BIOTIE THERAPIES CORP. INTERIM REPORT 7 May 2010 - 9.00 a.m.

Biotie Therapies interim report: January - March 2010

- Biotie reports positive data from clinical study with VAP-1 antibody in rheumatoid arthritis patients.

- After the reporting period, Biotie announces intention to continue development of VAP-1 antibody after Roche notifies Biotie that it does not intend to exercise its option to license the program.

- After the reporting period, Biotie announces positive data from clinical study with oral PDE4 inhibitor in healthy volunteers. ELB353 is well tolerated and shows clear pharmacological activity.

- Research collaboration between Biotie and Pfizer regarding the identification of novel PDE10 inhibitors for schizophrenia will end in June 2010. Pfizer retains the commercial rights for all product candidates discovered until then.

- Revenue in Q1 stood at EUR 1.2 million (EUR 1.4 million in Q1 2009). Net loss for Q1 stood at EUR 3.7 million (EUR 2.9 million in Q1 2009), basic earnings per share amounted to EUR -0.02 (EUR -0.02 for Q1 2009).

- Cash flow from operations in Q1 amounted to EUR -4.4 million (EUR -3.3 million in Q1 2009). As of 31 March, liquid assets amounted to EUR 15.2 million (EUR 22.2 million as of 31 March, 2009).

- Biotie's Annual General Meeting was held on 15 April, 2010, after the reporting period.

- Ms. Merja Karhapää and Mr. James S. Shannon were newly elected to the Board of Directors; Mr. Peter Fellner has been appointed as the new chairman of the Board of Directors.

Timo Veromaa, Biotie's President and CEO:

"2010 will be a crucial year in Biotie's history. We expect our partner Lundbeck to announce top-line data of the ongoing phase III studies with our lead product nalmefene for the treatment of alcohol dependence. Also, with the positive data generated in our clinical programs VAP-1 antibody and ELB353, we are now at the turning point, at which we will start seeking partners in addition to Seikagaku with whom to continue the development of these programs."

Outlook for 2010

- Biotie will continue supporting its licensing partner Lundbeck in the development of nalmefene for the treatment of alcohol addiction. Phase 3 clinical data for the ongoing studies is expected towards the end of 2010; a possible marketing authorization submission in the EU is anticipated in 2011.

- Biotie will continue with the development of its proprietary VAP-1 antibody. Top-line data from an ongoing study in psoriasis patients is expected in mid 2010. While the rights to the product in Japan, Taiwan, Singapore, Australia and New Zealand have been granted to Seikagaku, Biotie retains the rights in the rest of the world and will be looking for additional partnering opportunities.

- Biotie intends to continue active development of ELB 353 for the treatment of COPD. Further clinical trials are planned and discussions around possible collaboration opportunities will be started still in 2010.

- Biotie will continue to work together with its partner Pfizer in a discovery alliance regarding the identification of PDE10 inhibitors for schizophrenia until June 2010. After that time, Pfizer retains the commercial rights for all product candidates discovered so far and Biotie is committed to support Pfizer in all development aspects.

- Biotie is adequately funded to support its ongoing activities well into 2011, even in the absence of any additional income from new collaboration or licensing arrangements. Any possible commercial agreements with third parties relating to its clinical programs might significantly improve its financial position. A forecast on possible income from future licensing arrangements cannot be provided reliably.

Financial calendar 2010

Publication of interim report January – June 2010: August 6, 2010
Publication of interim report January – September 2010: October 29, 2010

Conference call

An analyst and media conference call will take place on May 7, 2010 at 2.00 p.m. Central European Time. The conference call will be held in English. The interim report will be presented by Biotie's President and CEO Timo Veromaa and CFO Thomas Taapken.

Callers may access the conference directly at the following telephone numbers: UK: +44 (0)20 7136 2051, Finland: 0800 914 898, access code 6539994. Lines are to be reserved ten minutes before the start of conference call. In case you need additional information or assistance, please contact: Virve Nurmi, IR Manager Biotie Therapies, Tel.+358 2 2748 911

Biotie Therapies detailed interim report

About Biotie

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. Biotie's products address diseases with high unmet medical need and significant market potential, including addiction and psychotic disorders, rheumatoid arthritis, psoriasis and chronic obstructive pulmonary disease (COPD).

