Biotie Interim report 1 January – 30 September 2012

Company Highlights

July - September 2012

- Biotie completed a directed share issue of EUR 20 million to institutional and strategic investors.
- Lundbeck made a EUR 10 Million equity investment in Biotie with a 25% premium and the parties amended the Selincro licensing agreement regarding territories outside the EU and US.
- The total amount of funds raised in share issues amounts to EUR 30 million and the total amount of new shares issued was 65,116,281 shares.
- Biotie completed enrollment in a Phase 2b trial evaluating the safety and efficacy of tozadenant in Parkinson's disease. Biotie expects the top-line data from this study to be available around the year end of 2012, previous guidance was H1 2013.
- Biotie renewed the SEDA agreement with US fund Yorkville. Yorkville is under certain pre-agreed terms and conditions obliged to subscribe and pay for Biotie shares up to a total value of EUR 20 million during the agreement period until November 2015 at Biotie's discretion.
- As a result of the EUR 20 million directed share issue and Lundbeck's EUR 10 million investment, Biotie ended the third quarter on 30 September 2012 with cash, cash equivalents and short term investments of EUR 41.7 million (EUR 37.2 million, 30 September 2011).

Key figures

EUR thousand **Continuing operations**	**7-9/ 2012 3 months**	**7-9/ 2011 3 months**	**1-9/ 2012 9 months**	**1-9/ 2011 9 months**	**1-12/ 2011 12 months**
Revenues	3,872	31	4,238	977	1,007
Research and development costs	-4,549	-20,355	-17,003	-29,701	-35,315
Financial result (net loss):	-2,356	-16,185	-16,835	-28,506*	-31,727*
Earnings per share (EUR)	-0.01	-0.04	-0.04	-0.08	-0.09
Cash flow from operating activities	-3,472	-3,808	-19,413	-14,328	-18,765

*Financial result for 2011 was impacted by a non-cash impairment charge of EUR 11.7 million for SYN118.

EUR thousand	**Sept 30, 2012**	**Sept 30, 2011**	**Dec 31, 2011**
Liquid assets	41,659	37,244	33,938

Equity	84,797	74,105	73,337
Equity ratio (%)	67.9	61.8	62.0

Timo Veromaa, Biotie's President and CEO commented, "We had an extremely productive third quarter and were delighted by the support and interest we received from our partners and investors in the recent financial transactions. We are now in a strong position as we near key commercial and clinical milestones for the Company and in our discussions with potential partners. During the coming months we expect the decision from the European authorities on marketing authorization for Selincro in alcohol dependence, with Lundbeck, top-line Phase 2b data with tozadenant in Parkinson's disease and Phase 2 data with nepicastat in PTSD. We will not make significant new investments in our pipeline before we have reached these significant inflection points. These are very busy and exciting times for the Company and we look forward to updating you on these important events shortly."

Drug development projects:

Selincro (nalmefene) is a small molecule opioid receptor antagonist that inhibits the reward pathway in the brain that reinforces the desire and craving for alcohol. As a result, Selincro removes a person's desire to drink.

Biotie has licensed global rights to nalmefene to H. Lundbeck A/S (Lundbeck). Biotie announced on 7 September 2012 that Lundbeck made a EUR 10 Million equity investment in Biotie and the parties amended the Selincro licensing agreement regarding territories outside the EU and US whereby the royalties on the sales in markets outside the European Union, the European Free Trade Area and the United States have been decreased in order to support the possible launch of the product for these markets. Biotie may also receive an additional sales milestone payment of EUR 5 million in Japan. Under the terms of the amended license agreement Biotie is eligible for up to EUR 89 million in upfront and milestone payments (from EUR 84 million previously) plus royalties on sales of Selincro. Biotie has previously received EUR 12 million of such milestone payments from Lundbeck. Further milestone payments are expected on potential commercial launch of nalmefene and on the product potentially reaching certain predetermined sales.

In 2011 Lundbeck completed a 2,000 patient European Phase 3 program with Selincro, comprising three studies in patients with alcohol dependence, and submitted a marketing authorization application (MAA) through the centralized procedure to the European Medicines Agency (EMA). The dossier was accepted for review by the EMA in December 2011.

