Biotie interim report 1 January – 30 June 2014;

Company Highlights
April - June 2014

- Following the return of global rights to tozadenant, Biotie's adenosine A2a antagonist for Parkinson's disease, activities were ongoing to transfer the program back in-house and to prepare for clinical Phase 3 studies. Patient recruitment is expected to commence in H1 2015 as originally planned.
- Preparatory work was ongoing to advance SYN120, Biotie's 5-HT6/5-HT2a dual antagonist, and BTT1023, Biotie's monoclonal anti-vascular adhesion protein -1 antibody, into Phase 2 studies, with the BTT1023 program expected to commence patient recruitment by the end of 2014 and the SYN120 program around the end of 2014.
- Patient enrollment into the 179-patient Phase 2 study investigating nepicastat for cocaine dependence completed ahead of schedule. Top-line results from the study are expected around the end of 2014.
- Biotie's revenue in Q2 2014 was EUR 0.8 million (EUR 2.1 million) and the financial result was a net loss of EUR 3.7 million (net loss of EUR 4.0 million).
- Biotie ended the second quarter on 30 June 2014 with liquid assets of EUR 34.0 million (EUR 38.2 million, 31 March 2014). Operating cash flow was a net outflow of EUR 4.3 million (net inflow of EUR 0.5 million).

Key figures

EUR thousand **Continuing operations**	**4-6/ 2014 3 months**	**4-6/ 2013 3 months**	**1-6/ 2014 6 months**	**1-6/ 2013 6 months**	**1-12/ 2013 12 months**
Revenues	763	2,109	5,859	17,393	27,712
Research and development costs	-2,774	-3,284	-7,478	-6,340	-17,360
Net profit (loss)	-3,697	-4,026	-5,279	5,970	6,275
Earnings per share (EUR)	-0.01	-0.01	-0.01	0.01	0.01
Cash flow from operating activities	-4,281	535	-9,639	10,734	10,851

EUR thousand	**30 June, 2014**	**30 June, 2013**	**31 Dec, 2013**
Liquid assets	34,046	44,745	43,678
Equity	76,724	81,971	80,797

Equity ratio (%)	69.9	67.7	69.2

Timo Veromaa, Biotie's President and CEO commented, "We are now fully in control of the path forward for tozadenant. The data we have reported so far is strong and we believe this product has the potential to offer meaningful clinical benefit to patients with Parkinson's disease. We also made steady progress with our Phase 2 assets: NIDA completed recruitment earlier than expected in the SYN117 cocaine addiction study and we were pleased to receive funding from The Michael J. Fox Foundation, after the quarter, to investigate SYN120 in Parkinson's dementia where its dual mechanism of action could play an important role in managing cognition. In the near term our focus will be on execution as we prepare to start Phase 3 trials with tozadenant in H1 2015. We await headline data from the SYN117 study in cocaine dependence around end-2014, at the same time as a Phase 2 clinical trial should begin for SYN120 in Parkinson's dementia. For our VAP-1 antibody, BTT1023, we also expect a Phase 2 study in primary sclerosing cholangitis to commence later in the year".

Product Portfolio Review:

Selincro® (nalmefene) is a dual-acting opioid system modulator and the first therapy approved in Europe for the reduction of alcohol consumption in alcohol dependent individuals. Biotie's partner H. Lundbeck A/S (Lundbeck) received European marketing authorization for Selincro in February 2013 and to date has introduced the product in over 20 European markets. Biotie has licensed global rights to Selincro to Lundbeck. Under the terms of the agreement with Lundbeck, Biotie is eligible for up to EUR 89 million in upfront and milestone payments, of which EUR 16 million had been received at 30 June 2014, plus royalties on sales of Selincro.

Lundbeck will continue the rollout of Selincro in additional European markets during 2014. The product was launched in Spain in July and launches in Germany and France are expected during the remainder of the year; Biotie will receive additional milestones of EUR 2 million for each of these markets. Biotie is eligible to receive further potential milestone payments on launches in certain other markets and if the product reaches certain pre-determined sales.

Biotie will continue to receive royalties on sales in all markets and will make a contribution to Lundbeck towards post approval commitment studies.

Lundbeck and Otsuka Pharmaceutical Co. Ltd. are collaborating, as part of their existing alliance, to develop and commercialize nalmefene in Japan. The companies will jointly finalize the clinical program and it is expected that the first clinical Phase 3 study in Japan will be initiated during 2014. This has no immediate financial impact on Biotie.

