BIOTIE
THERAPIES

Year
2013

2013 in brief

European marketing approval received for Selincro

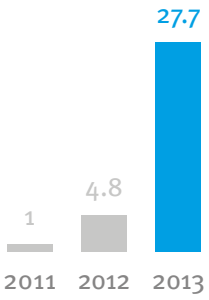
Lundbeck has launched **Selincro in 17 markets** across Europe

Position of financial strength allows new opportunities to be sought

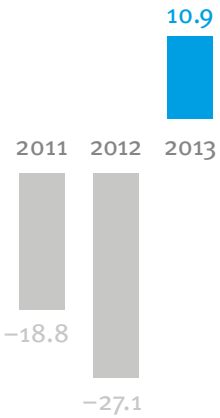
Phase 2 trial started to evaluate nepicastat in cocaine dependence

Biotie's loan obligations to Tekes were reduced by EUR 2.8 million.

UCB exercise license on tozadenant and pays USD 20 million milestone

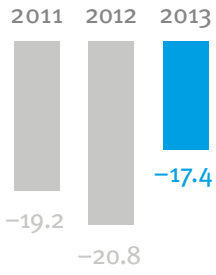


Revenues
EUR million



Cashflow from operating activities
EUR million

Liquid assets
EUR million



Research and development costs*
EUR million

*before impairment charges

President's review 2013

> A highly successful year for Biotie.

2013 was a highly successful year for Biotie, starting with the European approval and launch of our novel alcohol dependence drug Selincro® by Lundbeck. After more than 10 years of development by Biotie we are proud to see our first product on the market and are confident that Selincro® is going to be a clinical and commercial success! By providing patients with a real alternative to current treatment options centered on maintaining abstinence (a difficult and often unattainable goal) Selincro, in conjunction with continuous psycho-social support, could potentially transform the treatment of alcohol dependence.

The second key event for us in 2013 was UCB Pharma S.A. (UCB) exercising the license agreement for tozadenant in Parkinson's disease, based on positive and robust data from our large Phase 2b study. Biotie received USD 20 million from UCB and remains eligible to receive up to a further USD 340 million in milestone payments, plus royalties on commercial sales of tozadenant as part of the existing agreement. Under the amended agreement signed in February 2013, Biotie is now leading the Phase 3 clinical program in return for additional payments from UCB in the low triple digit millions relating to defined development, regulatory and commercialization milestones. The Phase 3 program is expected to enroll its first patients in H1 2015.

Further, we commenced a Phase 2 trial with our cocaine dependence drug, nepicastat, which is funded by the US National Institute for Drug Abuse (NIDA). The study is expected to enroll 180 treatment-seeking cocaine-dependent subjects in 12 US clinics specializing in the treatment of drug dependence. The initial trial data are expected in H1 2015. Cocaine dependence is an under-served disorder where new treatment options are sorely needed.

Part of our long-term ambition and corporate development strategy is to evolve our "search, develop & partner" model to one where we move forward in the value chain by developing products we could potentially bring to market ourselves. Further, we have decided to develop two products through Phase 2: our SYN120 (a novel 5HT6/5HT2a antagonist for cognition disorders) and BTT-1023, a proprietary VAP-1 antibody targeting an orphan fibrotic liver disease, primary sclerosing cholangitis. Building on the success of Selincro and tozadenant, we believe we are well positioned to establish a strong portfolio of products that will provide significant medical advances for patients and generate value for shareholders.

Biotie ended 2013 in a position of financial strength, with EUR 43.7 million in cash, cash equivalents and short term investments. Going forward, Biotie is entitled to royalties and further milestones in 2014 from both the launch of Selincro in three additional European countries and from UCB relating to the development of tozadenant. We believe our financial position ensures we are well placed to execute our evolving strategy and to seek opportunities for Biotie to be able to develop drugs addressing high unmet medical needs for patients that we could potentially bring through to market ourselves.

Of course, the progress we have made in 2013, coupled with the vision we have for Biotie to evolve from a "search, develop & partner" organization into a company with its own commercial products, would not be possible without the hard work, dedication and enthusiasm of Biotie's employees, collaboration partners and shareholders. Thank you.

Timo Veromaa
President and CEO

Biotie is a specialized drug development company focused primarily on products for neurodegenerative and psychiatric disorders. For the past years, Biotie has successfully operated a strategy built around search, profile and partner. This has delivered Selincro (nalmefene) for alcohol dependency, which received European marketing authorization in February 2013 and is currently being rolled out across Europe by partner Lundbeck, and tozadenant, a novel A2a antagonist which is transitioning into Phase 3 development for Parkinson's disease in collaboration with UCB. Biotie also has exclusive rights through an option to acquire Neurelis, which includes NRL-1, an intranasal formulation of diazepam for epileptic seizure management. Biotie plans to seek further opportunities of this kind to generate a strong portfolio of products. Biotie's shares are listed on NASDAQ OMX Helsinki.