Drug development projects and operations:

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.

Biotie has granted worldwide rights (excluding Korea) for Nalmefene to Lundbeck. Currently, Lundbeck is undertaking three phase III clinical trials with Nalmefene for the treatment of alcohol dependence. We expect top-line data from the ongoing clinical trials to become available towards the end of 2010. Biotie is participating in financing some of the clinical development costs.

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.

After the reporting period, Biotie reported that it has successfully completed a Phase I trial with its orally administered PDE4 inhibitor ELB353. The study evaluated the safety, tolerability, pharmacokinetic characteristics and pharmacodynamic effects of repeated oral doses of ELB353 in 48 healthy male volunteers. ELB353 was generally well tolerated, and no serious or severe adverse events were reported in any of the study subjects. The pharmacokinetic characteristics of ELB353 demonstrated its suitability for a once daily dosing regimen. Robust and statistically highly significant biomarker responses confirmed the pharmacological activity of well tolerated doses of ELB353 in man.

Vascular Adhesion Protein-1 (VAP-1), a key inflammation receptor. VAP-1 has been shown to play a key role in inflammatory chronic diseases such as rheumatoid arthritis, psoriasis and diabetes. Potentially it also plays a role in other chronic inflammatory diseases for which there is a clear unmet medical need. Biotie has a vast knowledge and strong intellectual property position around this target.

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. In January 2010 Biotie reported that it has successfully completed a clinical trial with the product in rheumatoid arthritis patients, demonstrating the safety, tolerability, and pharmacokinetics of repeated doses of intravenously administered antibody in 24 rheumatoid arthritis patients. Although the study was not designed to enable formal statistical evaluation of therapeutic activity, in several assessments of treatment effect such as Disease Activity Score based on 28 joint assessment (DAS28) criteria, American College of Rheumatology (ACR) criteria, physician's global assessment and erythrocyte sedimentation rate, responses in higher dose groups were greater than in the placebo group. Several patients receiving higher doses of BTT-1023 reached an ACR50 response (i.e. a 50% reduction in their ACR score) during treatment whereas none of the placebo patients reached an ACR50 response.

A similarly designed clinical study initiated in March 2009 in psoriasis patients is currently ongoing and results from this study are expected in the second quarter of 2010.

Biotie has granted a license to Seikagaku Corporation to 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 on sales in the territory.

After the reporting period, Biotie announced that it regains all commercial rights to the VAP-1 antibody except in certain territories in which the product is licensed to Seikagaku. Roche informed Biotie that it does not intend to exercise its option to in-license the VAP-1 antibody product for its own strategic portfolio related reasons. Biotie will continue own development efforts and seek partners in addition to Seikagaku.

VAP-1 SSAO inhibitors. Biotie is pursuing the development of small molecule inhibitors of VAP-1 SSAO. Currently the program is at pre-clinical stage. Biotie has granted options to the program to Roche and Seikagaku (for Japan, Taiwan, Singapore, Australia and New Zealand). Under the terms of the option agreements, the parties carry their own costs, but Biotie retains ownership of the developed compounds until Roche chooses to exercise its option for in-licensing.

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.

Biotie and Pfizer are in a discovery alliance to jointly identify novel PDE10 inhibitors. This alliance will end in June 2010. After that, Pfizer retains the commercial rights for all product candidates discovered until then. So far, the program has advanced one compound into preclinical development.

Financial review

Revenues: Revenue for the reporting period amounted to EUR 1.2 million (EUR 1.4 million in Q1 2009) and consisted of income from the ongoing research collaboration with Pfizer as well as periodization of previously received up-front payments from the licensing agreements the company has in place with several licensing partners.