Lundbeck assessed a wide range of primary and secondary endpoints in its Phase 3 program for Selincro including: number of heavy drinking days per month, total alcohol consumption, proportion of responders based on drinking measures, alcohol dependence symptoms and clinical status, liver function and other laboratory tests, pharmaco-economic outcomes and treatment discontinuation effects. All assessments were consistently in favour of nalmefene compared to placebo, though some were not statistically significant at every single time point. Overall, nalmefene reduced heavy drinking days and total alcohol consumption by more than 50% compared to pre-treatment baseline. The effect was observed during the first month of treatment and was maintained throughout the study period in the three trials.

Furthermore, data from the 12-month safety study (SENSE) confirmed that the treatment effect of nalmefene was maintained and even improved after 1 year of treatment. Approximately two-thirds of the individuals in the studies had previously not been treated for alcohol dependence, despite an ongoing

affliction, indicating that reduction of alcohol intake represents an attractive treatment objective compared to current treatments which all require abstinence.

The safety profile of Selincro was consistent with observations and data provided in earlier studies, including Biotie's previously completed Phase 3 program. The most frequent adverse events in patients taking Selincro were dizziness, insomnia and nausea. These adverse events were usually mild and transient in nature. Biotie announced on 5 March, 2012 that its partner (Lundbeck) presented results from the Phase 3 program of Selincro at the 20th European Congress of Psychiatry (EPA) in Prague, Czech Republic. Data from the three placebo-controlled Phase 3 studies (ESENSE 1, ESENSE 2 and SENSE) were discussed during a symposium. In addition, the ESENSE 1 study was presented as a poster by Prof. Dr. Karl Mann et al. Further details of the ESENSE 2 and SENSE studies were presented as posters at the Annual Research Society on Alcoholism (RSA) Scientific Meeting in San Francisco in June 2012.

Tozadenant (SYN115) is an oral, potent and selective adenosine A2a receptor antagonist in development for Parkinson's disease (PD). Adenosine A2a inhibition with tozadenant has been shown in preclinical studies to reverse motor deficits and enhance the effect of current PD therapies, e.g. levodopa and dopamine agonists, without inducing troublesome dyskinesia (involuntary movements). In addition, tozadenant also displays activity in preclinical models on non-motor symptoms of PD including depression, impaired cognition and anxiety.

Biotie announced on 5 July that enrollment was completed in its Phase 2b trial evaluating the safety and efficacy of tozadenant in PD.

The 12 week, double-blind, placebo-controlled, dose-finding study, being conducted in the US, Canada, Chile, Argentina, Ukraine and Romania, enrolled 420 PD patients experiencing levodopa related end of dose wearing off. In these patients, treatment with levodopa is insufficient to control PD symptoms until their next dose, resulting in an 'off' period when symptoms reappear. The primary goal of the Phase 2b study is to determine the efficacy of tozadenant in reducing the mean number of hours per day spent in the 'off' state. The trial will also assess the safety of tozadenant and its impact on various measures of motor symptom severity, dyskinesia and non-motor symptoms.

Biotie has granted UCB Pharma S.A. a license for exclusive, worldwide rights to tozadenant. Pending evaluation of the results of the ongoing study UCB Pharma will be responsible for conducting the Phase 3 program and commercializing tozadenant.

SYN120 is an oral, potent and selective antagonist of the 5-HT_6 receptor. The 5-HT_6 receptors are exclusively located in the brain and antagonism of these receptors modulates the release of acetylcholine and glutamate, two neurotransmitters known to be involved with memory function. Cognitive deficits are an important component of many CNS diseases, especially Alzheimer's and schizophrenia. SYN120 has completed single and multiple ascending dose Phase 1 clinical studies and a Phase 1 PET ("positron emission tomography") imaging study to determine therapeutic dose for subsequent Phase 2 studies.

Topline data from the PET study were announced on 1 March, 2012. The study was conducted at the Johns Hopkins University School of Medicine in the United States and evaluated occupancy of the 5-HT_6 receptor in the brain in nine healthy volunteers who were administered different doses of SYN120. The results demonstrate that target levels of receptor occupancy expected for efficacy can be achieved with SYN120 doses that are an order of magnitude lower than those that have previously been shown to be safe and well tolerated for up to two weeks in healthy older volunteers.

