BIOTIE THERAPIES CORP. INTERIM REPORT August 7, 2009 at 8.30 a.m.

Biotie Therapies Corp. interim report January 1 – June 30, 2009

January - June 2009 in brief

- On August 6, 2009 the Board of Directors have taken the decision to pool capacities and strengthen the Company's focus on the more advanced key research and development programs and terminate development of certain early R&D programs as a result of the completion of the integration process with the German subsidiary Biotie Therapies GmbH.

- In February and March 2009, Biotie initiated two clinical studies in rheumatoid arthritis and psoriasis patients with its fully human VAP-1 monoclonal antibody. Results from these studies are expected to become available during the first half of 2010.

- In March 2009, Lundbeck acquired the North-American and Mexican rights for Nalmefene from Somaxon Pharmaceuticals. In April 2009, Lundbeck acquired the Turkish marketing and distribution rights for Nalmefene from Eczacibasi Ilac Pazarlama A.S. and now has worldwide rights, excluding South-Korea

- Biotie´s Annual General Meeting was held on 29 May 2009.

- Revenue for January – June 2009 amounted to EUR 2.7 million (EUR 3.2 million in 2008). Cash flow in January – June from operating activities was EUR -6.7 million (EUR -5.8 million in 2008).

- The net loss for January – June 2009 stood at EUR 5.7 million (net loss for comparable period in 2008 was EUR 3.3 million) excluding extraordinary items in relation to write-offs of certain intangible assets. Total net loss for January-June 2009 including extraordinary items in relation to write-offs of intangible assets was EUR 9.6 million (net loss for January – June 2008 was EUR 3.3 million) and earnings per share for the period was EUR -0.07 (EUR -0.04 in 2008).

- As of June 30, 2009, the company's liquid assets amounted to EUR 18.8 million (EUR 23.0 million as of June 30, 2008).

Q2/2009 in brief:

- The net loss in April – June, 2009 stood at EUR 2.9 million (net loss of comparable period in 2008 was EUR 1.3 million) excluding extraordinary items in relation to write-offs of certain intangible assets. Total net loss for April - June 2009 including extraordinary items amounted to 6.7 million (net loss for April – June 2008 was 1.3 million). Cash flow in April – June, 2009 from operating activities was EUR -3.3 million (EUR -2.5 million in 2008).

- Revenue for April – June, 2009 stood at EUR 1.4 million (EUR 1.8 million in 2008) and earnings per share was EUR -0.05 (EUR -0.01 in 2008).

Strengthening focus on key programs

- As a result of the completion of the integration process with the German subsidiary Biotie Therapies GmbH, on August 6, 2009 the Board of Directors have taken the decision to pool capacities and strengthen the Company's focus on the more advanced research and development programs and terminate certain early R&D programs.

The key programs in the central nervous system disease area continue to be nalmefene for alcohol dependence and the PDE10 inhibitor program for schizophrenia. In the inflammatory disease area the focus remains in the clinical

phase programs: the PDE4 inhibitor program for COPD and the VAP-1 fully human monoclonal antibody program for rheumatoid arthritis and psoriasis.

The company has a portfolio of earlier phase R&D programs. Active development of the PDE platform program, SSAO inhibitor program, and integrin alpha2beta1 inhibitor program will continue. Active development and investing in the immunosuppression program, the buprenorphin depot program, the bioheparin program, and the HCV infection program will be terminated. Gilead informed the Company during Q2 about its decision to terminate the license agreement pertaining to certain research compounds and their development for the treatment of HCV infection. Related to this, Biotie has decided to wind-down its wholly owned Belgian subsidiary 4AZA IP NV, which held the patents for the immunosuppression and the HCV infection programs.

These decisions lead to a write-off of intangible assets which were originally recorded in the balance sheet as a result of restructuring of former elbion group prior to the purchase of elbion GmbH. These one-time impairment losses amount to EUR 5.4 million and have no impact on the cash position of the group. There is also no change in the future outlook of the Company. Biotie is now more focused to pursuing the development programs it expects to deliver high commercial value for the Company.

Timo Veromaa, Biotie's President and CEO:
"Over the past quarters since the acquisition of our German subsidiary we have achieved our strategic goal of integrating and streamlining the operations and clinical development programs from both companies. While we are discontinuing development of certain earlier stage candidates, we continue to see strong clinical progress for our partnered alcohol dependence candidate and our VAP-1 antibody and PDE10 inhibitor programs for inflammation and CNS disorders. With renewed focus and improved structure, we are well-positioned for future growth and evolution."

About Biotie Therapies
Biotie is a drug discovery and development company focused on central nervous system and inflammatory diseases. It has a broad range of innovative small molecule and biological drug candidates at different stages of clinical and pre-clinical development.

