, or applied for, 12 trademarks in 22 countries to protect the various names and symbols used in marketing the product around the world. These include "femidom" and "femy", "Reality" and others. In addition, the experience that has been gained through years of manufacturing the female condom 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

THREE MONTHS ENDED MARCH 31, 2004 COMPARED TO THREE MONTHS ENDED MARCH 31, 2003

The Company had net revenues of $2,205,565 and a net loss attributable to common stockholders of $(733,865) or $(0.04) per share for the three months ended March 31, 2004 compared to net revenues of $1,684,293 and a net loss attributable to common stockholders of $(898,869) or $(0.05) per share for the three months ended March 31, 2003.

Gross profit increased $147,097, or 23%, to $796,792 for the three months ended March 31, 2004 from $649,695 for the three months ended March 31, 2003. The increase was a result of expanding net revenues offset by a more than proportionate increase in cost of products sold.

Net revenues increased $521,272 in the current quarter, or 31%, compared with the same period last year. The higher net revenues occurred because of higher unit sales shipped to global public customers offset partially by a reduction in domestic public sector customers and a reduction of the average selling price per unit due to customer mix. The increase in global unit sales occurred largely because of additional products sold to the USAID as a result of the agreement established by the Company on September 30, 2003.

Significant quarter to quarter variations result from time to time due to the timing and shipment of large orders and not any fundamental change in the business. The Company routinely notes the potential for such variations in its press releases and SEC filings.

Cost of products sold increased $374,175, or 36%, to $1,408,773 in the current quarter from $1,034,598 for the same period last year. The increase in the cost of products sold is a result of higher direct material and labor costs for the current quarter compared to the same period last year. The higher costs were largely a result of adverse exchange rate fluctuations experienced during the current quarter.

Additionally, as the Company continued to ramp-up its weekly unit production to fill orders in-house, new hire inefficiencies which became a contributing factor to the rise in unit production costs.

Advertising and promotional expenditures increased $7,741 to $14,776 in the current quarter from $7,035 for the same period in the prior year.

Selling, general and administrative expenses decreased $13,689, or 1%, to $1,049,808 in the current quarter from $1,063,497 for the same period last year. As a percentage of net revenues, selling, general and administrative expenses decreased to 48% for the three months ended March 31, 2004 from 63% for the three months ended March 31, 2003. The improvement between quarters is a result of a decrease in the current quarter U.S. operating expenses offset in part by an overall increase in U.K. operating costs. The higher UK operating costs were largely a result of adverse exchange rate fluctuations experienced during the current quarter.

Research and development cost increased $26,217 to $44,143 in the current quarter from $17,926 for the same period in the prior year. The increase is a result of investment in the second generation product (FC2).

Non-cash stock compensation costs decreased $144,242 to $47,899 for the current quarter compared to $192,141 for the same period last year. During the second quarter of the prior year the Company recorded charges related to accounting for changes in stock option plans and compensation for investor relation services. During the second quarter of the current fiscal year the Company did not incur any charges related to accounting for stock option plan changes and was able to reduce the compensation paid for investor relation services.

Net interest and other expenses increased $85,719 to $350,923 for the current period from $265,204 for the same period last year. The current quarter increase resulted from the Company incurring a larger amount of non-cash expenses relating to the amortization of discounts on notes payable and credit facility than in the second quarter of the prior year. This change is due to the consistent utilization of the Effective Interest method of accounting which requires expensing a larger portion of the discount during the final portion of a note/credit facility's life.

SIX MONTHS ENDED MARCH 31, 2004 COMPARED TO SIX MONTHS ENDED MARCH 31, 2003

The Company had net revenues of $4,534,313 and a net loss attributable to common stockholders of $(1,389,157) or $(0.07) per share for the six months ended March 31, 2004 compared to net revenues of $3,928,233 and a net loss attributable to common stockholders of $(1,385,404) or $(0.07) per share for the six months ended March 31, 2003.

Gross profit remained relatively unchanged at $1,671,022 for the six months ended March 31, 2004 and $1,671,083 for the six months ended March 31, 2003.

Net revenues increased $606,080 during for the six months ended March 31, 2004, or 15%, compared with the same period last year. The higher net revenues occurred because of higher unit sales shipped to global public customers offset partially by a reduction in domestic public sector customers and a reduction of the average selling price per unit due to customer mix. The increase in global unit sales occurred largely because of additional products sold to the USAID as a result of the agreement established by the Company on September 30, 2003.