FINANCIAL STATEMENTS 2013

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

Key events for the year 2013

• February – UCB Pharma S.A. (UCB) licensed worldwide exclusive rights to tozadenant (SYN115), Biotie's selective inhibitor of the adenosine 2a receptor for the treatment of Parkinson's disease. In connection, Biotie received USD 20 million and will conduct phase 3 development of tozadenant in return for additional payments from UCB relating to defined development, regulatory and commercial milestones.

• February – Our partner H. Lundbeck S/A (Lundbeck) received European marketing authorization from the European Commission for Selincro (nalmefene), Biotie's opioid system modulator for the reduction of alcohol consumption in adult patients with alcohol dependence.

• April – Selincro was launched by our partner Lundbeck in the first European markets: Norway, Finland, Poland and the Baltic countries. This marked the first introduction of a new treatment for patients with alcohol dependence in Europe in more than a decade. By the end of the year, Lundbeck has launched in 17 markets, including the United Kingdom in May and Italy in September, for which received a total of EUR 4 million in milestones.

• May – A Phase 2 trial started to evaluate nepicastat (SYN117) in cocaine dependence. The National Institute on Drug Abuse (NIDA) at the US National Institutes of Health is funding the conduct of the study.

• June – Biotie purchased an option to buy Neurelis Inc. (Neurelis), a private specialty pharmaceutical company based in San Diego, CA. Neurelis' lead product, NRL-1, is a proprietary intranasal formulation of diazepam being developed to help patients with epilepsy manage bouts of acute and repetitive seizures.

• September – We completed a portfolio review establishing the best way for Biotie to maximize value from its current products and we introduced a new strategy whereby we will use our relatively strong financial position to seek additional pipeline opportunities, including those that Biotie could potentially develop itself through to regulatory approval and beyond.

• October – Lundbeck joined forces with Otsuka to develop and commercialize nalmefene (sold under the brand name Selincro in Europe) in Japan. Phase 3 clinical trials are expected to commence in Japan during 2014.

• November – Biotie's loan obligations to the Finnish Funding Agency for Technology and Innovation (Tekes) were reduced by EUR 2.8 million, based on a decision to forgive certain loans relating to certain products that were discontinued more than 3 years ago and which did not lead to commercially viable products.

• December – Biotie ended 2013 with cash, cash equivalents and short term investments of EUR 43.7 million (EUR 46.9 million, 30 September 2013). Operating cash flow was EUR 10.9 million positive in 2013.

1 000€	1.1.–31.12.2013	1.1.–31.12.2012
Continuing operations		
Revenues	27 712	4 831
Research and development costs	– 17 360	–24 229*
Financial result (net loss):	6 275	–25 607*
Earnings per share (EUR)	0.01	–0.06
Cash flow from operating activities	10 851	–27 108
	31 December 2013	**31 December 2012**
Liquid assets	43 678	33 847
Equity	80 797	75 032
Equity ratio (%)	69.2	66.7

* Financial result for 2012 was impacted by a non-cash impairment charge of EUR 3.4 million for ronomilast

Key Financials for January – December 2013

Figures in brackets, unless otherwise stated, refer to the same period the previous year (EUR million).

• Revenues amounted to EUR 27.7 million (4.8). Revenues consisted of the one-time milestone payment for exercise of the license to tozadenant (SYN115) and an allocation of the development milestones received under the revised agreement from UCB; and the UK and Italy launch milestones and royalties for Selincro from Lundbeck.

• Research and development costs amounted to EUR 17.4 million (24.2). The majority of these R&D costs were assigned to the development of tozadenant (SYN115) and NRL-1.

• Net income, continuing operations, for the period was EUR 6.3 million (net loss of 25.6).

• Cash flow from operating activities, was EUR 10.9 million (–27.1)

• Earnings per share EUR 0.01 (–0.06)

• Liquid assets at the end of period EUR 43.7 million (33.8)

Product Portfolio Review

Selincro (nalmefene) is a dual-acting opioid system modulator and the first therapy approved in Europe for the reduction of alcohol consumption in alcohol dependent individuals. Our partner Lundbeck received European marketing authorization for Selincro in February 2013 and had introduced the product in over 17 European markets by the end of 2013. Biotie has licensed global rights to Selincro to Lundbeck. Under the terms of the agreement with Lundbeck, Biotie is eligible for up to EUR 89 million in upfront and milestone payments, plus royalties on sales of Selincro, of which EUR 16 million in milestone payments has been received to date.