After the reporting period Biotie announced on 10 July 2014 that the National Institute for Health and Care Excellence (NICE), the United Kingdom's health technology assessment authority, had issued draft guidance recommending the use of Selincro within the conditions of its marketing authorization in the National Health Service (NHS) in England. The draft guidance is open for comments until July 29, and final guidance is expected in November 2014.

Tozadenant (SYN115) is an oral, potent and selective adenosine A2a receptor antagonist being developed for the treatment of Parkinson's disease. Tozadenant has displayed clinically relevant and statistically highly significant effects in Parkinson's disease, across multiple pre-specified evaluation metrics, in a 420 patient Phase 2b study completed in December 2012, and it is currently transitioning into Phase 3 development.

Biotie announced on 21 March 2014 that UCB will return global rights to tozadenant to Biotie. This followed an assessment by UCB of its early and late stage clinical development pipeline as well as its preclinical opportunities and does not reflect any concerns regarding the safety or efficacy of tozadenant.

UCB has confirmed that it will meet all its contractual and scientific commitments regarding the ongoing development program for tozadenant, including conducting together with Biotie the scheduled End-of-Phase 2 meeting with US Food and Drug Administration (FDA), which took place at the end of March.

The Phase 3 development work has continued as planned and Biotie is working with UCB to execute the full transfer of the program back to Biotie, so that the Phase 3 clinical studies can commence recruitment in H1 2015, as originally anticipated.

Biotie considers tozadenant to potentially be its most valuable asset given the high unmet medical need in Parkinson's disease and stage of development. Biotie has been evaluating the most suitable development strategy to maximize its value to shareholders and has concluded that this can be best met by continuing with the Phase 3 study within its current portfolio. Biotie is currently evaluating options, which may include a capital increase, to support the clinical studies and strong regulatory filing package for tozadenant.

SYN120 is an oral, potent, dual antagonist of the 5-HT6 and 5HT2a receptors. These two distinct properties could result in a unique therapeutic profile for SYN120 combining pro-cognitive and antipsychotic activities. SYN120 has completed single and multiple ascending dose Phase 1 clinical studies and a Phase 1 positron emission tomography imaging study to determine therapeutic dose for subsequent Phase 2 studies.

After the reporting period on 8 July 2014 Biotie announced that it signed a USD 2.0 million (EUR 1.5 million) research contract with The Michael J. Fox Foundation (MJFF) to investigate SYN120 in Parkinson's disease patients with dementia. Preparations are underway for the 80-patient study, which is expected to begin recruitment around the end of 2014. Biotie retains the rights to SYN120 and will be able to use data from the MJFF-funded study for any future regulatory submissions.

As a result of this grant and the decision on tozadenant, the previously planned Phase 2 study in Alzheimer's disease will not begin recruitment by the end of 2014 and will be assessed based on the development status of other products in the portfolio.

Nepicastat (SYN117) is an orally administered, potent and selective inhibitor of dopamine beta hydroxylase (DBH), the enzyme responsible for the conversion of dopamine into norepinephrine. Nepicastat is currently in Phase 2 development as a potential treatment for cocaine dependence.

Biotie announced on 27 May 2014 that patient enrollment into the Phase 2 study investigating nepicastat for cocaine dependence had completed ahead of schedule. The 11-week, 179-patient study is being conducted at 10 US clinics under a Collaborative Research and Development Agreement (CRADA) with the National Institute on Drug Abuse (NIDA) at the US National Institutes of Health. Top-line results from the study are expected around the end of 2014.

Biotie retains full rights to nepicastat and will be able to use data from studies conducted with NIDA to support future potential regulatory submissions.

BTT1023 is a fully human monoclonal antibody targeting Vascular Adhesion Protein 1 (VAP-1). In addition to its clinically demonstrated role in inflammatory diseases, VAP-1 has an important role in fibrotic diseases and treatment with the VAP-1 antibody may have important therapeutic potential e.g. in the treatment of certain inflammatory fibrotic diseases of the liver.

Biotie is preparing for a Phase 2 proof of concept study with BTT1023 in primary sclerosing cholangitis, a rare fibrotic disease of the liver affecting young adults. In July, the company announced that the discussions for non-dilutive co-funding for the study had concluded and that the study would receive a grant of approximately EUR 1 million. The study is expected to start recruitment by the end of 2014. Biotie retains full rights to BTT1023.

NRL-1 is a proprietary intranasal formulation of diazepam which was being developed for the treatment of acute repetitive epileptic seizures. It became part of Biotie's portfolio in June 2013 when Biotie signed an exclusive option to acquire Neurelis, Inc. (Neurelis). Biotie conducted further manufacturing and pre-clinical work with NRL-1 under the option arrangement, but in Q1 2014 Biotie concluded that NRL-1's timely access to market was not guaranteed and decided that further significant investment into this opportunity would not be made until further notice.