Significant quarter to quarter variations result from time to time due to the timing and shipment of large orders and not any fundamental change in the business. The Company routinely notes the potential for such variations in its press releases and SEC filings.

Cost of products sold increased $606,141, or 27%, to $2,863,291 for the six months ended March 31, 2004 from $2,257,150 for the same period last year. The rise in cost of products sold is a result of higher direct material, direct labor and indirect production costs for the six months ended March 31, 2004 compared to the same period last year. The higher costs were largely a result of adverse exchange rate fluctuations experienced during the six months ended March 31, 2004 compared to the same period during the prior year. As the Company continued to ramp-up its weekly unit production to fill orders in-house, new hire inefficiencies which became a contributing factor to the rise in unit production costs. Higher helium and nitrogen costs were additional contributing factors causing the rise in indirect production costs.

Advertising and promotional expenditures increased $3,277 to $26,250 in the current quarter from $22,973 for the same period in the prior year.

Selling, general and administrative expenses increased $192,949, or 10%, to $2,166,665 in the current quarter from $1,973,716 for the same period last year. The increase in the six months ended March 31, 2004 was a result of non-cash expenses associated with the implementation of the Company's Executive Compensation program during fiscal 2004 as well as a rise in outside consulting fees and an overall increase in UK operating expenses. The higher UK operating costs were largely a result of adverse exchange rate fluctuations experienced during the six months ended March 31, 2004 compared to the same period in the prior year.

Research and development cost increased $54,113 to $78,190 for the six months ended March 31, 2004 from $24,077 for the same period in the prior year. The Company filed a patent on a second generation product (FC2) in the latter part of 2003 fiscal year. The Company has initiated a development program in the current fiscal year. The increase in costs is due to costs related to the safety and acceptability studies of this program.

Non-cash stock compensation costs decreased $420,317 to $95,797 for the six months ended March 31, 2004 compared to $516,114 for the six months ended March 31, 2003. During the prior year the Company recorded charges related to accounting for changes in stock option plans and compensation for investor relation services. During the first six months of the current fiscal year the Company did not incur any charges related to accounting for stock option plan changes and was able to reduce the compensation paid for investor relation services.

Net interest and other expenses increased $153,323 to $667,121 for the six months ended March 31, 2004 from $513,798 for the same period last year. The increase resulted from the Company incurring a larger amount of non-cash expenses relating to the amortization of discounts on notes payable and credit facility during the six months ended March 31, 2004 than for the same period of the prior year. This change is due to the consistent utilization of the Effective Interest method of accounting which requires expensing a larger portion of the discount during the final portion of a note/credit facility's life.

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 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 annual operating costs.

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.

On September 30, 2003, the Company entered into an agreement with the U.S. Agency for International Development (USAID). Under this agreement, the Company may supply up to 25 million units of FC Female Condoms to USAID through December 31, 2006 principally for use in family planning programs supported by USAID in developing countries. USAID has ordered 3 million units of FC Female Condoms for delivery between September 30, 2003 and December 31, 2004 and has the option to order up to an additional 6 million units during that period. USAID also has the option to order up to 8 million units of FC Female Condoms for the 2005 and 2006 calendar years. USAID has the right to terminate the agreement at any time for its sole convenience, and no assurance can be given as to the amount of FC Female Condoms that USAID will purchase during the term of the agreement. As of May 14, 2004, USAID has purchased 2.0 million units and ordered an additional 0.7 million units.

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, operating expenses and a portion of the company's 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. For the six months ended March 31, 2004, 48% of the Company's net revenues, 88% of the Company's cost of products sold and 48% of the Company's operating expenses were affected by changes in the exchange rate of foreign currencies relative to the United States dollar. 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. For the six months ended March 31, 2004, we estimate that the net adverse impact on earnings of the unfavorable exchange rate fluctuations is approximately $273,000.

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 to develop, manufacture, and promote the female condom. Cash used in continuing operations was $0.4 million for 2002. In fiscal 2003 this trend of negative cash flow from operations ended with the Company experiencing a positive cash flow from operations of $0.3 million. The positive trend has continued for the six months ended March 31, 2004 as the Company has experienced positive cash flow from operations of $0.2 million.