In June Biotie announced that it is retaining global development and commercialization rights to SYN120, following Roche's decision not to exercise its opt-in right due to strategic portfolio reasons. Biotie has received interest from several parties for SYN120 and will seek a partnership for late stage clinical trials.

BTT-1023 (VAP-1 antibody) VAP-1, in addition to its clinically demonstrated role in inflammatory diseases, has an important role in fibrotic diseases. These data, generated in part in collaboration with National Institute for Health Research Liver Biomedical Research Unit at the University of Birmingham, UK, reveal significant potential for BTT-1023 in certain niche liver inflammatory fibrotic diseases. These data represent potentially new and exciting development opportunities for BTT-1023 in a range of conditions. The company has successfully completed the scale-up of the manufacturing process for BTT-1023 for further clinical studies. Biotie has previously demonstrated encouraging efficacy and safety for BTT-1023 in early clinical studies in rheumatoid arthritis and psoriasis patients and in a range of preclinical models of inflammatory diseases, including COPD and certain neurological conditions.

In April 2012 Biotie announced that it had agreed with its partner Seikagaku Corporation to terminate their License Agreement on Biotie's VAP-1 antibody program, BTT-1023. The license, under which Biotie had granted Seikagaku exclusive rights for development and commercialization of BTT-1023 in Japan, Taiwan, Singapore, New Zealand and Australia, was executed in April 2003 and was built around Seikagaku's expertise in locomotive diseases. Biotie has re-profiled BTT-1023 to focus on fibrotic diseases, and this is not a focus in Seikagaku's development strategy. The agreement which also included an option for Biotie's VAP-1 SSAO small molecule inhibitors, was terminated with immediate effect.

Biotie has concluded that the best way to maximize value of this program is with a partnership and partnering efforts will now be prioritized. Biotie does not plan to enter into Phase 2 clinical studies without a partner.

Nepicastat (SYN117) is a potent, competitive, and selective inhibitor of the enzyme dopamine beta-hydroxylase. The inhibition of this enzyme has been shown to raise dopamine levels in the central nervous system (CNS). Nepicastat is available as an oral treatment and has been well-tolerated in preclinical models at doses significantly above the expected therapeutic range for the current CNS indications under investigation. A Phase 2 study of nepicastat in post traumatic stress disorder (PTSD) is ongoing, funded by the US Department of Defense.

Biotie has signed a Collaborative Research and Development Agreement with the National Institute on Drug Abuse (NIDA) at the US National Institutes of Health. Under the agreement, NIDA and Biotie will investigate the safety and efficacy of nepicastat (SYN117) in the treatment *of* cocaine dependence. NIDA will fund the conduct of a randomized, double-blind placebo-controlled trial, lasting 11 weeks, in 180 treatment-seeking cocaine-dependent subjects using nepicastat supplied by Biotie. The study will be conducted at approximately 12 US clinics specializing in the treatment of drug dependence.

Biotie and NIDA have previously collaborated on preclinical studies evaluating potential pharmacokinetic and pharmacodynamic interactions between nepicastat and drugs of abuse. Biotie retains rights to nepicastat and will be able to use data from studies conducted with NIDA to support future potential regulatory submissions.

Ronomilast is a once-daily, potentially best-in-class oral phosphodiesterase-4 (PDE4) inhibitor with therapeutic potential in chronic inflammatory disorders, including chronic obstructive pulmonary disease (COPD), a serious respiratory disorder with major unmet medical need. In three clinical studies with a total of 126 subjects ronomilast has been demonstrated to be safe and well tolerated at all tested doses up to 100mg once daily. Robust and statistically highly significant biomarker responses confirmed the pharmacological activity of well tolerated doses of ronomilast in man. Due to the complexity and size of

studies required for the development of medicines for the treatment of COPD, Biotie has decided that a corporate partnership is required to optimize the development path for ronomilast. The company will not invest in further clinical studies without a partner.

Financial review for reporting period January – September 2012
Figures in brackets, unless otherwise stated, refer to the same period the previous year (EUR million).