After the reporting period, Biotie announced on 11 July 2014 that it had decided not to exercise its exclusive option to acquire Neurelis. As a result of this decision being earlier than required, Biotie will have a share of future proceeds that Neurelis is able to generate from the product.

Financial review for reporting period January – June 2014
Figures in brackets, unless otherwise stated, refer to the same period the previous year (EUR million).

Revenues: Revenues amounted to EUR 5.9 million (17.4). Revenues consisted of part of the contribution to the Phase 3 development of tozadenant from UCB (EUR 5.8 million) and royalties for Selincro from Lundbeck (EUR 0.1 million).

Research and development costs amounted to EUR 7.5 million (6.3). The majority of these R&D costs related to the development of tozadenant.

Financial result: Net loss for the period was EUR 5.3 million (net income of 6.0).

Total comprehensive income including the currency translation differences amounted to EUR -4.4 million (5.8).

Financing: Cash, cash equivalents and short term investments totaled EUR 34.0 million at 30 June 2014 (EUR 38.2 million at 31 March 2014 and EUR 44.7 million on 30 June 2013).

Shareholders' equity: The shareholders' equity of the group amounted to EUR 76.7 million (IFRS) on 30 June 2014 (EUR 80.8 million on 31 December 2013). Biotie's equity ratio was 69.9% on 30 June 2014 (69.2% on 31 December 2013).

Investments and cash flow*:* Cash flow from operating activities in January – June 2014 amounted to an outflow of EUR 9.6 million (inflow of 10.7).

The group's investments in tangible and intangible assets during the reporting period amounted to EUR 294 thousand (EUR 170 thousand).

Personnel

During the reporting period January – June 2014, the average number of employees amounted to 36 (34) and at the end of the reporting period, Biotie employed 34 people (36 people).

Equity rights

Swiss Option Plan

The Swiss company Synosia Therapeutics Holding AG (currently Biotie Therapies AG) acquired by Biotie in February 2011 has a stock option plan under which stock options have been granted to employees, directors and consultants. In connection with the completion of the acquisition of Synosia, the option plan was amended so that instead of shares in Synosia an aggregate maximum of 14,912,155 shares in Biotie may be subscribed based on the plan.

The Swiss subsidiary holds and has held Biotie's shares and such shares have been conveyed to satisfy the terms and conditions of the Swiss option plan. The conveyed shares previously held by the Company's subsidiary have been treated as treasury shares and such shares have not carried any voting rights. As of 30 June 2014 a total of 8,642,332 shares have already been delivered on the basis of the Swiss option plan. During the period January - June 2014 a total of 226,944 shares have been conveyed. As a result of certain of the stock options being cancelled, a total of 4,042,393 stock options remain outstanding and so the outstanding shares and votes of Biotie may further increase by this amount based on the Swiss option plan.

2011 Plans

In December 2011, The Board of Directors of Biotie approved two share-based incentive plans for the Group employees; a stock option plan for mainly its European employees and an equity incentive plan for mainly its US employees.

On 2 January 2014, pursuant to the authorization of the Annual General Meeting of Shareholders held on 4 April 2013, the Board of Directors resolved to issue 3,321,660 new shares to the company itself without consideration in accordance with Chapter 9 Section 20 of the Finnish Companies Act (624/2006, as amended). The shares were issued for the purposes of conveying them to employees entitled to the shares pursuant to the terms and conditions of the 2011 equity plans.

Stock Option Plan 2011: The maximum total number of stock options issued is 7,401,000, and they entitle their owners to subscribe for a maximum total of 7,401,000 new shares in the company or existing shares held by the company. However, 1,533,750 of these stock options were unissued or have been forfeited at 30 June 2014 and 815,000 have been exercised and so the maximum total of new or existing shares in the company that can now be issued under the plan is 5,052,250.

A total of 815,000 shares have been subscribed for during the period January - June 2014 under the Stock Option Plan 2011 and 815,000 of the treasury shares issued on 2 January 2014 have been used for these share subscriptions.

Equity Incentive Plan 2011: The maximum number of share units to be granted and the number of corresponding shares to be delivered on the basis of the plan will be total of 4,599,000 shares. However, 1,640,965 of these share units are unissued or have been forfeited at 30 June 2014 and 431,250 have been delivered and so the maximum total of new or existing shares in the company that can now be issued is 2,526,785.

A total of 431,250 existing treasury shares issued on 2 January 2014 have been conveyed to employees under the Equity Incentive Plan 2011 and without consideration during the period January - June 2014 pursuant to the authorization of the Annual General Meeting of the Shareholders held on 4 April 2013.