While the Company believes that revenue from sales of the female condom will continue to exceed operating costs, and operations will generate sufficient funds to meet capital requirements, the Company can make no assurance that it will maintain this level of operations in the near term or at all. If the Company does need to raise additional capital, the Company can make no assurance that the Company will be able to source required capital through the sale of debt or equity as it has in prior years or, if raised, the amount will be sufficient to operate. In addition, any funds raised may be costly to the Company and/or dilutive to its shareholders. In the 2003 fiscal year, the Company did not require such funding and no new debt or equity transactions were consummated.

At March 31, 2004, the Company had cash of $1.7 million, working capital of $1.8 million and stockholder's equity of $1.2 million.

Below are some recent financing transactions the Company has entered into and their present status:

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 credit facility, which as of March 31, 2004 were $1,900,000, are due May 18, 2004 and bear interest payable at a rate of 10% per year. The agreement contains certain covenants which include restrictions on the payment of dividends and distributions and on the issuance of warrants, which the Company was in violation of at September 30, 2003. Under the terms of the agreement, Heartland Bank would have had the right to demand payment of the entire balance of the credit facility as a result of this violation. On December 16, 2003, the Company obtained a waiver from Heartland Bank to be utilized through the end of the term of the credit facility on May 18, 2004. The Company also received a commitment letter from Heartland Bank and is negotiating a definitive agreement to extend the term of the facility for an additional two years. On April 19, 2004 the Company paid back $900,000 of the unpaid balance of the credit facility.

On March 30, 2001, the Company issued a $250,000 convertible debenture to one accredited investor. The debenture was due March 30, 2004, bore interest payable at a rate of 12% per annum and was convertible into the Company's common stock based on a price of $0.50 per share. The Company did not issue warrants in connection with the issuance of the convertible debenture. On January 8, 2003, the investor converted his debenture into 500,000 shares of the Company's common stock.

On June 1, 2001 the Company issued an aggregate of $200,000 of convertible debentures to two accredited investors. The debentures were due May 30, 2004, bore interest payable at a rate of 10% per annum, and were convertible into the Company's common stock based on a price per share equal of $0.50. The Company did not issue warrants in connection with the issuance of the convertible debentures. On December 5, 2002, each investor converted his debenture into 200,000 shares of the Company's common stock.

On March 25, 2003 the Company re-issued a $1,000,000 note payable due March 25, 2004, to Mr. Dearholt, a director of the Company. The Company paid off the entire balance of this note on February 29, 2004 from the proceeds of its sale of Series 3 Preferred Stock (see below).

In order to provide working capital when it may become necessary, the Company entered into a line of credit agreement with Heartland Bank on December 17, 2002. The line of credit facility allows the Company to borrow up to $1,000,000 in $100,000 increments and matures on December 1, 2004. Interest is due monthly at the prime rate plus 1 percent (prime was 4.00 percent on March 31, 2004) and it is collateralized by the Company's inventory and accounts receivable backed by letter of credit issued by The World Bank. As of May 14, 2004, the Company had not borrowed any portion of the line of credit facility.

The Company also entered into an additional line of credit agreement with Heartland Bank on April 2, 2003. The line of credit facility allows the Company to borrow up to $500,000 and matures April 1, 2004. The line of credit agreement was extended to June 1, 2005. Interest is due monthly at the prime rate plus 2 percent (prime was 4.00 percent on March 31, 2004) and is collateralized by accounts receivable not associated with a letter of credit issued by the World Bank. On December 8, 2003, the Company borrowed $250,000 from this line of credit facility. On January 17, 2004 the Company paid back the entire $250,000 borrowed from the line of credit facility.

The Company issued 473,377 shares of Series 3 Preferred Stock to eleven investors during February 2004 and received $1,500,500 in proceeds. Each share of Series 3 Preferred Stock is convertible at any time into one share of the Company's common stock. Holders of shares of the Series 3 Preferred Stock are entitled to cumulative dividends in preference to any dividend on the Company’s common stock at the rate of 10% of the original issuance price per annum, payable at the Company’s option in cash or shares of the Company’s common stock. If dividends are paid in shares of common stock, the dividend rate will be equal to 95% of the average of the closing sales prices of the common stock on the five trading days preceding the dividend reference date. The dividend reference date shall mean January 1, April 1, July 1, October 1 of each year. The Company may redeem any share of Series 3 Preferred Stock at any time that is after the second anniversary of the date of issuance of the share, provided that the redemption may not occur until the first day on or after the second anniversary of the date of issuance of such share in which the market value of the Company's common stock is at least 150% of the original issuance price of $3.17 per share. The Company utilized the net proceeds from the February issuance to pay off balances due on the Company’s notes payable and credit facility.