Current Status of Drug Development Projects in Clinical or Pre-clinical Stages:

Nalmefene, a new treatment paradigm for alcohol dependence. Nalmefene builds on a novel principle of treating alcohol dependence. Unlike existing therapies, the treatment with Nalmefene is not aimed at keeping the patients from drinking. Nalmefene instead removes the desire to drink, thereby controlling and limiting the intake of alcohol. Nalmefene distinguishes itself by being available as an oral tablet formulation to be taken on an as needed basis.

At the end of 2008, Lundbeck launched three phase III trials, which seek to enroll about 1,800 patients. The first two trials, in which patients are treated over a period of six months, serve to confirm the efficacy of Nalmefene, whilst the objective of the last study, in which patients are treated for 12 months, is to assess the safety and tolerability of the compound. We expect preliminary trial data to become available during the first half of 2011. Biotie is participating in financing some of the clinical development costs.

In March 2009, Lundbeck acquired the North-American and Mexican rights to Nalmefene from Somaxon Pharmaceuticals. In April 2009 Lundbeck acquired the Turkish rights from Eczacibasi Ilac Pazarlama A.S. and has now worldwide rights for Nalmefene, excluding South-Korea. Under the terms of the Biotie-Lundbeck

license agreement, Biotie is eligible for up to EUR 84 million in upfront and milestone payments plus royalties on sales.

ELB353, an oral PDE4 inhibitor for COPD in clinical development. ELB353 is a once-daily, oral phosphodiesterase 4 (PDE4) inhibitor with therapeutic potential in chronic inflammatory disorders, particularly in chronic obstructive pulmonary disease (COPD), a serious disorder with major unmet medical need.

ELB353 has been well tolerated in a Phase I single and multiple dosing studies, particularly with respect to central nervous system and gastrointestinal side effects, areas which have posed a significant development hurdles for PDE4 inhibitors in the past. Futhermore, blood plasma profiles of ELB353 showing pronounced and long lasting exposure support once-daily dosing.

Biotie intends to initiate additional clinical studies later in 2009 with the aim to obtain proof of pharmacodynamic activity in humans, corroborate the safety profile and establish dose ranges for further therapeutic studies.

VAP-1, a key inflammation receptor. Vascular Adhesion Protein-1 (VAP-1) is Biotie’s proprietary target. VAP-1 has been shown to play a key role in mediating the inflammatory events associated with chronic diseases such as rheumatoid arthritis, psoriasis and diabetes. VAP-1 also may be potentially applicable to other chronic inflammatory diseases for which there is a clear unmet medical need.

VAP-1 function can be blocked by either antibody (biologic) drugs or small molecule drugs which target the enzyme (SSAO) domain of the receptor. Both approaches are being pursued by Biotie for various therapeutic indications.

VAP-1 antibody, a high value biologic for inflammatory diseases in clinical development. Biotie is developing a fully human monoclonal antibody which blocks VAP-1 function. Biotie completed the first-in-man, single dose, placebo-controlled clinical study with the VAP-1 antibody in 2008 and is now conducting two multiple dose clinical studies in rheumatoid arthritis and psoriasis patients, which were respectively initiated in February and March 2009. These studies aim to establish appropriate dosing regimens for subsequent therapeutic studies and provide initial information on the antibody´s therapeutic potential.

In 2006, Biotie and Roche have signed an option agreement for Biotie's fully human antibody program targeting VAP-1 in inflammatory disease. Roche has paid Biotie EUR 5 million, which grants Roche an exclusive option right to an exclusive, worldwide license agreement for Biotie's VAP-1 antibody, excluding Japan, Taiwan, Singapore, New Zealand, and Australia. The initial option right will end upon completion of phase I.

Seikagaku Corporation has licensed the rights for the product for Japan, Taiwan, Singapore, New Zealand, and Australia against up to USD 16.7 million in milestone payments plus royalties of sales in the territory. Biotie has already received USD 2.7 million from Seikagaku.

VAP-1 SSAO inhibitors. Biotie and Roche also collaborate on the development of small molecule VAP-1 SSAO inhibitors. Under the terms of the collaboration, both parties carry their own costs, but Biotie retains ownership of the developed compounds until Roche chooses to exercise its option for in-licensing. Under the terms of the collaboration and option agreement, Roche may pay Biotie up to EUR 5 million to maintain its exclusive option for rest-of-world rights excluding Seikagaku’s territory (Japan, Taiwan, Singapore, New Zealand and Australia).

