

Milestone Disclosure for Fiscal Year 2008
(Ended June 30, 2008)

August 6, 2008

Company Name: Carna Biosciences, Inc.

Listed Securities Exchange: JQ • NEO

Stock Code: 4572

URL <http://www.carnabio.com>

Representative: Kohichiro Yoshino, President

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(Rounding down to the nearest million yen)

1. Consolidated results for the interim FY2008 (January 1, 2008 to June 30, 2008)

① Business Results by business category (consolidated)

	Net Sales			Ordinary income		
	Drug Discovery service	Drug Discovery (Collaboration revenue)	Total	Drug Discovery service	Drug Discovery	Total
FY2008(interim)	225	13	238	33	-151	-118

② Drug discovery service business

1) Assortment plan of products and services

Product/Service category	End of 2007 (Actual)	Interim FY 2008 (Actual)	End of 2008 (Plan)
Kinase protein	277 types	291 types	318 types
Assay development	256 types	276 types	286 types
Profiling/Screening	256 types	276 types	286 types

2) Net sales by region (Consolidated)

Region	End of 2007 (Actual)	Interim FY 2008 (Actual)	End of 2008 (Plan)*
Japan	328	124	352
North America	103	60	195
Europe	42	23	75
Others	10	16	49
Total	485	225	673

*The figures above are based on a revised forecast that was released on August 6, 2008.

3) Number of clients (Accumulated total number)

	Japanese clients	North American clients	European clients	Others	Total
FY2007 as reference	36	52	35	4	127
Interim FY2008	41	63	36	7	147

4) Net sales by product category (Consolidated)

Product/Service category	End of 2007 (Actual)	Interim FY 2008 (Actual)	End of 2008 (Plan)*
Kinase proteins	251	127	382
Assay development	75	27	88
Profiling/Screening	122	63	196
Others	37	6	6
Total	485	225	673

*The figures above are based on a revised forecast that was released on August 6, 2008.

③ Drug discovery Programs

Research Pipeline Progress in Second Quarter:

Project #1

Continued an optimization process of the lead compound series, for which a patent was filed application last year. We believe that our compound will be a “best-in-class” therapy for immune disorder with minimal side-effects.

Project #2

Continued an optimization process of the lead compound to increase inhibitory activity against the cell cycle regulating kinase, which was originally discovered by our collaborator, SBI Biotech.

Project #3

This project was initiated to establish a novel therapy for cardiovascular disease. Lead optimization of lead compound is ongoing, and we expect to file a patent application by the end of 2008.

Project #4

In collaborative research with the National Cancer Center Research Institute to develop a novel treatment for cancer as of June 16, 2008, we successfully developed an assay system for the target kinase that has been identified as a key enzyme in signaling related to the growth of a specific and major type of cancer. High throughput screening against our compound library will be started in due course.

④ Others

1) R&D expense and Capital expenditures

		Interim FY 2008 (Actual)	End of FY 2008 (Plan)
R&D expense	Drug Discovery service	6	31
	Drug Discovery	110	339
Capital expenditure		3	405

2) Cash planning

We have no plans for additional capital increases by fund-raising since we had capital increased through public offering in March 25, 2008. We've invested in facilities during the second quarter and we will continue to invest in facilities and R&D in the future.

3) Personnel numbers

Department	Interim FY 2008 (Actual)	End of FY 2008 (Plan)*2
R&D	28	34
Sales and marketing	6 [1] *1	6 [3] *1

*1 Figures in parentheses are personnel numbers of our subsidiary in North America.

*2 The figures above are based on a revised forecast that was released on August 6, 2008.

4) Definition of our business

Business category	Definition
Drug Discovery service business	We derive our income by providing products and services mainly to pharmaceutical companies to support their drug discovery efforts.
Drug Discovery	We derive our income by licensing out intellectual assets and earning royalties. We also earn from collaborative research.