During the past two fiscal years the Company entered into four formal agreements which it expects to contribute to continued improved sales volumes and operations.

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. The Company entered into a definitive agreement with HLL during the 2003 fiscal year regarding the marketing and distribution of the product. The Company anticipates that HLL and the Company will ultimately 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 required to purchase 2.2 million units within a three year period to retain exclusive distribution rights. As of May 14, 2004, TAG has purchased 1.8 million units.

On September 30, 2003, the Company entered into an agreement with the U.S. Agency for International Development (USAID). Under this agreement, the Company may supply up to 25 million units of FC Female Condoms to USAID through December 31, 2006 principally for use in family planning programs supported by USAID in developing countries. USAID has ordered 3 million units of FC Female Condoms for delivery between September 30, 2003 and December 31, 2004 and has the option to order up to an additional 6 million units during that period. As of May 14, 2004, USAID has purchased 2.0 million units and ordered an additional 0.7 million units.

On March 25, 2004, the Company appointed Global Protection Corporation (“Global”) as the exclusive distributor for public sector sales within a 9 state region in the eastern United States. Global is required to purchase 2.6 million units within a three year period to retain exclusive distribution rights. As of May 14, 2004, Global has purchased 100,000 units.

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.

CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Principal Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, the Company's Chief Executive Officer and Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective, except as discussed in the next paragraph below, in timely alerting them to material information relating to the Company required to be included in the Company's periodic filings with the Securities and Exchange Commission. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving desired control objectives and, based on the evaluation described above, the Company's Chief Executive Officer and Principal Accounting Officer concluded that the Company's disclosure controls and procedures were effective at reaching that level of reasonable assurance, except as discussed in the next paragraph below.

The Company has identified one material weakness within its internal control framework. The weakness relates to the timeliness of accounting for certain transactions. There have been non-cash transactions approved by senior management and not communicated timely to the Company's accounting/finance department for proper recording into the Company's accounts.

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934, as amended) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEMS 1-5

Item 2 (c)

The Company issued 473,377 shares of Series 3 Preferred Stock to eleven investors during February 2004 and received $1,500,500 in proceeds. Each share of Series 3 Preferred Stock is convertible at any time into one share of the Company's common stock. Holders of shares of the Series 3 Preferred Stock are entitled to cumulative dividends in preference to any dividend on the Company’s common stock at the rate of 10% of the original issuance price per annum, payable at the Company’s option in cash or shares of the Company’s common stock. If dividends are paid in shares of common stock, the dividend rate will be equal to 95% of the average of the closing sales prices of the common stock on the five trading days preceding the dividend reference date. The dividend reference date shall mean January 1, April 1, July 1, October 1 of each year. In the event of a liquidation or dissolution of the Company, the Series 3 Preferred Stock would have priority over the Company's common stock and holders of any other series of preferred stock of the Company. The Company may redeem any share of Series 3 Preferred Stock at any time that is after the second anniversary of the date of issuance of the share, provided that the redemption may not occur until the first day on or after the second anniversary of the date of issuance of such share in which the market value of the Company's common stock is at least 150% of the original issuance price of $3.17 per share.

The Company believes it 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 of Series 3 Preferred Stock were sold in a private placement to only sophisticated, accredited investors, each of whom provided representations which the Company deemed necessary to satisfy it that they were accredited investors and were purchasing for investment and not with a view to resale in connection with a public offering.