Revenues: Revenues amounted to EUR 4.2 million (1.0). Revenues consisted of pre-agreed development funding from UCB which was recognized in Q3 2012 and periodization of previously received up-front payments from licensing agreements.

Research and development costs amounted to EUR 17.0 million (29.7). The majority of the R&D investments were assigned to the development of tozadenant SYN 115 and VAP-1 antibody.

Total comprehensive income including the currency translation differences amounted to EUR -16.6 million (-24.8).

Financial result: Net loss for the reporting period was EUR 16.8 million (28.5). Financial result for 2011 was impacted by a non-cash impairment charge of EUR 11.7 million for SYN118.

Financing: Cash, cash equivalents and short term investments totaled EUR 41.7 million on 30 September 2012 (EUR 18.5 million at 30 June 2012). The group´s financial position was strengthened by EUR 30 million equity raise in September 2012.

Biotie announced on 7 September execution of a directed share issue to institutional and strategic investors of 46,511,630 newly issued shares at a subscription price of EUR 0.43 per share. The shares allocated to institutional and strategic investors. As a result of the Offering, the share capital of Biotie increased by EUR 20,000,000.90.

Biotie announced on 7 September that H. Lundbeck A/S subscribed for 18,604,651 shares in Biotie at a subscription price of EUR 0.5375 per share amounting to an investment of EUR 10 million. In connection with this transaction, the worldwide license agreement regarding Selincro (nalmefene) amended whereby the royalties on the sales on markets outside the European Union, the European Free Trade Area and the United States are decreased in order to support the possible launching of the product for these markets, and Biotie may receive an additional sales milestone payment in the amount of EUR 5 million in Japan.

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 (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. Biotie has made use of this arrangement in H2 2010 and raised a total amount of EUR 1.1 million. In 2011/2012 Biotie has not exercised any shares under this agreement.

Shareholder's equity: The shareholders' equity of the group amounted to EUR 84.8 million (IFRS) on 30 September 2012. Biotie's equity ratio was 67.9% on 30 September 2012 (61.8% on September 2011).

Investments and cash flow*:* Cash flow from operating activities in January – September 2012 amounted to EUR -19.4 million for continuing operations (-14.3) and EUR 0.0 million for discontinued operations (-2.4). Negative cash flow from operating activities for continuing operations was higher than in the same period in 2011 mainly due to the acquisition of Synosia.

The group's investments in tangible and intangible assets during the reporting period amounted to EUR 126 thousand (EUR 38 thousand).

Change in the Board of Directors

On 2 August 2012 the Board of Directors appointed Ismail Kola as a member of the Nomination and Remuneration Committee. The composition of the Nomination and Remuneration Committee after the nomination is Peter Fellner as Chairman and William M. Burns and Ismail Kola as members.

Change in the management team

On 17 September 2012 Biotie announced that its chief financial officer (CFO) Panu Miettinen will leave the company from 1st November 2012 to pursue other interests. He has been replaced *ad interim* by Biotie's VP Finance Mr. Kristian Rantala. The company has started a search for a new CFO.

Personnel

During the reporting period January – September 2012, the average number of employees amounted to 38(37) and at the end of the reporting period, Biotie employed 38 people (35 people).

Option rights

Biotie has issued option rights to certain of its employees and managers pursuant to option programs in 2009. Each option right granted based on these two option programs entitles the holder to subscribe one share in the company.

The Swiss company Synosia Therapeutics Holding AG (currently Biotie Therapies Holding AG) acquired by Biotie in February 2011 also has a stock option plan based on 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 conveyed shares previously held by the Company's subsidiary have not carried any voting rights. As a result of the conveyances, the total number of votes attached to Biotie's shares increased (5/2011 – 9/2012 by 6,158,047 votes to 443,956,630 votes. The conveyance does not affect the number of registered shares (total of 452,710,738 shares) but the number of the Company's shares held by the Biotie Therapies group is reduced to 8,754,108 shares. The parent company Biotie does not own any treasury shares.

In December 2011, The Board of Directors of Biotie approved two new 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.

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. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 1.87 per cent of the shares and votes in the company, if new shares are issued in the share subscription.