Seikagaku has an option to license a VAP-1 enzyme inhibitor in its territory. If Seikagaku exercises its option, Biotie will receive up to USD 16.7 million in

milestone payments plus royalties of sales in the territory based on the pre-negotiated licensing agreement. Seikagaku will also be responsible for clinical development costs to bring the product to market in the territory.

Phosphodiesterase 10 (PDE10) inhibitors, a novel treatment paradigm for Schizophrenia. PDE10 is a novel molecular drug target in schizophrenia and Biotie has shown antipsychotic activity of PDE10 inhibitors in animal models. Biotie's PDE10 inhibitors are believed to serve the unmet medical need for novel anti-psychotic drugs with an improved side effect profile and improved efficacy in schizophrenia.

PDE10 discovery and development program is partnered with Wyeth Pharmaceuticals in December 2006. Biotie is eligible for up to USD 110 million in signing fee, milestone payments and research funding. Biotie will in addition be eligible for royalties on sales.

Revenues
Revenue for the period of January 1 to June 30, 2009 was EUR 2.7 million (in the same period 2008, EUR 3.2 million). Revenue consisted of income from the ongoing research collaboration with Wyeth and periodization of previously received up-front payments of the licensing agreements the company has in place with several licensing partners. No new milestones or signing fees were received during the reporting period.

In August 2007, the central development agency for the state of Saxony (Sächsische Aufbaubank, SAB) awarded a research and technology grant for drug discovery and early development activities to the German subsidiary Biotie Therapies GmbH in the amount of EUR 3.8 million. The money has been awarded as a non-refundable grant to be drawn down during the period between August 2007 and July 2010 against reported realized costs. As of June 30, 2009, EUR 1.8 million of this grant were still available to the company. The grant covers 65% of personnel and project related cost, so Biotie Therapies GmbH must show a total expenditure of EUR 2.8 million until July 2010 in relation to the research projects in order to benefit from the full amount still available. Payments to Biotie Therapies GmbH in relation to this grant are reported as other operating income.

Financial results
The net loss for the reporting period was EUR 5.7 million excluding extraordinary items in relation to write-offs of intangible assets. Total net loss for January-June 2009 including extraordinary items amounted to EUR 9.6 million. The corresponding loss for the previous year was EUR 3.3 million, no extraordinary items were reported. Research and development costs for the period amounted to EUR 7.5 million, excluding extraordinary items (in 2008 EUR 5.2 million). Impairment losses were recorded due to the decision of the Board of Directors as of August 6, 2009 to pool capacities for the development of the more advanced projects and terminating active development of the immunosuppression program (EUR 1,0 million), termination of the development of the Buprenorphine Depot product (EUR 2 million), termination of the HCV infection program after the termination of the license agreement with Gilead, and subsequent winding down of Biotie´s wholly owned Belgian subsidiary 4AZA IP NV (EUR 2,4 million).

Patent costs have been booked as expenses and were not capitalized.

Financing
Cash and cash equivalents totaled EUR 18.8 million on June 30, 2009 (EUR 23.0 million on June 30, 2008).

The company has predominantly invested its liquid assets into bank deposits and money market funds. Bank deposits with maturity more than 3 months are reported in

“investments held to maturity” whereas deposits with maturity less than 3 months are reported in the “cash and cash equivalents”. Money market funds are reported at fair value in financial assets at fair value through profit or loss.

In September 2008, The Finnish Funding Agency for Technology and Innovation (Tekes) granted EUR 0.6 million additional funding for Biotie Therapies' VAP-1 antibody program. The R&D funding granted covers drug development costs of the project from August 2008 to December 2009.

The funding granted is in the form of a loan and it covers about 70 per cent of the costs of the project. The loan will be paid to Biotie against reported realized costs. In order to receive the full amount of granted financing, Biotie must show a total expenditure of EUR 0.8 million in the project.

In January 2008, The Finnish Funding Agency for Technology and Innovation (Tekes) granted EUR 1.7 million additional funding for Biotie Therapies' integrin alpha2beta1 inhibitor program for thrombosis. The R&D funding granted covers drug development costs of the project from July 2007 to December 2009.

The funding granted is in the form of loan and it covers 50 per cent of the costs of the project. The loan will be paid to Biotie against reported realized costs. In order to receive the full amount of granted financing, Biotie must show a total expenditure of EUR 3.4 million in the project.

New option program

On April 26, 2009, Biotie´s Board resolved to issue option rights. The resolution of the Board of Directors is based on the resolution of the company's Extraordinary General Meeting of 14 November 2008 according to which the Board of Directors was authorised to resolve on the issuance of a maximum of 7,000,000 shares through a share issue or by granting option rights or other specific rights to the shares pursuant to chapter 10 of the Companies Act in order to, for example, create new incentive schemes.