Item 4

The Company held an Annual Meeting of Shareholders on March 23, 2004. At the meeting, shareholders were asked 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 Wenninger to the Board of Directors to serve until the 2005 Annual Meeting, to ratify the appointment of McGladery & Pullen LLP as the Company’s independent public accountants for the fiscal year ending September 30, 2004. The results of the shareholder voting is listed below:

Matter Voted On:	For	Against	Withheld	Abstentions
O.B. Parrish	16,972,095		41,209	
William R. Gargiulo, Jr.	17,002,095		11,209	
Mary Ann Leeper, Ph.D.	17,004,395		8,909	
Stephen M. Dearholt	17,001,995		11,309	

David R. Bethune	16,992,195		21,109	
Michael R. Walton	16,992,195		21,109	
James R. Kerber	17,002,093		11,211	
Richard E. Wenninger	16,972,095		41,209	
Ratification of Independent Public Accountants	16,963,725	38,600		10,979

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation. (1)
3.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 27,000,000 shares. (2)
3.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 35,500,000 shares. (3)
3.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 38,500,000 shares. (4)
3.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company establishing the terms of the Class A Convertible Preferred Stock - Series 3.
3.6	Amended and Restated By-Laws. (5)
4.1	Amended and Restated Articles of Incorporation (same as Exhibit 3.1).
4.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company (same as Exhibit 3.2).
4.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 35,500,000 shares (same as Exhibit 3.3).
4.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company increasing the number of authorized shares of common stock to 38,500,000 shares (same as Exhibit 3.4).
4.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company establishing the terms of the Class A Convertible Preferred Stock - Series 3 (same as Exhibit 3.5).
4.6	Articles II, VII and XI of the Amended and Restated By-Laws (included in Exhibit 3.6).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002) (6)

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(1)	Incorporated herein by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on October 19, 1999.
(2)	Incorporated by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on September 21, 2000.

(3)	Incorporated by reference to the Company's Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on September 6, 2002.
(4)	Incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003.
(5)	Incorporated herein by reference to the Company's Registration Statement on Form S-18, as filed with the securities and Exchange Commission on May 25, 1999.
(6)	This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

(b) Report on Form 8-K – On January 5, 2004, the Company furnished a Current Report on Form 8-K pursuant to Item 12 regarding a press release issued on December 29, 2003 with respect to the Company's results for its fiscal year ended September 30, 2003.

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: May 17, 2004

/s/ O.B. Parrish
O.B. Parrish, Chairman and
Chief Executive Officer

DATE: May 17, 2004

/s/ Robert R. Zic
Robert R. Zic, Principal
Accounting Officer (Principal
Financial Officer)

EXHIBIT 3.5

ARTICLES OF AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION OF THE FEMALE HEALTH COMPANY

The undersigned, O.B. Parrish, certifies that he is the duly elected and acting Chairman and Chief Executive Officer of The Female Health Company, a Wisconsin Corporation (the "Corporation"), and further certifies:

ARTICLE I

The name of the Corporation is The Female Health Company.

ARTICLE II

The Board of Directors of the Corporation has determined that it is advisable and in the best interests of the Corporation that the Amended and Restated Articles of Incorporation, as amended, be further amended to create a Series 3 Preferred Stock of the Corporation's currently authorized Class A Convertible Preferred Stock, $.01 par value per share. Accordingly, the Corporation's Amended and Restated Articles of Incorporation are hereby further amended by inserting the attached Exhibit A to the end of Article V of the Amended and Restated Articles of Incorporation.

ARTICLE III

The number of authorized shares of the Class A Convertible Preferred Stock-Series 3 is 700,000.

ARTICLE IV

None of the shares of the Class A Convertible Preferred Stock-Series 3 have been issued as of the date hereof.

ARTICLE V

The foregoing amendment to the Amended and Restated Articles of Incorporation of the Corporation was adopted by the Board of Directors on January 21, 2004, in accordance with Section 180.1002. Shareholder action is not required with respect to the adoption of this amendment.

Dated this 21st day of January, 2004.

THE FEMALE HEALTH COMPANY:

BY /s/ O.B. Parrish
O. B. Parrish, Chairman
and Chief Executive Officer

This document was drafted by Eric P. Hagemeier, Esq.

