June 02, 2009


Today China Sky One Medical, Inc. (NASDAQ: CSKI) issued a press release stating that the company had received production approval for yet another drug, diclofenac sodium eye drops. The press release states that the eye drops product is expected to contribute $0.5 million to revenues in its first year of sales.

Diclofenac is a standard anti-inflammatory drug used for a wide range of purposes. In some countries, diclofenac is approved for over-the-counter use, and for eye drops. Diclofenac eye drops are used to treat non-bacterial inflammation of the anterior part of the eyes, especially with postoperative treatment following cataract surgery, as an alternative to steroids.

The only interesting issue here is why China Sky chooses to issue a press release for a product that is not proprietary, that has limited uses, and that will, according to the company, produce sales comprising 0.4% of the $128 million in revenues included in the company’s 2009 guidance. China Sky did not disclose if they would earn a profit on the sales. And of course, the release sheds no new light on China Sky’s unexplained low inventory and high margins.