The company issued a total of 7,000,000 option rights that entitle the option holders to subscribe for a total 7,000,000 new shares in the company.

In the event the shares subscribed on the basis of the issued option rights are subscribed in full, the proportion of the subscribed shares shall be approximately 4.6 per cent of the shares of the company after the registration of the increase in the share capital, without taking into account the new shares to be possibly subscribed pursuant to the convertible loans and other option schemes issued by the company.

The subscription periods and prices for the shares are as follows:

Tranche	*Subscription period*	*Subscription price*	*Number of option rights*
2009 A	1 Jan 2010 - 31 Dec 2013	EUR 0.4 per share	2,000,000
2009 B	1 Jan 2011 - 31 Dec 2013	EUR 0.7 per share	2,500,000
2009 C	1 Jan 2012 - 31 Dec 2013	EUR 1 per share	2,500,000
Total			*7,000,000*

The determination of the subscription price of the share is based on the market price of the Company's share and, thus, it sets an incentive to the key personnel in order to add ownership value. The subscription price of the shares shall be recorded in the company's reserve for invested unrestricted equity.

The Board of Directors may decide on other than essential amendments and specifications to the terms and conditions of the option rights, as well as other matters related to the option rights.

The board has made a resolution on the allocation of 5,000,000 option rights to the management team of the company; 2,000,000 option rights were granted to the Managing Director and 3,000,000 to other management team members. 2,000,000 option rights were left unallocated for eventual future use.

Out of the 5 million option rights that have been allocated to the management, the rights to subscribe shares with 1,250,000 options are conditional to achieving certain set targets. The full cost is booked also for conditional option rights.

Shareholder's equity
The shareholders' equity of the group amounts to EUR -9.4 million. Biotie's equity ratio was -29.8 % on June 30, 2009 (-57.6 % in 2008).

According to Finnish Accounting Standards (FAS), shareholders' equity is less than half of the parent company's share capital. The company's share capital is EUR 44.3 million, shareholders' equity is EUR 10.0 million and capital loans stand at EUR 21.3 million. Thus, shareholders' equity plus capital loans add up to EUR 31.3 million. The Company does not have funds that could be used for profit distribution.

Investments and cash flow
The cash flow from operations was EUR -6.7 million for January – June 2009 (comparable period in 2008 EUR -5.8 million). The group's investments during the reporting period amounted to EUR 86 thousand (EUR 109 thousand in 2008).

Personnel
During the reporting period January – June 2009, the company's personnel was on average 80 (35 during January – June, 2008) and at the end of the reporting period 81 (36 on June 30, 2008). The increase is due to the inclusion of the German subsidiary, which was acquired in November 2008.

Annual General Meeting
The Annual General Meeting (AGM) of Biotie Therapies Corp. was held on 29 May 2009. The key resolutions of the AGM are summarized below.

The AGM of Shareholders adopted the financial statements for the financial year 1 January - 31 December 2008. The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that the loss of the financial year shall be transferred to the unrestricted equity and no dividend shall be paid.

The AGM discharged the members of the Board of Directors and the President and CEO from liability concerning the financial year from 1 January - 31 December 2008.

The number of the members of the Board of Directors was resolved to be seven. Juha Jouhki, Ann Hanham, Bernd Kastler, Pauli Marttila, Riku Rautsola, Christoph Schröder and Pierre Serrure were re-elected as the members of the Board of Directors.

The Annual General Meeting resolved that the remuneration payable to the members of the Board of Directors be EUR 3,000 per month for the Chairman and each member residing abroad and EUR 1,500 per month for each member residing in Finland. In addition, reasonable travelling expenses for the meetings shall be compensated.

PricewaterhouseCoopers Oy, Authorized Public Accountants, and Janne Rajalahti, Authorized Public Accountant, were re-elected as auditors of the company.

At the organization meeting of the new Board of Directors, which convened immediately after the Annual General Meeting, Juha Jouhki was elected as the Chairman of the Board of Directors and Pauli Marttila as the deputy chairman. Juha Jouhki, Christoph Schröder, and Pauli Marttila were elected to the Board's internal Nomination and Remuneration Committee and Bernd Kastler, Riku Rautsola, and Piet Serrure were elected to the Audit Committee.

The AGM authorised the Board of Directors to resolve on the right to issue new shares or dispose of the shares in the possession of the company and to issue options or other specific rights to the shares pursuant to chapter 10 of the Finnish Companies Act. The authorisation consists of up to 25,000,000 shares in the aggregate. A maximum of 819,000 own shares in the possession of the company may be conveyed.