Please return this document to:

Eric P. Hagemeier, Esq.
Reinhart Boerner Van Deuren s.c.
1000 North Water Street, Suite 2100
Milwaukee, WI 53202

EXHIBIT A

STATEMENT OF THE TERMS OF THE
CLASS A PREFERRED STOCK - SERIES 3

The Corporation shall have the authority to issue 700,000 shares designated the Class A Preferred Stock - Series 3, par value of $.01 per share (the "Series 3 Preferred Stock"). The voting powers, preferences and relative participation, rights, qualifications, limitations and restrictions of the Series 3 Preferred Stock are as follows:

1. Certain Definitions. As used in this Statement of the Terms of the Class A Preferred Stock - Series 3, the following terms shall have the following meanings:

"Affiliate" shall mean any entity controlling, controlled by or under common control with another entity. For the purposes of this definition, "control" shall have the meaning presently specified for that word in Rule 405 promulgated by the Securities and Exchange Commission under the Securities Act. With respect to any Person who is a limited partnership, Affiliate shall also mean any general or limited partner of such limited partnership, or any Person which is a general partner in a general or limited partnership which is a general partner of such limited partnership.

"Board" shall mean the Board of Directors of the Corporation.

"Call Closing" shall have the meaning set forth in section 5.

"Call Notice" shall have the meaning set forth in section 5.

"Call Price" shall have the meaning set forth in section 5.

"Called Shares" shall have the meaning set forth in section 5.

"Class A Preferred Stock" shall mean the Corporation's Class A Preferred Stock, par value $0.01 per share, which shall include each series of the Class A Preferred Stock designated by the Board.

"Class B Preferred Stock" shall mean the Corporation's Class B Preferred Stock, par value $0.50 per share.

"Common Stock" shall mean the Corporation's Common Stock, par value $.01 per share, and any stock into which such stock may hereafter be changed.

"Corporation" shall mean The Female Health Company, a Wisconsin corporation.

"Date of Issuance" for a share of the Series 3 Preferred Stock shall mean the date on which the Corporation issues such share of the Series 3 Preferred Stock, regardless of the number of times transfer of such share is made on the stock records maintained by or for the Corporation and regardless of the number of certificates which may be issued to evidence such share.

"Dividend Reference Date" shall mean January 1, April 1, July l and October 1 of each year.

"Face Amount" of any share of the Series 3 Preferred Stock as of any particular date shall mean $3.17 per share.

"Holders" shall mean the Persons who shall, from time to time, own of record, or beneficially, any Security. The term "Holder" shall mean one of the Holders.

"Person" shall mean an individual, a corporation, a limited liability company, a partnership, a trust, an unincorporated organization or a government organization or an agency or political subdivision thereof.

"Preferred Stock" shall mean the Corporation's Class A Preferred Stock and Class B Preferred Stock and any other class of preferred stock of the Corporation that may later become authorized.

"Redemption Effective Date" for any share of the Series 3 Preferred Stock shall mean the date that is two years after the Date of Issuance of such share of the Series 3 Preferred Stock; provided, however, the Redemption Effective Date shall not occur until the first day on or after the second anniversary in which per share value of the Common Stock is equal to or exceeds 150% of the per share Face Amount of the Series 3 Preferred Stock for a period of five consecutive days, as is determined by any of the following:

(i) if the Common Stock is traded on an exchange or quoted on the National Association of Securities Dealers, Inc.

Automated Quotation (Nasdaq) National Market System or The SmallCap Market, then the closing sale price.

(ii) if the Common Stock is traded in the over-the-counter market, then the average of the closing bid and asked prices.

"Securities" shall mean any debt or equity securities of the Corporation or a subsidiary of the Corporation, whether now or hereafter authorized, and any instrument convertible into or exchangeable for Securities or a Security. The term "Security" shall mean one of the Securities.

"Securities Act" shall mean the Securities Act of 1933, as amended prior to or after the date hereof, or any federal statute or statutes which shall be enacted to take the place of such Act, together with all rules and regulations promulgated thereunder.

"Securities and Exchange Commission" shall mean the United States Securities and Exchange Commission or any successor to the functions of such agency.

"Series 3 Liquidation Value" of any share of the Series 3 Preferred Stock as of any particular date will be equal to the Face Amount per share, plus an amount equal to all accrued or declared but unpaid dividends on such share of the Series 3 Preferred Stock.

2. Dividend Provisions.

(a) When and as declared by the Board and to the extent permitted under applicable law, the Corporation shall pay preferential dividends to the Holders of the Series 3 Preferred Stock as provided in this section 2. Except as otherwise provided herein, dividends on each share of the Series 3 Preferred Stock shall accrue and be payable on a daily basis at the rate of 10% per year on the Face Amount per share of the Series 3 Preferred Stock from the Date of Issuance through the earlier of the date of repurchase of said share of the Series 3 Preferred Stock, its conversion into Common Stock or the liquidation of the Corporation.