2014 Plans

On 2 January 2014 the Board of Directors of Biotie approved three year incentive plans for employees. A stock exchange release regarding the plans was published on 3 January 2014.

Stock Option Plan 2014: The maximum total number of stock options issued is 10,337,500, of which 4,320,000 relate to the Senior Management team only. Stock options entitle their owners to subscribe for a maximum total of 10,337,500 new shares in the company or existing shares held by the company. The Board of Directors shall decide on the distribution of the stock options.

Equity Incentive Plan 2014: The maximum number of share units to be granted and the number of corresponding shares to be delivered on the basis of the plan will be a total of 14,002,500 shares, of which 2,520,000 relate to the Senior Management team only.

Available Facilities

Biotie has a standby equity distribution agreement (SEDA) in place with US fund Yorkville. Yorkville is under certain pre-agreed terms and conditions obliged to subscribe and pay for Biotie shares in multiple tranches up to a total value of EUR 20 million during the period until November 2015 at Biotie's discretion. The purpose of this arrangement is to have an option to secure the financing of Biotie's working capital in the short and medium term. Biotie last made use of this arrangement in 2010, raising a total amount of EUR 1.1 million, but since then has not conveyed any shares under this agreement.

Share capital and shares

Biotie shares are all of the same class and have equal rights. Each share entitles the holder to one vote at the general meeting of shareholders. All shares are quoted on NASDAQ OMX Helsinki Ltd (Mid cap).

On 30 June 2014 the registered number of shares in Biotie Therapies Corp. was 456,032,398

Of these shares 8,345,256 were held by the company or its group companies. The registered share capital of Biotie was EUR 195,919,182.85.

Market capitalization and trading

At the end of the reporting period the share price was EUR 0.23.The highest price during the reporting period January – June 2014 was EUR 0.36, the lowest was EUR 0.21, and the average price was EUR 0.27. Biotie's market capitalization at the end of the reporting period was EUR 104.4 million.

The trading volume on NASDAQ OMX Helsinki during the reporting period January – June 2014 was 54,039,037 shares, corresponding to a turnover of EUR 14,344,429.

Decisions of the Annual General Meeting

The stock exchange release regarding the resolutions of the Annual General Meeting of Biotie was published on 3 April 2014.

Short-term risks and uncertainties

Biotie's strategic risks are predominantly related to the technical success of the drug development programs, regulatory issues, strategic decisions of its partners and its ability to obtain and maintain intellectual property rights for its products. Once products reach the market, the development of their sales may be significantly impacted by decisions of pricing and reimbursement authorities, acceptance by prescribers and patients and changes in the competitive environment, such as the launch of competitive products. The development and success of Biotie's products depends to a large extent on third parties. Any adverse circumstance in relation to any of its programs might impair the value of the asset and, thus, represent a severe risk to the company. Such adverse events could happen on a short term notice and may not be possible to foresee. The key operational risks of Biotie's activities include the dependency on key

personnel, assets (especially in relation to intellectual property rights) and dependency on its license partners' decisions.

The group can influence to some extent the amount of capital used in its operations by adapting its cost base according to the financing available.

Furthermore, significant financial resources are required to advance the drug development programs into commercialized pharmaceutical products. To fund the operations, Biotie relies on financing from two major sources: income (royalty and milestone payments) from its license partners and raising equity financing in the capital markets. Additionally, it may be possible to arrange financing from debt providers.

The company may rely on capital markets to raise equity financing from time to time. There can be no assurance that sufficient funds can be secured in order to permit the company to carry out its planned activities. Current capital market conditions are very volatile. While in September 2012 the company was able to raise a significant amount of capital from a share issue to fund its operations in the medium term, there can be no assurance that the company can secure equity financing in the future if and when it needs it.

Although Biotie has currently active license agreements in place, the termination of any such agreement could have a negative effect on the short to medium term access to liquidity for the company. While income generated from commercial agreements with third parties relating to its clinical programs might significantly improve Biotie's financial position, a forecast on possible income from future licensing arrangements cannot be provided reliably. Therefore, it is possible that Biotie will need to secure additional financing from share issues in the future.

Acquired assets within the product portfolio are held as intangible assets on the balance sheet at carrying values determined at the time of the acquisition, which are reviewed annually for impairment. Should the clinical programs for these assets not proceed as expected, should the assets be partnered or out-licensed utilizing a transaction structure that changes the timing or amount of Biotie’s future economic rights to the product, or should some of the economic value from those assets be realized then, it is possible that an impairment of the intangible asset will be required; this would take the form of a non-cash impairment charge to the consolidated statement of comprehensive income.