The authorisation does not exclude the Board of Directors' right to decide on a directed share issue. The authorisation may be used for material arrangements from the company's point of view, such as financing or implementing business arrangements or investments or for other such purposes determined by the Board in which case a weighty financial reason for issuing shares, options or other specific rights and possibly directing a share issue exists. Further, the authorisation may be used to create new share-based incentive schemes.

The Board of Directors was authorised to decide on all other terms and conditions of a share issue, options and other specific share entitlements as referred to in chapter 10 of the Finnish Companies Act, including the payment period, determination grounds for the subscription price and subscription price or allocation of shares, option rights or specific rights free of charge or that the subscription price may be paid besides in cash also by other assets either partially or entirely.

The authorisation is effective until 30 June 2010 and it does not supersede earlier authorisations.

Group structure
The parent company of the group is Biotie Therapies Corp. The domicile of the Company is Turku, Finland. The group has an operative subsidiary, Biotie Therapies GmbH, located in Radebeul, Germany. Furthermore, Biotie Therapies GmbH has a wholly owned subsidiary, 4AZA IP NV, based in Leuven, Belgium. This company is a special purpose company with the sole activity of holding certain intellectual property rights. On August 6, 2009, the Board of Directors has taken the decision to wind down the wholly owned Belgian subsidiary 4AZA IP NV.

The parent company also has a non-operational subsidiary named Biotie Therapies International Ltd in Finland and an associated company with no activities, Contral USA which is domiciled in Delaware, USA.

Share capital and Shares
Biotie's shares are quoted on the NASDAQ OMX Helsinki Ltd (Small cap, Healthcare). Biotie Therapies has 144,320,560 shares outstanding and the share capital amounts to EUR 44,290,678.10 (under Finnish Accounting Standards, FAS). All the company's shares are of the same series and have equal rights. All the shares are freely transferable and contain one voting right each.

The company has in its possession 819.000 of its own shares. The company has a stock lending agreement with EVLI Bank in place in relation to the company's

option programs. Pursuant to this agreement, the number of the company's own shares in its possession may be temporarily less than 819,000.

At the end of June, 2009, the share price was EUR 0.33, the highest price during January - June was EUR 0.48, the lowest was EUR 0.23, and the average price was EUR 0.30. Biotie´s market capitalization at the end of June was EUR 47.6 million.

The trading volume during the reporting period January – June, 2009 was 20,710,329, corresponding to a turnover of approximately EUR 6.2 million.

Changes in ownership
In February 2009, the company became aware of a notice of change in ownership exceeding the disclosure threshold. Information on notices of change in ownership are available on the company's website at www.biotie.com/investors.

Short-term risks and uncertainties
Biotie's strategic risks are predominantly related to the technical success of the drug development programs, regulatory issues, the strategic decisions of its commercial partners, ability to obtain and maintain intellectual property rights for its products, validity of its patents, launch of competitive products and the development of the sales of its products and availability of funds to support its operations. For example, even though the commercialization and collaboration agreements on the company's product development projects have been concluded, there can be no assurance that the contracting partner will act in accordance with the agreement, the authorities will approve the product under development or the approved product will be commercialized. The development and success of the company's products depends to a large extent on third parties. Any adverse circumstance in relation to any of its R&D programs might jeopardize 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 are not possible to foresee.

The key operational risks of Biotie's activities include the dependency on key personnel, assets (especially assets in relation to intellectual property rights) and dependency on its license partners' decisions.

Significant financial resources are required to advance the drug development programs into commercialized pharmaceutical products. To fund the operations, the group relies on its ability to secure financing from four major sources: income from its license partners, grant income, loans from TEKES and raising equity financing in the capital markets.

Entering into commercialization, collaboration and licensing agreements with larger pharmaceutical companies entitles the Company and its subsidiaries to receive up-front, milestone dependent and royalty payments from these partners. Although Biotie has currently several active license agreements in place, any decision by one of its partners to terminate an agreement would have a negative effect on the short to medium term access to liquidity of the Company.

In addition, the Company relies on different sources of research and development grants and loans. These funds, which are provided through regional, national or EU level institutions with the aim of fostering economic and technological progress in the region in which the group operates, have been historically available to Biotie at substantial levels. Availability of such funds in the mid- to long term future cannot be guaranteed and thus this poses a potential risk to the income situation of the group in the future. Income and loans from such sources have been secured until 2009. So far, the Company has no indication that this source of financing will be available beyond 2009.

Furthermore, the Company relies on capital market to raise equity and debt financing from time to time. There can be no assurance that sufficient financing can be secured in order to permit the Company to carry out its planned activities. Current capital market conditions are volatile and it is currently uncertain whether the Company can secure equity financing if and when it needs it from capital markets.