Equity Incentive Plan
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 4,599,000 shares, which corresponds to 1.17 per cent of the shares and votes in the company, should new shares be delivered.

The Board of Directors approved in its meeting on 23 February 2012 that a total of 1,558,600 share unit awards are granted for 2011 under the company's equity incentive plan. Each granted share unit award entitles the holder to one share in the company, subject to a vesting period of approximately two (2) years pursuant to the terms and conditions of the equity incentive plan. For 2012, a maximum of 2,020,000 share unit awards may be granted under the equity incentive plan.

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 (Small cap).

As described in more detail in Biotie´s stock exchange releases announced on 7 September 2012, a total of 65,116,281 new shares offered in Biotie's directed issues of shares to H. Lundbeck A/S as well as to institutional and strategic investors and the related share capital increase of EUR 30,000,000.90 was registered with the Finnish Trade Register on 17 September 2012.

On 30 September 2012 the registered number of shares in Biotie Therapies Corp. was 452,710,738. Of these shares 8,754,108 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 0.41 the highest price during the reporting period January – September EUR 0.55, the lowest was EUR 0.32, and the average price was EUR 0.46. Biotie's market capitalization at the end of the reporting period was EUR 185.6 million.

The trading volume on NASDAQ OMX Helsinki during the reporting period January – September was 46,436,719 shares, corresponding to a turnover of EUR 21,250,847.

Changes in ownership

During the reporting period, January – September 2012, Biotie made an announcement according to Chapter 2, Section 10 of the Finnish Securities Market Act.

Information on notices of changes in ownership and a monthly updated list of Biotie's major shareholders is available on the company's website at www.biotie.com/investors.

Decisions of the Annual General Meeting

The stock exchange release regarding the resolutions of The Annual General Meeting of Biotie Therapies Corp. was published on 29 March, 2012.

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.

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 financing may be applied from debt providers.

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 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 would 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.

Outlook for 2012 and key upcoming milestones

Selincro (nalmefene): A marketing authorization application (MAA) for Selincro for alcohol dependence, submitted by Biotie's partner Lundbeck, was accepted for review by the European Medicines Agency (EMA) in December 2011. Feedback from the authorities is expected H2 2012. Pending approval, the next milestone payments to Biotie are expected on commercial launch of Selincro and on the product reaching certain predetermined sales.

Tozadenant (SYN115): As announced on 5 July, 2012, enrollment has been completed in a Phase 2b trial, funded by Biotie, evaluating the safety and efficacy of tozadenant in Parkinson's disease patients. Top-line data from this study is expected to be available around the end of 2012. UCB Pharma S.A. has a license for exclusive, worldwide rights to tozadenant and, pending results of the ongoing study will be responsible for conducting the Phase 3 program.

SYN120: An oral, potent and selective antagonist of the 5-HT_6 receptor. SYN120 has an extensive clinical and preclinical data package and is ready to enter Phase 2. Biotie is seeking a partner for further development and commercialization of this product.

Nepicastat (SYN117): Phase 2 study ongoing, funded by the US Department of Defense, for the treatment of post-traumatic stress disorder (PTSD); top-line data are expected in H2 2012.

Under the agreement with the National Institute on Drug Abuse (NIDA) at the US National Institutes of Health, NIDA and Biotie are jointly investigating the safety and efficacy of nepicastat in the treatment of cocaine dependence. The trial is expected to start in Q1 2013.

BTT-1023 (VAP-1 antibody): A first-in-class, fully human monoclonal antibody for inflammatory and fibrotic diseases. BTT-1023 being a biologic the company has concluded that the best way to maximize value of

this program is with a partnership and partnering efforts will now be prioritized. Biotie does not plan to enter into Phase 2 clinical studies without a partner.

Ronomilast: A once-daily, potentially best-in-class oral phosphodiesterase-4 (PDE4) inhibitor with therapeutic potential in chronic inflammatory disorders, including chronic obstructive pulmonary disease (COPD). Biotie is seeking a partner for further development and commercialization of this product.

The company will not make significant new investments before feedback from EMA on Selincro and the topline data from the tozadenant Phase 2b clinical study are available.

Financial calendar 2013:

Financial statement release 2012	February 28, 2013
Financial statements 2012	March 7, 2013
Corporate Governance Statement 2012	March 7, 2013.