Outlook for 2014 and key upcoming milestones:

Selincro (nalmefene): Lundbeck will continue the rollout of Selincro in additional European markets during 2014. Biotie is eligible for launch milestones in France, Germany and Spain of EUR 2 million in each market, of which Biotie became eligible to the EUR 2 million for Spain on 22 July, and further royalties on sales in all markets. Due to the early phase of the launch of Selincro no guidance can be given on expected royalty revenue in 2014. The first clinical Phase 3 study under the joint Lundbeck/Otsuka development program in Japan is expected to be initiated in 2014, but will not impact Biotie’s financial results.

Tozadenant (SYN115): Biotie considers tozadenant to potentially be its most valuable asset given the high unmet medical need in Parkinson’s disease and stage of development. Following the decision by UCB Pharma to return global rights to tozadenant in March 2014, Biotie has been evaluating the most suitable development strategy for this Phase 3 ready asset to maximize its value to shareholders and has concluded that this can be best achieved by continuing with the Phase 3 study within its current portfolio. Biotie is currently evaluating various options, which may include a capital increase, to support the clinical studies and a strong regulatory filing package for tozadenant.

Phase 3 development work has continued as planned for tozadenant and Biotie is working with UCB to execute the full transfer of the program back to Biotie, so that the Phase 3 clinical studies can commence recruitment in H1 2015, as originally planned.

SYN120: As announced in early July, the company has received a USD 2.0 million (EUR 1.5 million) grant from The Michael J. Fox Foundation (MJFF) for a Phase 2 study in Parkinson's disease dementia, which is expected to begin recruitment around the end of 2014.

As a result of this grant and the decision on tozadenant, the previously planned Phase 2 study in Alzheimer's disease will not begin recruitment by the end of 2014 and will be assessed based on the development status of the other products within the portfolio.

Nepicastat (SYN117): The Phase 2 trial in cocaine dependence, funded by NIDA, completed patient enrolment in June, ahead of schedule. The top-line results from the study are expected around the end of 2014.

BTT1023: Preparations for a clinical Phase 2 study in primary sclerosing cholangitis are ongoing. In July, the company announced that the discussions for non-dilutive co-funding for the study had concluded and that the study would receive a grant of approximately EUR 1 million. The study is expected to start recruitment by the end of 2014.

Strategic: The Company is currently in a solid financial position and all preparations are ongoing for the Phase 3 program with tozadenant to start patient recruitment H1 2015, a Phase 2 study with SYN120 to start patient recruitment around the end of 2014 and a Phase 2 study with BTT1023 to start patient recruitment by the end of 2014. The Company has concluded that it can best maximize the value of tozadenant by continuing its development within the current portfolio and is considering various options to finance this development.

Financial: For the remainder of 2014, the Company expects further revenue from Selincro, both milestones and royalties. Further research and development expenses will be incurred in respect of tozadenant, SYN120 and BTT1023.

Financial calendar 2014

Interim report for January - September 31 October 2014

Key events after the reporting period

Biotie announced on 8 July 2014 that it signed a USD 2 million research contract with The Michael J. Fox Foundation (MJFF) to investigate SYN120 in Parkinson's disease patients with dementia. MJFF will fund an 80-patient Phase 2 trial which will be conducted by the Parkinson Study Group at approximately 10 US sites specializing in cognitive dysfunction in Parkinson's disease.

Biotie announced on 8 July 2014 that full data from the positive Phase 2b study evaluating tozadenant, an adenosine A2a antagonist, in Parkinson's disease patients experiencing end of dose wearing off was published in Lancet Neurology (Hauser RA, Olanow CW, Kieburtz KD, et al. Tozadenant (SYN115) in patients with Parkinson's disease who have motor fluctuations on levodopa: a phase 2b, double-blind, randomised trial. Lancet Neurol 2014; published online July 7).

Biotie announced on 10 July 2014 that the National Institute for Health and Care Excellence (NICE), the United Kingdom's health technology assessment authority, issued draft guidance recommending the use of Selincro (nalmefene) within the conditions of its marketing authorization in the National Health Service

(NHS) in England. The draft guidance is open for comments until July 29, and final guidance is expected in November 2014.

Biotie announced on 11 July 2014 that it decided not to exercise its exclusive option to acquire Neurelis, Inc. (Neurelis), a private specialty pharmaceutical company. In consideration of the timely transfer of the program to Neurelis, Biotie and Neurelis have agreed that Biotie may recover the cost of its investment to date in Neurelis' lead product NRL-1 through a share of future revenue generated by Neurelis. Neurelis plans to commence the remaining development program and proceed with clinical trials which have been agreed with the FDA. NRL-1 is a proprietary intranasal formulation of diazepam for pediatric and adult epilepsy patients who experience acute repetitive seizures.