In addition, Biotie received EUR 0.2 million (EUR 0.3 million in Q1 2009) non-dilutive funding under a grant from the central development agency for the state of Saxony (Sächsische Aufbaubank, SAB).

Financial result: The net loss for the reporting period amounted to EUR 3.7 million (EUR 2.9 million in Q1 2009). Research and development costs for the reporting period amounted to EUR 3.8 million (EUR 3.9 million in Q1 2009).

Financing: Cash and cash equivalents totaled EUR 15.2 million at the end of the reporting period (EUR 22.2 million).

The company has invested its liquid assets into bank deposits. 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”.

Biotie has a standby distribution agreement with US fund Yorkville in place. Yorkville is obliged to subscribe and pay for ordinary no-par Biotie shares up to a total value of EUR 20 million during the period until September 2012 at Biotie’s discretion (Biotie option). 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.

Shareholder’s equity: The shareholders’ equity of the group amounts to EUR -12.6 million (IFRS). Biotie's equity ratio was -46.2 % on 31 March 2010 (-6.9 % on 31 March 2009).

Investments and cash flow: Cash flow from operations was EUR -4.4 million for January – March (EUR -3.3 million during Q1 2009). The group's investments during the reporting period amounted to EUR 0.1 million (EUR 0.0 million Q1 2009).

AGM decisions and corporate governance

The Annual General Meeting (AGM) of Biotie Therapies Corp. was held on15 April 2010 and resolved on the following items:

- Adoption of financial statements 2009

- Transfer of annual loss to unrestricted equity and no dividend paid

- Discharge from liability for the members of the Board of Directors and Managing Director

- Reduction of members of the Board of Directors to 7 (seven)

- Election of Ms. Merja Karhapää and Mr. James S. Shannon as new members to the Board of Directors; re-election of Messrs. Peter Fellner, Bernd Kastler, Pauli Marttila, Riku Rautsola, Piet Serrure.

- Resolution to adopt compensation to members of the Board to EUR 3000 per month and EUR 4000 per month to the chairman of the Board

- Renewed appointment of PricewaterhouseCoopers Oy and Mr. Janne Rajalahti as auditors

- Authorization to the Board of Directors to issue up to 80 million shares in one or more issues pursuant to chapter 10 of the Companies Act (effective until 30 June 2011 and superseding all earlier authorizations)

Organization of the Board of Directors

The Board of Directors elected Peter Fellner as new Chairman of the Board. Paul Marttila was elected as Deputy Chairman. Mr. Mikko Heinonen from the law firm Hannes Snellmann continues as secretary of the Board of Directors.

The Board of Directors decided that the Audit Committee and the Nomination and Remuneration Committee continue to assist the Board in its work. The Board of Directors elected among its members Merja Karhapää, Bernd Kastler (chairman), Riku Rautsola and Piet Serrure as members of the Audit Committee. Peter Fellner (chairman), Pauli Marttila and James S. Shannon were elected to the Nomination and Remuneration Committee.

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 freely transferable and are quoted on NASDAQ OMX Helsinki Ltd (Small cap, Healthcare).

Biotie´s share capital is EUR 51,506,678.10 (FAS), the total number of shares is 158,752,560. Of these shares, 463,255 are owned by Biotie Therapies Corp.

Changes in ownership

During the reporting period, the company became aware of one notice of change in ownership exceeding the disclosure threshold.

Information on notices of change in ownership and a monthly updated list of Biotie's major shareholders is 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, strategic decisions of its commercial partners, ability to obtain and maintain intellectual property rights for its products, launch of competitive products and the development of the sales of its 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 R&D 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 are not 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.

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 three major sources: income from its license partners, grant income and raising equity financing in the capital markets.

Although Biotie has currently active license agreements in place, the termination of any such agreement would have a negative effect on the short to medium term access to liquidity for the company. Grants have been historically available to Biotie at substantial levels. Availability of grants in the future cannot be guaranteed and this thus poses a potential risk to the income situation of the group in the future. Currently ongoing grant programs are available until Q3 2010. The company relies 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 volatile and it is currently uncertain whether the company can secure equity financing if and when it needs it, even though it was successful at doing so in December 2009.