The statement will be published separately from the Board of Directors' report

Biotie's Annual General Meeting is planned be held on April 4, 2013

Interim report January - March	May 3, 2013
Interim report for January - June	August 2, 2013
Interim report for January - September	November 1, 2013

About Biotie

Biotie is a specialized drug development company focused on the development of drugs for neurodegenerative and psychiatric disorders (e.g. Parkinson's disease, Alzheimer's disease and other cognitive disorders, alcohol and drug dependence (addiction) and post traumatic stress disorder), and inflammatory and fibrotic liver disease. The company has a strong and balanced development portfolio with several innovative small molecule and biological drug candidates at different stages of clinical development. Biotie's products address diseases with high unmet medical need and significant market potential.

Partnerships with top-tier pharmaceutical partners are in place for several programs as well as a strategic collaboration with UCB Pharma S.A. The Marketing Authorization Application for Biotie's most advanced product, Selincro™ (nalmefene) for alcohol dependence was filed in the EU by our partner H. Lundbeck A/S and was accepted for review by the European Medicines Agency in December 2011.

Biotie shares are listed on NASDAQ OMX Helsinki Ltd.

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

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

IFRS and accounting principles

This interim report has been prepared in accordance with IFRS recognition and measurement principles, and applying the same accounting policies as for the 2011 financial statements. The interim report has not been prepared in accordance with IAS 34, Interim Financial Reporting.

In addition, as a result of the acquisition of Synosia Therapeutics, Biotie has applied the following principle beginning with the Q1 2011 financial statements:

The results and financial position of all the group entities that have a currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

b) Income and expenses for each income statement are translated at average exchange rates.

c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of inter-company borrowings that are considered of being part of the net investment, are taken to other comprehensive income. When a foreign operation is disposed of or sold (either partially or as a whole), exchange differences that were recorded in equity are recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

This interim report is unaudited.

Turku, 2 November 2012

Biotie Therapies Corp.
Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR 1,000	7-9/ 2012 3 months	7-9/ 2011 3 months	1-9/ 2012 9 months	1-9/ 2011 9 months	1-12/ 2011 12 months
Revenue	3,872	31	4,238	977	1,007
Research and development expenses	-4,549	-20,355	-17,003	-29,701	-35,315
General and administrative expenses	-1,617	-2,149	-4,911	-6,888	-9,721
Other operating income	204	284	917	790	2,518
Operating profit/loss	-2,089	-22,190	-16,758	-34,823	-41,510
Financial income	35	222	112	369	3,160
Financial expenses	-302	576	-602	-1,440	-1,132
Profit/loss before taxes	-2,356	-21,391	-17,249	-35,893	-39,482
Taxes	0	5,206	414	7,387	7,755
Net income/loss	-2,356	-16,185	-16,835	-28,506	-31,727
Other comprehensive income:					
Currency translation differences	-1,214	3,107	275	3,706	5,449
Total comprehensive income of the period	-3,570	-13,078	-16,560	-24,800	-26,278
Net income/loss attributable to					
Parent company shareholders	-2,356	-16,185	-16,835	-28,506	-31,727
Total comprehensive					

income attributable to:					
Parent company shareholders	-3,570	-13,078	-16,560	-24,800	-26,278
Earnings per share (EPS) basic & diluted, EUR	-0.01	-0.04	-0.04	-0.08	-0.09

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

	Sept 30, 2012	Sept 30, 2011	Dec 31, 2011
Assets			
Non-current assets			
Intangible assets	75,353	73,325	75,206
Goodwill	5,561	5,402	5,549
Property, plant and equipment	263	335	305
Investment property	1,235	1,393	1,376
Other shares	10	10	10
	82,422	**80,465**	**82,446**
Current assets			
Investments held to maturity	0	14,000	16,000
Accounts receivables and other receivables	2,849	2,201	1,852
Financial assets at fair value through profit or loss	6,236	2,731	169
Cash and cash equivalents	35,423	20,513	17,769
	44,509	**39,445**	**35,790**
Total	**126,931**	**119,910**	**118,236**
Equity and liabilities			
Shareholders' equity			
Share capital	193,285	166,446	166,446
Reserve for invested unrestricted equity	4,846	4,444	4,657