Biotie announced on 22 July that Lundbeck has launched Selincro in Spain. As a result, Biotie will receive a EUR 2 million launch milestone.

Biotie announced on 24 July that the discussions for non-dilutive co-funding for a clinical Phase 2 study with BTT1023 in primary sclerosing cholangitis had concluded and that the study would receive a grant of approximately EUR 1 million.

Biotie announced on 30 July that the Company has conveyed Biotie shares held as treasury shares and that were issued on 2 January 2014 pursuant to the Stock Option Plan 2011 (766,750 shares conveyed) and the Equity Incentive Plan 2011 (1,046,160 shares conveyed. Further, it has issued 15,770 Biotie shares held as treasury shares under the Swiss Option Plan. As a result of the conveyances, the total number of votes attached to Biotie’s shares increased to 447,702,912 and the total number of shares held by the Company or its fully owned subsidiary is 8,329,486 shares. The conveyances do not affect the number of registered shares (456,032,398).

About Biotie

Biotie is a specialized drug development company focused on products for neurodegenerative and psychiatric disorders. Biotie’s development has delivered Selincro (nalmefene) for alcohol dependence, which received European marketing authorization in 2013 and is currently being rolled out across Europe by partner Lundbeck. The current development products include tozadenant for Parkinson’s disease, which is transitioning into Phase 3 development, and three additional compounds which are in Phase 2 development for cognitive disorders including Parkinson’s disease dementia, cocaine dependence, and primary sclerosing cholangitis (PSC), a rare fibrotic disease of the liver.

Group structure: The parent company of the group is Biotie Therapies Corp. The domicile of the company is Turku, Finland. The Company has two operative subsidiaries, Biotie Therapies Inc, located in South San Francisco, United States of America and Biotie Therapies AG, located in Basel, Switzerland.

The Group also has two non-operational subsidiaries, Biotie Therapies GmbH located in Radebeul, Germany and Biotie Therapies International Ltd located in Finland.

IFRS and accounting principles

The interim report has been prepared in accordance with IFRS recognition and measurement principles and applying the same accounting policies as for the 2013 financial statements. Biotie has on 1 January 2014 adopted the new and amended IASB’s IFRS standards and IFRIC interpretations mentioned in the 2013 financial statement’s accounting principles. These new and amended standards and interpretations do not have an impact on the group financials in the reporting period. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report is unaudited.

Turku, 30 July 2014

Biotie Therapies Corp.
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR 1,000	4-6/ 2014 3 months	4-6/ 2013 3 months	1-6/ 2014 6 months	1-6/ 2013 6 months	1-12/ 2013 12 months
Revenue	763	2,109	5,859	17,393	27,712
Research and development expenses	-2,774	-3,284	-7,478	-6,340	-17,360
General and administrative expenses	-1,689	-2,857	-3,601	-5,160	-8,988
Other operating income	134	141	269	275	565
Operating profit (loss)	-3,566	-3,891	-4,951	6,168	1,928
Financial income	89	116	158	177	3,454
Financial expenses	-220	-251	-486	-375	-1,302
Profit (loss) before taxes	-3,697	-4,026	-5,279	5,970	4,080
Taxes	0	0	0	0	2,195
Net profit (loss)	-3,697	-4,026	-5,279	5,970	6,275
Other comprehensive income (loss):					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences	562	-1,637	871	-143	-2,433
Total comprehensive income (loss} of the period	-3,135	-5,664	-4,407	5,827	3,842
Net profit (loss) attributable to					
Parent company shareholders	-3,697	-4,026	-5,279	5,970	6,275

Total comprehensive income (loss) attributable to:					
Parent company shareholders	-3,135	-5,664	-4,407	5,827	3,842
Earnings per share (EPS) basic & diluted, EUR	-0.01	-0.01	-0.01	0.01	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)
EUR 1,000