Such dividends shall accrue whether or not they have been declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends. Such dividends shall be cumulative such that all accrued and unpaid dividends shall be fully paid or declared with funds irrevocably set-apart for payment before any dividend, distribution or payment can be made with respect to any shares of Common Stock or any other Securities ranking junior to the Series 3 Preferred Stock, including the Class B Preferred Stock.

(b) All dividends which have accrued on each share of the Series 3 Preferred Stock shall be paid to the Holder quarterly on the Dividend Reference Date commencing after the Date of Issuance. To the extent not paid on each Dividend Reference Date, all dividends which have accrued on each share of the Series 3 Preferred Stock during the twelve-month period ending upon each December 31 shall be accumulated and shall be added to the Series 3 Liquidation Value of each share of the Series 3 Preferred Stock and will remain a part of the Series 3 Liquidation Value until such dividends are paid.

(c) Each share of the Series 3 Preferred Stock shall rank equally in all respects with respect to dividends and while any share of the Series 3 Preferred Stock is outstanding, no dividends may be declared or paid to the Holders of Common Stock unless all accrued and unpaid dividends are first paid to all of the Holders of the Series 3 Preferred Stock.

(d) If at any time the Corporation pays less than the total amount of dividends then accrued with respect to any share of the Class A Preferred Stock (regardless of series) such payment shall be distributed ratably among the Holders of the Class A Preferred Stock (regardless of series) based upon the aggregate accrued but unpaid dividends on the outstanding shares of the Class A Preferred Stock (regardless of series) held by each Holder of the Class A Preferred Stock (regardless of series).

(e) The Corporation may pay any dividend due hereunder to the Holders of the Series 3 Preferred Stock in Common Stock, which number of shares of Common Stock to be issued to such Holder of the Series 3 Preferred Stock shall be calculated based on a value per share of the Common Stock equal to 95% of either of the following listed market prices of the Common Stock on the day preceding the Dividend Reference Date, whichever is applicable:

(i) if the Common Stock is traded on an exchange or quoted on the National Association of Securities Dealers, Inc. Automated Quotation (Nasdaq) National Market System or The SmallCap Market, then the closing sale price of the Common Stock.

(ii) if the Common Stock is traded in the over-the-counter market, then the average of the closing bid and asked prices.

Notwithstanding the foregoing, no fractional shares shall be issuable if the Corporation elects to pay the dividend in Common Stock. If any fractional interest in a share of the Common Stock would, except for the provisions of this subsection 2(e), be deliverable upon issuance of the dividend, the Corporation shall pay to the Holders of the Series 3 Preferred Stock an amount in cash equal to the current market value of such fractional interest, or if the current market value is not readily determinable, then the book value of such fractional interest.

3. Liquidation Preference.

(a) In the event of any liquidation, dissolution or winding up of this Corporation, either voluntary or involuntary, each Holder of shares of the Series 3 Preferred Stock shall be entitled to receive, an amount, in cash, out of the assets of the Corporation available for distribution to shareholders, prior and in preference to any distribution of any of the assets of this Corporation to the Holders of the Common Stock or any other class of Preferred Stock (other than the Class A Preferred Stock) by reason of their ownership thereof, equal to the aggregate Series 3 Liquidation Value of all of the shares of the Series 3 Preferred Stock held by such Holder. The Corporation shall give Holders of the Series 3 Preferred Stock 60 days advance written notice of any intent to liquidate, dissolve or wind up the affairs of the Corporation.

(b) If upon any such liquidation, dissolution or winding up of this Corporation, the Corporation's assets to be distributed among the Holders of the Series 3 Preferred Stock are insufficient to permit payment to such Holders of the aggregate amount which they are entitled to be paid, then the entire assets to be distributed will be distributed ratably among such Holders based upon the aggregate Series 3 Liquidation Value of the Series 3 Preferred Stock held by each such Holder.