To protect the continuity of Biotie's operations, sufficient liquidity and capital has to be maintained in 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.

IFRS and accounting principles

This interim financial report has been prepared in accordance with IFRS recognition and measurement principles, and applying the same accounting policy as for the 2009 financial statements. The interim report has not been prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report is unaudited.

Turku, May 7, 2010

Biotie Therapies Corp.
Board of Directors

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR 1,000	1.1.-31.3.2010 3 months	1.1.-31.3.2009 3 months	1.1.-31.12.2009 12 months
Revenue	1,201	1,383	5,628
Research and development expenses	-3,769	-3,925	-21,109
General and administrative expenses	-1,045	-962	-3,768
Other operating income	95	404	1,618
Operating profit/loss	-3,518	-3,100	-17,631
Financial income	45	259	627
Financial expenses	-213	-277	-938
Profit/loss before taxes	-3,687	-3,118	-17,942
Taxes	0	235	1,859
Net income/loss	-3,687	-2,883	-16,083
Total comprehensive income of the period	-3,687	-2,883	-16,083
Net income/loss attributable to			
Parent company shareholders	-3,687	-2,883	-16,083
Total comprehensive income attributable to:			
Parent company shareholders	-3,687	-2,883	-16,083
Earnings per share (EPS) basic & diluted, EUR	-0.02	-0.02	-0.11

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

	31.3.2010	31.3.2009	31.12.2009
Assets			
Non-current assets			
Intangible assets	7,204	12,704	7,186
Goodwill	379	379	379
Property, plant and equipment	2,588	2,652	2,666
Other shares	10	0	10
	10,181	15,735	10,241
Current assets			
Prepaid expenses	152	0	0
Available for sale investment	34	131	34
Investments held to maturity	0	14,900	0
Accounts receivables and other receivables	1,609	2,198	1,507
Financial assets at fair value through profit or loss	8,881	0	8,853
Cash and cash equivalents	6,351	7,327	10,891
	17,028	24,556	21,285
Total	27,209	40,291	31,526
Equity and liabilities			
Shareholders' equity			
Share capital	43,057	36,361	43,057
Reserve for invested unrestricted equity	1,180	980	1,180
Retained earnings	-53,130	-37,231	-37,092
Net income/loss	-3,687	-2,883	-16,083
Shareholders' equity total	-12,580	-2,773	-8,938

Non-current liabilities			
Provisions	150	119	160
Non-current financial liabilities	25,552	25,262	25,597
Pension benefit obligation	549	579	543
Other non-current liabilities	6,913	6,130	6,729
Non-current deferred revenues	902	2,248	1,375
Deferred tax liabilities	0	1,624	0
	34,066	35,963	34,404
Current liabilities			
Provisions	597	624	594
Pension benefit obligation	16	14	17
Current financial liabilities	219	145	217
Current deferred revenues	1,891	3,309	1,953
Accounts payable and other current liabilities	3,000	3,008	3,279
	5,723	7,100	6,060
Liabilities total	39,789	43,063	40,464
Total	27,209	40,291	31,526

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 1.1.2009	144,321	36,361	980	-15	-37,215	110
Total comprehensive income for the period					-16,083	-16,083
Options granted					339	339
Share issue	14,432	7,216				7,216
Cost of share issue		-520				-520
Reissue of own shares pursuant to SEDA agreement			200		-200	0
	14,432	6,696	200	0	-15,944	-9,048
BALANCE AT 31.12.2009	158,753	43,057	1,180	-15	-53,160	-8,938
Total comprehensive income for the period					-3,687	-3,687
Options granted					45	45
	0	0	0	0	-3,642	-3,642
BALANCE AT 31.3.2010	158,753	43,057	1,180	-15	-56,802	-12,580