Cumulative translation adjustment	5,724	3,706	5,449
Retained earnings	-102,223	-71,984	-71,488
Net income/loss	-16,835	-28,506	-31,727
Shareholders' equity total	**84,797**	**74,105**	**73,337**
Non-current liabilities			
Non-current financial liabilities	23,492	25,811	23,492
Pension benefit obligation	432	430	435
Other non-current liabilities	8,320	8,012	7,804
Non-current deferred revenues	2,000	277	246
Deferred tax liabilities	2,233	2,820	2,619
	36,477	**37,349**	**34,596**
Current liabilities			
Provisions	566	570	566
Pension benefit obligation	15	16	16
Current financial liabilities	62	72	116
Current deferred revenues	0	120	120
Accounts payable and other current liabilities	5,014	7,678	9,485
	5,657	**8,456**	**10,303**
Liabilities total	**42,134**	**45,805**	**44,899**
Total	**126,931**	**119,910**	**118,236**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Attributable to equity holders of the parent company

EUR 1,000	Shares (1000 pcs)	Share Capital	Share issue	Reserve for invested un-restricted equity	Own Shares	Retained Earnings	Share-holders' equity total
BALANCE AT 1.1.2011	176,004	43,378	500	1,180	-15	-74,509	-29,466
Total comprehensive income for the period						-26,278	-26,278
Options granted				2,662		3,037	5,699
Options exercised				815			815
Directed issue of treasury shares		500	-500				0
Directed issues of new shares	211,590	115,892					115,892
Directed offer of new shares		7,964					7,964
Cost of share issue		-1,289					-1,289
	211,590	123,068	-500	3,477	0	-23,242	102,803
BALANCE AT 31.12.2011	387,594	166,446	0	4,657	-15	-97,751	73,337
Total comprehensive income for the period						-16,560	-16,560
Options granted						1,191	1,191
Options exercised				189			189
SEDA costs						-200	-200
Directed issues of new shares	65,116	28,000					28,000
Cost of share issue		-1,160					-1,160
	65,116	26,840	0	189	0	-15,569	11,459
BALANCE AT 30.9.2012	452,711	193,285	0	4,846	-15	-113,320	84,797

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1-9/ 2012 9 months	1-9/ 2011 9 months	1-12/ 2011 12 months
Cash flow from operating activities			
Continuing operations			
Net income/loss	-16,835	-28,506	-31,727
Adjustments:			
Non-cash transactions	1,304	15,411	20,663
Interest and other financial expenses	602	607	1,132
Interest income	-112	-259	-3,160
Foreign exchange losses/gains on operating activities	-69	80	-124
Taxes	-400	-3,143	-7,786
Change in working capital:			
Change in accounts receivables and other receivables	-1,245	401	1,164
Change in accounts payable and other liabilities	-2,629	1,060	1,131
Change in mandatory provisions	0	-18	-23
Interests paid	-44	-42	-42
Interests received	14	75	0
Taxes paid	0	6	6
Net cash from operating activities, continuing operations	**-19,413**	**-14,328**	**-18,765**
Net cash from operating activities, discontinued operations	**0**	**-2,400**	**-2,400**
Net cash from operating activities	**-19,413**	**-16,728**	**-21,165**
Cash flow from investing activities			
Continuing operations			
Acquisition of subsidiary, net of cash acquired	0	15,489	16,339

Change in financial assets at fair value through profit or loss			
Additions	-6,025	0	0
Disposals	0	4,212	6,653
Change in investments held to maturity			
Additions	0	-19,000	-26,000
Disposals	16,000	5,000	10,000
Interests from investments held to maturity	343	0	78
Investments to tangible assets	-28	-36	-63
Investments to intangible assets	-98	-2	-2
Net cash used in investing activities, continuing operations	**10,192**	**5,663**	**7,005**
Net cash used in investing activities, discontinued operations	**0**	**0**	**0**
Net cash used in investing activities	**10,192**	**5,663**	**7,005**
Cash flow from financing activities			
Continuing operations			
Payments from share issue	28,189	27,589	27,803
Share issue costs	-1,160	-1,185	-1,190
SEDA costs	-200	0	0
Proceeds from borrowings	0	226	226
Repayment of loans	0	-40	-40
Repayment of lease commitments	-69	-87	0
Net cash from financing activities, continuing operations	**26,760**	**26,504**	**26,799**
Net cash from financing activities, discontinued operations	**0**	**0**	**0**
Net cash from financing activities	**26,760**	**26,504**	**26,799**