	30 June, 2014	30 June, 2013	31 Dec, 2013
Assets			
Non-current assets			
Intangible assets	69,950	71,019	69,174
Goodwill	5,366	5,480	5,315
Property, plant and equipment	652	235	627
Investment property	800	837	817
Non-current receivables	285	0	231
Other shares	10	10	10
	77,063	**77,580**	**76,175**
Current assets			
Accounts receivable and other receivables	613	747	575
Financial assets at fair value through profit or loss	31,563	35,638	33,457
Cash and cash equivalents	2,483	9,108	10,221
	34,659	**45,492**	**44,253**
Total assets	**111,722**	**123,073**	**120,428**
Equity and liabilities			
Shareholders' equity			
Share capital	193,285	193,285	193,285
Reserve for invested unrestricted equity	5,278	4,994	5,252
Cumulative translation adjustment	3,467	4,886	2,595
Retained earnings	-120,027	-127,164	-126,611
Net income (loss)	-5,279	5,970	6,275

Shareholders' equity total	**76,724**	**81,971**	**80,797**
Non-current liabilities			
Non-current financial liabilities	20,690	23,492	20,690
Pension benefit obligation	553	556	553
Other non-current liabilities	9,213	8,824	8,798
Non-current deferred revenues	2,000	2,000	2,972
Deferred tax liabilities	0	2,190	0
	32,456	**37,061**	**33,013**
Current liabilities			
Pension benefit obligation	15	15	15
Current deferred revenues	0	0	743
Accounts payable and other current liabilities	2,527	4,025	5,860
	2,542	**4,040**	**6,619**
Total liabilities	**34,998**	**41,102**	**39,632**
Total equity and liabilities	**111,722**	**123,073**	**120,428**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Attributable to equity holders of the parent company

EUR 1,000	Shares (1000 pcs)	Share Capital	Reserve for invested un-restricted equity	Own Shares	Retained Earnings	Share-holders' equity total
BALANCE AT 1.1.2013	452,711	193,285	4,882	-15	-123,119	75,032
Total comprehensive income for the period					5,827	5,827
Options granted					999	999
Options exercised			112			112
	0	0	112	0	6,826	6,938
BALANCE AT 30.6.2013	452,711	193,285	4,994	-15	-116,293	81,971
BALANCE AT 1.1.2014	452,711	193,285	5,252	-15	-117,726	80,797
Total comprehensive income for the period					-4,407	-4,407
Issue of new shares	3,322					
Options granted					309	309
Options exercised			26			26
	3,322	0	26	0	-4,098	-4,072
BALANCE AT 30.6.2014	456,032	193,285	5,278	-15	-121,824	76,724

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1-6/2014 6 months	1-6/2013 6 months	1-12/ 2013 12 months
Cash flow from operating activities			
Net income (loss)	-5,279	5,970	6,275
Adjustments:			
Non-cash transactions	523	1,072	1,908
Interest and other financial expenses	486	375	1,302
Interest income	-157	-177	-3,454
Foreign exchange losses (gains) on operating activities	23	-52	-296
Taxes	0	0	-2,195
Changes in working capital:			
Change in accounts receivables and other receivables	-149	2,142	2,241
Change in accounts payable and other liabilities	-3,332	1,450	3,305
Change in deferred revenues	-1,726	0	1,780
Interest paid	-27	-44	-44
Interest received	0	0	28
Net cash from operating activities	**-9,639**	**10,734**	**10,851**
Cash flow from investing activities			
Change in financial assets at fair value through profit or loss			
Additions	0	-17,113	-15,492
Disposals	2,178	2,000	2,000
Interest from investments held to maturity	0	2	3
Change in restricted cash	-51	0	-192

Investments in tangible assets	-128	-18	-329
Investments in intangible assets	-166	-152	-499
Net cash used in investing activities	**1,833**	**-15,281**	**-14,510**
Cash flow from financing activities			
Receipts from share issue	25	112	371
Net cash from financing activities	**25**	**112**	**371**
Net decrease in cash and cash equivalents	**-7,781**	**-4,435**	**-3,288**
Effect of changes in exchange rates on cash and cash equivalents	43	-10	-45
Cash and cash equivalents at the beginning of the period	10,221	13,553	13,553
Cash and cash equivalents at the end of the period	**2,483**	**9,108**	**10,221**
Liquid assets			
Cash and cash equivalents	2,483	9,108	10,221
Short term investments	31,563	35,638	33,457
Liquid assets, total	**34,046**	**44,745**	**43,678**

SWISS OPTION PLAN

As a result of the combination agreement signed with Synosia Therapeutics Holding AG, Biotie Therapies Corp. has issued 14,912,155 shares as a bonus issue to its subsidiary Biotie Therapies AG to be held in treasury and to be used to satisfy exercise of Biotie Therapies AG (formerly Synosia Therapeutics Holding AG) options in accordance with the existing Biotie Therapies AG option plans.

The option plan has been described more in detail in the Q1 2011 interim report released 13 May 2011.