To protect the continuity of Biotie's operations, sufficient liquidity and capital has to be maintained and the Company and its subsidiaries. The group aims to have cash funds to finance at least one year's operations at all times. The group can influence the amount of capital by adapting its cost basis according to the financing available. Management monitors the capital and liquidity on the basis of the amount of equity and cash funds. These are reported to the Board on a monthly basis.

Events after the reporting period

Strengthening focus on key programs

On August 6, 2009, the Board of Directors decided to strengthen the company's focus on the more advanced key research and development projects and decided to terminate certain early R&D programs.

The key programs in the central nervous system disease area continue to be nalmefene for alcohol dependence and the PDE10 inhibitor program for schizophrenia. In the inflammatory disease area the focus remains in the clinical phase programs: the PDE4 inhibitor program for COPD and the VAP-1 fully human monoclonal antibody program for rheumatoid arthritis and psoriasis.

The company has a portfolio of earlier phase R&D programs. Active development of the PDE platform program, SSAO inhibitor program, and integrin alpha2beta1 inhibitor program will continue. Active development and investing in the immunosuppression program, the buprenorphin depot program, the bioheparin program, and the HCV infection program will be terminated.

Gilead informed the Company during Q2 about its decision to terminate the license agreement pertaining to certain research compounds and their development for the treatment of HCV infection. Related to this, Biotie has decided to wind-down its wholly owned Belgian subsidiary 4AZA IP NV, which held the patents for the immunosuppression and the HCV infection programs.

These decisions lead to a write-off of intangible assets which were originally recorded in the balance sheet as a result of restructuring of former elbion group prior to the purchase of elbion GmbH. These one-time impairment losses amount to EUR 5.4 million and have no impact on the cash position of the group and have no immediate impact in the future outlook of the Company. Biotie is now more focused to pursuing the development programs it expects to deliver high commercial value for the Company.

Changes in ownership

Biotie has on July 22, 2009 gained knowledge of the notifications regarding the following changes in holdings in accordance with Chapter 2, Section 9 of the Finnish Securities Markets Act.

Elbion NV, Biotie's current largest shareholder notified the Company that as a result of a series of share transactions carried out on July 20, 2009, the holdings of elbion NV in the Company have decreased from above 31.20% to below 5%. As a consequence, elbion NV has no longer the obligation to make a public tender offer in accordance with Chapter 6, Section 10 of the Finnish Securities Markets

Act. In November 2008, elbion NV was granted an exemption from the obligation to make such a public tender offer for all the Biotie shares even though its holdings exceeded 3/10 of the voting rights attached to all shares of the Company. The originally granted exemption provided for a reduction of the elbion NV voting rights in Biotie referred to in Chapter 6, Section 10 of the Finnish Securities Markets Act to or below 3/10 within nine months from the date the Shares issued to elbion NV in connection with the Exchange Offer had been entered into the Trade Register.

Moreover, TVM Life Science Ventures VI GmbH & Co. KG and Burrill & Company LLC have notified the Company that as a result of these share transactions carried out on July 20, 2009, the aggregate holdings of these shareholders have increased to above 10% and 5% respectively.

Future outlook

- During 2009, Biotie will provide support to its license partner Lundbeck for the ongoing phase III studies with Nalmefene in alcohol dependence.

- Biotie will perform two clinical studies with its proprietary VAP-1 antibody in psoriasis and rheumatoid arthritis patients in the course of 2009. Results of these studies will become available in the first half of 2010.

- The company intends to initiate a clinical trial for its proprietary, small molecule PDE-4 inhibitor ELB353 with the aim to obtain proof of pharmacodynamic activity in humans, corroborate the safety profile and establish dose ranges for further therapeutic studies.

- In its collaboration with Wyeth on the discovery and development of novel PDE10 inhibitors for the treatment of psychiatric disorders, Biotie and its partner intend to identify development candidates.

- Due to the increasing clinical trial activity it is foreseeable that the company’s R&D expenses excluding the extraordinary impairment costs will increase in comparison to previous financial year. At the same time, income will also be higher due to the additional income generated through the company’s newly acquired subsidiary. Overall, negative cash flow from operational activities is expected to moderately increase in comparison to previous financial year.

Next financial report

Biotie´s interim report for the January – September 2009 period will be published on October 23, 2009.

IFRS and Accounting principles

The 2009 interim report has been prepared in accordance with IFRS recognition and measurement principles, and applying the same accounting policy as for the 2008 financial statements. In addition, the changes in the presentation of statement of comprehensive income and the statement of changes in equity according to the revised IAS 1 have been applied in the interim report. The IFRS 8 ‘operating segments’ standard does not have an impact on the presentation of the Group’s financial statements since the Group is operating as one segment. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

Financial statements for the period from January 1, 2009 to June 30, 2009 are not directly comparable to those of the same period in 2008 due to the inclusion of the operating result of the wholly owned subsidiary Biotie Therapies GmbH (formerly elbion GmbH) in 2009.