On 31 October 2013, Biotie announced that Lundbeck expanded its existing alliance with Otsuka to include development and commercialization of nalmefene in Japan. Lundbeck and Otsuka will jointly finalize the clinical program for nalmefene in Japan, and it is expected that the first clinical phase 3 study will be initiated during 2014.The announcement has no immediate financial impact on Biotie.

Lundbeck will continue the rollout of Selincro in additional European markets into 2014. This is expected to include launches in Germany, Spain and France, for which Biotie would receive additional milestones of EUR 2 million in each market.

Biotie is eligible to receive further potential milestone payments on launches in certain other markets and if the product reaches certain pre-determined sales.

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

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

Biotie granted UCB a license for exclusive, worldwide rights to tozadenant in 2010. Under the terms of the 2010 agreement, UCB exercised the license and made a USD 20 million (EUR 14.5 million) milestone payment to Biotie in February 2013. Biotie remains eligible for up to USD 340 million (EUR 246.5 million) in further milestone payments plus royalties on sales of tozadenant. In February 2013, the parties amended the original 2010 license agreement, such that Biotie will conduct Phase 3 development of tozadenant in return for additional payments from UCB in the low triple digit millions in total over the next six years, based on the successful completion of defined development, regulatory and commercialization milestones.

In Q4 2013, preparations for the tozadenant Phase 3 program in Parkinson's disease were ongoing in collaboration with UCB. These activities included CMC and non-clinical work, and certain Phase 3 enabling clinical pharmacology studies were also commenced during the review period. Patient enrollment in the Phase 3 program is currently planned to commence by the first half of 2015. Biotie received EUR 3.6 million in milestone payments under the amended agreement in Q4 2013, bringing the total received in 2013 to EUR 9.7 million; EUR 5.8 million of related revenue was recognized in Q4 2013 (EUR 9.1 million during the year as a whole).

NRL-1 is a proprietary intranasal formulation of diazepam which is being developed to help patients with epilepsy requiring intermittent use of diazepam to manage bouts of acute and repetitive seizures. It became part of Biotie's portfolio in June 2013 when the Company signed an exclusive option to acquire Neurelis.

Under the terms of the option and merger agreement, Biotie has made a payment of USD 1.0 million to Neurelis for the exclusive right, but not the obligation, to acquire all of the outstanding shares of Neurelis for a pre-defined amount of USD 8.75 million, subject to certain adjustments. Any purchase of Neurelis would be paid for in new shares of Biotie that would be issued on approval by the Board of Directors. Biotie may exercise the option up until the start of the pivotal pharmacokinetic clinical studies that will form the basis of a 505 (b)(2) New Drug Application (but no later than 3 December 2014).

In Q4 2013, Biotie was engaged in conducting further manufacturing and pre-clinical work with NRL-1 under the option arrangement. However, after a thorough assessment the Company has concluded that its timely access to market is not guaranteed and that it will not exercise the option to acquire Neurelis in H1 2014 as initially expected. Biotie will not make any further significant investment into this opportunity until further notice.

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

A Phase 2 trial in 180 treatment seeking cocaine addicted patients, which is being funded by the U.S. National Institute on Drug Abuse (NIDA) under a Collaborative Research and Development Agreement, is continuing to recruit, with results expected H1 2015.

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

BTT-1023 is a monoclonal antibody targeting Vascular Adhesion Protein 1 (VAP-1). In addition to its clinically demonstrated role in inflammatory diseases, VAP-1 has an important role in fibrotic diseases and treatment with the VAP-1 antibody may have important therapeutic potential e.g. in the treatment of certain inflammatory fibrotic diseases of the liver.

Biotie is preparing for a Phase 2 proof of concept study with BTT-1023 in primary sclerosing cholangitis, a rare fibrotic disease of the liver affecting young adults. Discussions for non-dilutive co-funding for the study are at an advanced stage.

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

Biotie has continued discussions for a partnership for further development and commercialization of SYN120. However, the Company has now concluded that Biotie will be better served by progressing SYN120 internally to the next stage of development. Preparations for a Phase 2 study in Alzheimer's disease have started, with the study expected to begin recruitment by the end of 2014.

Financial review for reporting period January – December 2013

Figures in brackets, unless otherwise stated, refer to the same period the previous year (EUR million).