Net increase (+) or decrease (-) in cash and cash equivalents	17,538	15,439	12,639
Effect on changes in exchange rates on cash and cash equivalents	116	1,014	1,071
Cash and cash equivalents at the beginning of the period	17,769	4,059	4,059
Cash and cash equivalents at the end of the period	35,423	20,513	17,769

SYNOSIA 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 Holding AG to be held in treasury and to be used to satisfy exercise of Biotie Therapies Holding AG (formerly Synosia Therapeutics Holding AG) options in accordance with the existing Biotie Therapies Holding AG option plans.

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

The following table provides information on the number and pricing of options at September 30, 2012

	Amount	**Weighted average exercise price**
Options exercised	6,158,047	0.16
Options outstanding	8,473,933	0.24
Options exercisable	6,891,402	0.21

CONTINGENT LIABILITIES

EUR 1,000	**Sept 30, 2012**	**Sept 30, 2011**	**Dec 31, 2011**
Operating lease commitments	**209**	**447**	**156**
Due within a year	116	230	101
Due later	93	217	55
Rent commitments	**265**	**76**	**377**
Due within a year	208	76	247
Due later	57	0	130
Total	**474**	**523**	**533**

The Group leases motor vehicles, machines and equipment with leases of 3 to 5 years. Rent commitments include subleased Pharmacity premises until 30 November 2011.

Commitments

On 30 September 2012 Biotie had purchase commitments, primarily for contract research work services, totaling EUR 3.9 million.

TRANSACTIONS WITH RELATED PARTIES

There have not been major changes within the related party transactions in 2012.

KEY FIGURES

The formulas for the calculation of the key figures are presented in the notes of the consolidated financial statements 2011

EUR 1,000	**1-9/ 2012 9 months**	**1-9/ 2011 9 months**	**1-12/ 2011 12 months**
Business development			
Revenues	4,238	977	1,007
Personnel on average	38	37	39
Personnel at the end of period	38	35	39
Research and development costs	17,003	29,701	35,315
Capital expenditure	126	38	65
Profitability			
Operating profit/loss	-16,758	-34,823	-41,510
as percentage of revenues, %	-395.42	-3,564.3	-4,122.14
Profit/loss before taxes	-17,249	-35,893	-39,482
as percentage of revenues, %	-407.01	-3,673.8	-3,920.75
Balance sheet			
Liquid assets	41,659	37,244	33,938
Shareholders' equity	84,797	74,105	73,337
Balance sheet total	126,931	119,910	118,236
Financial ratios			
Return on equity, %	-	-	-

Return on capital employed, %	-21.4	-97.7	-82.8
Equity ratio, %	67.9	61.8	62.0
Gearing, %	-21.4	-15.3	-14.1

Per share data

Earnings per share (EPS) basic, EUR	-0.04	-0.08	-0.09
Earnings per share (EPS) diluted, EUR	-0.04	-0.08	-0.09
Shareholders' equity per share,€	0.22	0.19	0.19
Dividend per share, EUR	-	-	-
Pay-out ratio, %	-	-	-
Effective dividend yield, %	-	-	-
P/E-ratio	-	-	-

Share price

Lowest share price, EUR	0.32	0.34	0.34
Highest share price, EUR	0.55	0.82	0.82
Average share price, EUR	0.46	0.59	0.58
End of period share price, EUR	0.41	0.45	0.50
Market capitalization at the end of period MEUR	185.6	174.4	193.8

Trading of shares

Number of shares traded	46,436,719	208,844,063	243,335,806
As percentage of all	10.3	53.9	62.8
Adjusted weighted average number of shares during the period	393,100,613	357,650,868	365,219,028
Adjusted number of shares at the end of the period	452,710,738	387,594,457	387,594,457

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