This interim report is unaudited.

In Turku, August 7, 2009

Biotie Therapies Corp.
Board of Directors

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IFRS)

EUR 1,000	1.4.-30.6.2009 3 months	1.4.-30.6.2008 3 months	1.1.-30.6.2009 6 months	1.1.-30.6.2008 6 months	1.1.-31.12.2008 12 months
Revenue	1,357	1,838	2,740	3,159	5,127
Research and development expenses	-8,988	-2,797	-12,913	-5,200	-8,730
General and administrative expenses	-937	-424	-1,899	-899	-2,020
Other operating income	352	61	760	120	502
Other operating expense	-8	0	-12	0	0
Operating profit/loss	-8,224	-1,322	-11,324	-2,820	-5,121
Financial income	187	231	446	235	1,432
Financial expenses	-267	-191	-544	-717	-1,864
Profit/loss before taxes	-8,304	-1,282	-11,422	-3,302	-5,553
Taxes	1,624	0	1,859	0	76
Net income/loss	-6,680	-1,282	-9,563	-3,302	-5,477
Total comprehensive income of the period	-6,680	-1,282	-9,563	-3,302	-5,477
Net income/loss attributable to					
Parent company shareholders	-6,680	-1,282	-9,563	-3,302	-5,477
Total comprehensive income attributable to:					
Parent company shareholders	-6,680	-1,282	-9,563	-3,302	-5,477
Earnings per share (EPS) basic & diluted, EUR	-0.05	-0.01	-0.07	-0.04	-0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(IFRS)

EUR 1,000	30.6.2009	30.6.2008	31.12.2008
Assets			
Non-current assets			
Intangible assets	7,217	720	10,352
Goodwill	379	0	379
Property, plant and equipment	2,903	370	2,792
Other shares	10	0	0
	10,509	1,090	13,523
Current assets			
Prepaid expenses	0	0	2,400
Available for sale investment	131	0	131
Investments held to maturity	10,000	17,500	18,500
Accounts receivables and other receivables	2,170	726	1,512
Financial assets at fair value through profit or loss	3,011	0	0
Cash and cash equivalents	5,769	5,504	6,738
	21,081	23,730	29,281
Total	31,590	24,820	42,804
Equity and liabilities			
Shareholders’ equity			
Share capital	36,361	19,850	36,361
Reserve for invested unrestricted equity	980	980	980
Retained earnings	-37,204	-31,832	-31,754
Net income/loss	-9,563	-3,302	-5,477
Shareholders’ equity total	-9,426	-14,304	110
Non-current liabilities			
Provisions	153	3	121
Non-current financial liabilities	25,403	24,538	24,930
Pension benefit obligation	586	0	574
Other non-current liabilities	6,359	5,375	5,881
Non-current deferred revenues	1,593	3,253	2,966
Deferred tax liabilities	0	0	1,859
	34,094	33,169	36,331
Current liabilities			
Provisions	641	20	641
Pension benefit obligation	15	0	10
Current financial liabilities	233	143	144
Current deferred revenues	3,056	4,497	3,501
Accounts payable and other current liabilities	2,977	1,294	2,067
	6,922	5,955	6,363
Liabilities total	41,016	39,124	42,694

Total	31,590	24,820	42,804

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 1.1.2008	90,212	19,850	980	-15	-31,930	-11,117
Total comprehensive income for the period					-3,302	-3,302
Options granted					115	115
	0	0	0	0	-3,187	-3,187
BALANCE AT 30.6.2008	90,212	19,850	980	-15	-35,117	-14,304
Total comprehensive income for the period					-2,175	-2,175
Options granted					78	78
Share issue	54,109	16,873				16,873
Cost of share issue		-362				-362
	54,109	16,511	0	0	-2,097	14,414
BALANCE AT 31.12.2008	144,321	36,361	980	-15	-37,215	110
Total comprehensive income for the period					-9,563	-9,563
Options granted					27	27
	0	0	0	0	-9,536	-9,536
BALANCE AT 30.6.2009	144,321	36,361	980	-15	-46,751	-9,426

