

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

November 14, 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 3rd Quarter of FY2008 (January 1, 2008 to September 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
3 rd quarter of FY2008	359	20	380	58	-256	-197

② Drug discovery service business

1) Assortment plan of products and services

Product/Service category	End of 2007 (Actual)	3 rd quarter of FY 2008 (Actual)	End of 2008 (Plan)
Kinase protein	277 types	304 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)	3 rd quarter of FY 2008 (Actual)	End of 2008 (Plan)*
Japan	328	207	352
North America	103	94	195
Europe	42	39	75
Others	10	17	49
Total	485	359	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
3 rd quarter of FY2008	43	65	38	9	155

4) Net sales by product category (Consolidated)

Product/Service category	End of 2007 (Actual)	3 rd quarter of FY 2008 (Actual)	End of 2008 (Plan)*
Kinase proteins	251	201	382
Assay development	75	45	88
Profiling/Screening	122	104	196
Others	37	7	6
Total	485	359	673

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

③Drug discovery Programs

Research Pipeline Progress in 3rd 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 Co., Ltd.

Project #3

Continued an optimization process of the lead compound to increase inhibitory activity against the target kinase that plays key roles in cell proliferation, survival, and development. We aim to establish a novel therapy for cardiovascular disease.

Project #4

Presently in the hit-to-lead phase and aiming at validating the potential of our best hit compounds found during high throughput screening campaigns against the target kinase, which plays key roles in cancer progression.

④Others

1) R&D expense and Capital expenditures

		3 rd quarter of FY 2008 (Actual)	End of FY 2008 (Plan)
R&D expense	Drug Discovery service	11	31
	Drug Discovery	192	339
Capital expenditure		19	405

2) Cash planning

At this moment, 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 3rd quarter and we will continue to invest in facilities and R&D in the future.

3) Personnel numbers

Department	3 rd quarter of 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.