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-31.3.2010 3 months	1.1.-31.3.2009 3 months	1.1.-31.12.2009 12 months
Cash flow from operating Activities			
Net income/loss	-3,687	-2,883	-16,083
Adjustments:			
Non-cash transactions	-297	-721	3,331
Addition/disposal due to revaluation of financial assets at fair value through profit or loss	-28	0	-53
Interest and other financial expenses	213	277	963
Interest income	-17	-259	-599
Taxes	0	-235	-1,859
Change in working capital:			
Change in accounts receivables and other receivables	-196	-464	-126
Change in accounts payable and other liabilities	-305	940	1,172
Change in mandatory provisions	-7	-19	-8
Interests paid	-46	-59	-106
Interests received	3	96	48
Taxes paid	-49	-14	-6
Net cash from operating activities	-4,416	-3,341	-13,326
Cash flow from investing activities			
Change in financial assets at fair value through profit or loss			
Additions	0	0	-9,000
Disposals	0	0	200
Change in investments held to maturity			
Additions	0	-900	-900
Disposals	0	4,500	20,142
Investments to tangible assets	-80	-3	-165
Net cash used in investing activities	-80	3,597	10,277

Cash flow from financing activities			
Payments from share issue	0	0	7,216
Share issue costs	0	0	-520
Proceeds from borrowings	0	360	632
Repayment of loans	0	0	-40
Repayment of lease Commitments	-43	-26	-86
Net cash from financing activities	-43	333	7,202
Net increase (+) or decrease (-) in cash and cash equivalents	-4,450	589	4,153
Cash and cash equivalents in the beginning of the period	10,891	6,738	6,738
Cash and cash equivalents in the end of the period	6,351	7,327	10,891

CONTINGENT LIABILITIES

EUR 1,000	31.3.2010	31.3.2009	31.12.2009
Operating lease commitments	**125**	**166**	**137**
Due within a year	84	80	88
Due later	41	85	49
Rent commitments	**343**	**493**	**382**
Due within a year	237	233	237
Due later	106	260	145
Total	**468**	**659**	**519**

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 March 31, 2010 Biotie had purchase commitments, primarily for contract research work services, totaling EUR 5.3 million.

KEY FIGURES

EUR 1,000	1.1.-31.3.2010 3 months	1.1.-31.3.2009 3 months	1.1.-31.12.2009 12 months
Business development			
Revenues	1,201	1,383	5,628
Personnel on average	82	80	81
Personnel at the end of period	83	80	82
Research and development costs	3,769	3,925	21,109
Capital expenditure	80	3	475
Profitability			
Operating profit/loss	-3,519	-3,100	-17,631
as percentage of revenues, %	-292.9	-224.2	-313.27
Profit/loss before taxes	-3,687	-3,118	-17,942
as percentage of revenues, %	-307.0	-225.5	-318.80
Balance sheet			
Cash and cash equivalents	15,232	22,227	19,744
Shareholders equity	-12,580	-2,773	-8,938
Balance sheet total	27,209	40,291	31,526
Financial ratios			
Return on equity, %	-	-	-
Return on capital employed, %	-25,9	-12.9	-86.0
Equity ratio, %	-46,2	-6.9	-28.4
Gearing, %	-83.8	-114.7	-67.9
Per share data			
Earnings per share (EPS) basic & diluted, EUR	-0.02	-0.02	-0.11

Shareholders´equity per share, EUR	-0.02	-0.02	-0.0563
Dividend per share, EUR	-	-	-
Pay-out ratio, %	-	-	-
Effective dividend yield, %	-	-	-
P/E-ratio	-	-	-
Share price			
Lowest share price, EUR	0.53	0.23	0.23
Highest share price, EUR	0.65	0.48	0.67
Average share price, EUR	0.57	0.28	0.42
End of period share price, EUR	0.55	0.37	0.55
Market capitalization at the end of period MEUR	87.3	53.4	87.3
Trading of shares			
Number of shares traded	24,649,500	14,080,963	51,471,584
As percentage of all	15.5	9.8	32.4
Adjusted weighted average number of shares during the period	158,752,560	144,320,560	144,992,735
Adjusted number of shares at the end of the period	158,752,560	144,320,560	158,752,560

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

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