The following table provides information on the number and pricing of options at 30 June 2014

	Amount	Weighted average exercise price
Options exercised	8,642,332	0.17
Options outstanding	4,042,393	0.23
Options exercisable	3,913,375	0.22

2011 EQUITY PLANS

The Board of Directors of Biotie Therapies Corp. approved on 7 December 2011 two share-based incentive plans for the Group employees; a stock option plan for mainly its European employees and an equity incentive plan for mainly its US employees. The plans were intended to form part of the incentive and commitment program for the employees. The incentives supported the attainment of the targets established by the Company and the implementation of the Company's strategy, as well as the Company's long-term productivity. The plans are described in more detail in release made on 7 December 2011.

On 2 January 2014, the Board of Directors of Biotie Therapies Corp. resolved to issue 3,321,660 shares ("Treasury Shares") to the Company itself without consideration in accordance with Chapter 9 Section 20 of the Finnish Companies Act (624/2006, as amended). The Treasury Shares are issued for the purposes of being conveyed to employees entitled to them pursuant to the terms and conditions of the Stock Option Plan 2011 and the Equity Incentive Plan 2011 ("Plans"). The Treasury Shares are of the same class as the existing shares in the Company.

The following table provides information on the number and pricing of the options that relate to those Treasury Shares issued in respect of awards under the 2011 Stock Option Plan at 30 June 2014

	Amount	Weighted average exercise price
Options exercised	815,000	0.01
Options outstanding	1,029,250	0.01
Options exercisable	1,029,250	0.01

The following table provides information on the number and pricing of the restricted stock units (RSU) that the relate to those Treasury Shares issued in respect of awards under the 2011 Equity Incentive Plan at 30 June 2014

	Amount	Weighted average exercise price
RSU delivered	431,250	0.00
RSU outstanding	1,046,160	0.00
RSU deliverable	1,046,160	0.00

CONTINGENT LIABILITIES AND COMMITMENTS

EUR 1,000	30 June, 2014	30 June, 2013	31 Dec, 2013
Operating lease commitments	**255**	**168**	**261**
Due within a year	126	61	132
Due later	129	107	129
Rent commitments	**2,729**	**118**	**2,821**
Due within a year	450	118	566
Due later	2,279	0	2,255
Total	**2,984**	**286**	**3,082**

The Group leases motor vehicles, machines and equipment with leases of 3 to 5 years.

On 30 June 2014 Biotie had purchase commitments, primarily for contract research work services, totaling EUR 0.6 million.

TRANSACTIONS WITH RELATED PARTIES

There were no significant related party transactions in Q2 2014.

KEY FIGURES

The formulas for the calculation of the key figures are presented in the notes of the consolidated financial statements 2013

EUR 1,000	1-6/2014 6 months	1-6/2013 6 months	1-12/2013 12 months
Business development			
Revenues	5,859	17,393	27,712
Personnel on average	36	34	35
Personnel at end of period	34	36	37
Research and development costs	7,478	6,340	17,360
Capital expenditure	294	170	954
Profitability			
Operating profit (loss)	-4,951	6,168	1,928
as percentage of revenues, %	-84.5	35.5	7.0
Profit (loss) before taxes	-5,279	5,970	4,080
as percentage of revenues, %	-90.1	34.3	14.7
Balance sheet			
Liquid assets	34,046	44,745	43,678
Shareholders' equity	76,724	81,971	80,797
Balance sheet total	111,722	123,073	120,428
Financial ratios			
Return on equity, %	-13.4	15.2	5.2
Return on capital employed, %	-9.5	12.4	5.4

Equity ratio, %	69.9	67.7	69.2
Gearing, %	-17.4	-25.9	-28.5
Per share data			
Earnings per share (EPS) basic, EUR	-0.01	0.01	0.01
Earnings per share (EPS) diluted, EUR	-0.01	0.01	0.01
Shareholders' equity per share,€	0.17	0.18	0.18
Dividend per share, EUR	-	-	-
Pay-out ratio, %	-	-	-
Effective dividend yield, %	-	-	-
P/E-ratio	-	-	-
Share price			
Lowest share price, EUR	0.21	0.33	0.26
Highest share price, EUR	0.36	0.46	0.46
Average share price, EUR	0.27	0.39	0.35
End of period share price, EUR	0.23	0.34	0.28
Market capitalization at end of period MEUR	104.4	153.9	126.8
Trading of shares			
Number of shares traded	54,039,037	71,970,318	157,920,531
As percentage of all	11.8	15.9	34.9
Adjusted weighted average number of shares during the period	456,032,398	452,710,738	452,710,738
Adjusted number of shares at end of the period	456,032,398	452,710,738	452,710,738

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