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-30.6.2009 6 months	1.1.-30.6.2008 6 months	1.1.-31.12.2008 12 months
Cash flow from operating Activities			
Net income/loss	-9,563	-3,302	-5,477
Adjustments:			
Non-cash transactions	4,141	240	-4,303
Addition/disposal due to revaluation of financial assets at fair value through profit or loss	-11	0	0
Interest and other financial expenses	544	717	1,863
Interest income	-445	-235	-1,431
Taxes	-1,859	0	-76
Change in working capital:			
Change in accounts receivables and other receivables	-589	245	446
Change in accounts payable and other liabilities	904	-3,499	-277
Change in mandatory provisions	32	-10	-152
Interests paid	-81	-2	-29
Interests received	242	31	66
Taxes paid	-5	0	0
Net cash from operating activities	-6,690	-5,815	-9,370
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired			1,881
Change in financial assets at fair value through profit or loss			
Additions	-3,000	0	0
Disposals	0	27,685	27,685
Change in investments held to maturity			
Additions	-900	-22,500	-46,300
Disposals	9,400	5,000	28,321
Investments to tangible assets	-86	-27	-34
Net cash used in investing activities	5,414	10,158	11,553
Cash flow from financing activities			
Payments from share issue	0	0	3,300
Share issue costs	0	0	-362
Proceeds from borrowings	360	888	1,374
Repayment of loans	0	0	-40
Repayment of lease Commitments	-52	-32	-21
Net cash from financing activities	308	856	4,250
Net increase (+) or decrease (-) in cash and cash equivalents	-969	5,199	6,433
Cash and cash equivalents in the beginning of the period	6,738	305	305
Cash and cash equivalents in the	5,769	5,504	6,738

end of the period

CONTINGENT LIABILITIES

EUR 1,000	30.6.2009	30.6.2008	31.12.2008
Operating lease commitments	**145**	**152**	**123**
Due within a year	82	62	64
Due later	63	90	59
Rent commitments	**454**	**578**	**532**
Due within a year	233	222	233
Due later	221	356	299
Total	**599**	**730**	**655**

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

Rent commitments include Pharmacity premises until 30 November 2011. These premises have been subleased.

Commitments

On June 30, 2009 Biotie had outstanding purchase obligations, primarily for contract research work services, totaling EUR 5.4 million.

RELATED PARTY TRANSACTIONS

There have not been other material changes than option allocation to Managing Director and management team within the related party transactions in 2009. More information in section new option programs.

KEY FIGURES

EUR 1,000	1.1.-30.6.2009 6 months	1.1.-30.6.2008 6 months	1.1.-31.12.2008 12 months
Business development			
Revenues	2,740	3,159	5,127
Personnel on average	80	35	42
Personnel at the end of period	81	36	80
Research and development costs	12,913	5,200	8,730
Capital expenditure	86	109	116
Profitability			
Operating profit/loss	-11,324	-2,820	-5,121
as percentage of revenues, %	-413.3	-89.3	-99.9
Profit/loss before taxes	-11,422	-3,302	-5,553
as percentage of revenues, %	-416.9	-104.5	-108.3
Balance sheet			
Cash and cash equivalents	18,780	23,004	25,238
Shareholders equity	-9,426	-14,304	110
Balance sheet total	31,590	24,820	42,804
Financial ratios			
Return on equity, %	-	-	-
Return on capital employed, %	-53.9	-45.0	-18.3
Equity ratio, %	-29.8	-57.6	0.3
Gearing, %	-72.7	-11.7	-148.5
Per share data			
Earnings per share (EPS) basic & diluted, EUR	-0.07	-0.04	-0.06
Shareholders´equity per share, EUR	-0.07	-0.16	0.0008
Dividend per share, EUR			
Pay-out ratio, %			
Effective dividend yield, %			
P/E-ratio			
Share price			
Lowest share price, EUR	0.23	0.50	0.24
Highest share price, EUR	0.48	0.94	0.94
Average share price, EUR	0.30	0.70	0.51
End of period share price, EUR	0.33	0.53	0.26
Market capitalization at the end of period MEUR	47.6	47.8	37.5
Trading of shares			
Number of shares traded	20,710,329	7,103,973	15,350,613
As percentage of all	14.4	7.9	10.6
Adjusted weighted average number of shares during the period	144,320,560	90,211,860	96,734,553
Adjusted number of shares at the end of the period	144,320,560	90,211,860	144,320,560

Formulas for the Calculation of the Key figures

Return on capital employed, %

$$\frac{\text{Profit (loss) before taxes + interest expenses and other financial expenses}}{\text{Balance sheet total - non-interest bearing liabilities}} \times 100$$

Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advanced received}} \times 100$$

Gearing, %

$$\frac{\text{Interest bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$$

Earnings per share (EPS)

$$\frac{\text{Profit attributable to parent company shareholders}}{\text{Adjusted average number of outstanding shares during the period}}$$

Shareholders' equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$