4. Conversion. The holders of the Series 3 Preferred Stock shall have the following conversion rights:

(a) Mechanics of Conversion. At any time after the Date of Issuance of any share of the Series 3 Preferred Stock, each such share shall be convertible into one share of Common Stock. Before any Holder of the Series 3 Preferred Stock shall be entitled to convert the same into shares of Common Stock, he, she or it shall surrender the certificate or certificates therefor, duly endorsed, at the office of this Corporation or of any transfer agent for the Series 3 Preferred Stock, and shall give written notice by mail, postage prepaid, to this Corporation at its principal corporate office, of the election to convert shares of the Series 3 Preferred Stock, the number of shares to be converted and the name or names in which the certificate or certificates for shares of the Common Stock are to be issued (the "Conversion Notice"). The Corporation shall, as soon as reasonably practicable thereafter, issue and deliver to the Holder of the Series 3 Preferred Stock delivering the

Conversion Notice, or to the nominee or nominees of such Holder, (i) a certificate or certificates for the number of shares of Common Stock to which such Holder shall be entitled as is identified in the Conversion Notice, (ii) a certificate representing any shares of the Series 3 Preferred Stock not converted and (iii) an amount in cash equal to the accrued but unpaid dividends on the shares converted calculated through the date of the Corporation's receipt of the Conversion Notice (or, in lieu thereof, shares of Common Stock, which number of shares of Common Stock to be issued to such Holder of the Series 3 Preferred Stock shall be calculated based on the listed closing market price of the Corporation's Common Stock on the day preceding the date the Corporation receives the Conversion Notice as is listed on an exchange, the Nasdaq Stock Market or the OTC Bulletin Board, whichever is applicable). Such conversion shall be deemed to have been made immediately prior to the close of business on the date the Corporation receives the Conversion Notice, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record Holder or Holders of the shares of the Common Stock on such date.

(b) No Fractional Shares. No fractional shares shall be issuable upon conversion. If any fractional interest in a share of the Common Stock would, except for the provisions of this subsection 4(b), be deliverable upon conversion of the Series 3 Preferred Stock, the Corporation shall pay to the Holders of such converted stock an amount in cash equal to the current market value of such fractional interest, or if the current market value is not readily determinable, then the book value of such fractional interest.

(c) Reservation of Common Stock Issuable Upon Conversion. This Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock such number of shares of the Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series 3 Preferred Stock; and if, at any time, the number of authorized but unissued shares of the Common Stock shall not be sufficient to effect the conversion of all of the then outstanding shares of the Series 3 Preferred Stock, the Corporation shall use its best efforts to take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such conversion.

5. Redemption. The Corporation may, at the option of the Board, at any time after the Redemption Effective Date redeem any shares of the Series 3 Preferred Stock, exercisable by written notice (the "Call Notice") to any Holder of the Series 3 Preferred Stock specifying the number of shares to be so redeemed (collectively, the "Called Shares"). The purchase price per share of the Series 3 Preferred

Stock upon such call shall be equal to the Series 3 Liquidation Value (collectively, the "Call Price"). The closing (the "Call Closing") of the purchase and sale of the Called Shares shall take place on a date agreed upon by the Corporation and by the Holder or Holders of the Called Shares, but in any event within 30 days from the date of the Call Notice, at the principal office of the Corporation. At the Call Closing, the Corporation shall, from any source of funds legally available therefor, purchase the Called Shares by paying in cash the Call Price. From and after the Call Closing, unless there was a default in payment of the Call Price, all rights of the Holder or Holders of the Called Shares (except the right to receive the Call Price therefor) shall cease with respect to the Called Shares, and such Called Shares shall not thereafter be transferred on the books of the Corporation or be deemed outstanding for any purpose whatsoever. Any Called Shares for which there was a default in payment of the Call Price at the Call Closing shall not be redeemed, shall remain outstanding and shall continue to retain all rights thereof (including, but not limited to, applicable voting and dividend rights).

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, O.B. Parrish, Chief Executive Officer of The Female Health Company, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Female Health Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ O.B. Parrish

O.B. Parrish
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert R. Zic, Principal Accounting Officer of The Female Health Company, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of The Female Health Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ Robert R. Zic

Robert R. Zic
Principal Accounting Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of The Female Health Company (the "Company") certifies that the Quarterly Report on Form 10-QSB of the Company for the quarter ended March 31, 2004 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 17, 2004

/s/ O.B. Parrish

O.B. Parrish
Chief Executive Officer

Dated: May 17, 2004

/s/ Robert R. Zic

Robert R. Zic
Principal Accounting Officer

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.