Revenues: Revenues amounted to EUR 27.7 million (4.8). Revenues consisted of the one-time milestone payment for exercise of the license to tozadenant (SYN115) and an allocation of the development milestones received under the revised agreement from UCB; and the UK and Italy launch milestones and royalties for Selincro from Lundbeck.

Research and development costs amounted to 17.4 million (24.2). The majority of these R&D costs were assigned to the development of tozadenant (SYN115) and NRL-1.

Total comprehensive income including the currency translation differences amounted to EUR 3.8 million (–26.8).

Financial result: Net income, continuing operations, for the period was EUR 6.3 million (net loss of 25.6).

Financing: Cash, cash equivalents and short term investments totalled EUR 43.7 million on 31 December 2013 (EUR 46.9 million at 30 September 2013 and EUR 33.8 million on 31 December 2012).

Shareholders' equity: The shareholders' equity of the group amounted to EUR 80.8 million (IFRS) on 31 December 2013. Biotie's equity ratio was 69.2% on 31 December 2013 (66.7% on 31 December 2012).

Capital loans

Non-convertible capital loans from Tekes: The Finnish Funding Agency for Technology and Innovation (TEKES) has capital loans of EUR 16.3 million. The total amount has been paid to the Company by the end of the financial year.

The accumulated unpaid interest of capital loans is EUR 5.5 million. The total loan period is 8 to 10 years and the interest rate is the base rate set by the Ministry of Finance minus 1%, however, at least 3%. The loans are instalment free for four to five years, after that the loans will be paid in equal shares. Capital loans have been granted to a defined product development project and the loan covers a contract based share of the project's R&D expenses. Capital loans have been drawn between 1998 and 2008.

Convertible capital loans: The company has convertible capital loans of EUR 1.7 million. The subscription period that permits subscription of a total of 828 000 company shares began on June 1, 2000, and will end on 31 December 2005, or provided that the loan capital will not be paid by then, until the loan capital has been paid or converted into shares of the company. The interest rate is 10% pa. The accumulated unpaid interest of convertible capital loans is EUR 3.2 million at 31 December 2013.

The repayment of capital loans and its interest is governed by a restrictive condition, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the convertible capital loans shall be paid only if the parent company and the group has sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution.

Capital loans have been specified on Notes to the Consolidated Financial Statements number 22.

Investments and cash flow: Cash flow from operating activities in January – December 2013 amounted to EUR 10.9 million (–27.1).

The group's investments in tangible and intangible assets during the reporting period amounted to EUR 954 thousand (EUR 113 thousand).

The Board of Directors

Annual General meeting 4 April 2013
The number of the members of the Board of Directors was resolved to be six. The following current members of the Board of Directors Peter Fellner, William M. Burns, Merja Karhapää, Bernd Kastler, Ismail Kola and Guido Magni were elected as the members of the Board of Directors for a new term.

At the organization meeting of the new Board of Directors, which convened immediately after the Annual General Meeting, Peter Fellner was elected as the Chairman of the Board of Directors and William M. Burns as the deputy chairman.

Bernd Kastler was elected as the Chairman and Merja Karhapää and Guido Magni as the members of the Board's *Audit Committee* and, in addition, Peter Fellner as the Chairman and William M. Burns and Ismail Kola as the members of the *Nomination and Remuneration Committee*. Based on the evaluation of independence, the Board of Directors concluded that all members of the Board of Directors are independent of the company and of its significant shareholders.

Management team

Biotie has a Management Team, consisting of the President and CEO acting as the Chairman of the Management Team, the Chief Financial Officer, the Chief Operating Officer and the Chief Medical Officer.

On 2 January 2013 David Cook was appointed Chief Financial Officer (CFO) and member of the Management Team of Biotie, effective 25 February 2013. In addition to his CFO role David Cook is also be responsible for Biotie's business development activities.

On 31 August 2013 Ian Massey, the Company's Chief Operating Officer, left the Company. After the reporting period on 6 January 2014 Mehdi Paborji, Ph.D. was appointed Chief Operating Officer and a member of the Company's Management Team.

Personnel

During the reporting period January – December 2013, the average number of employees amounted to 35 (38) and at the end of the reporting period, Biotie employed 37 people (37 people).

Equity rights

2009 Plan
Biotie issued option rights to certain of its employees pursuant to an option program in 2009, amounting to potential 7 000 000 new shares in the company. Each option right granted based on this option program entitled the holder to subscribe one share in the company. All of the options issued pursuant to this plan expired unexercised at the end of 2013.

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

The 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 (May 2011 – December 2013) by 8 415 365 votes to 446 213 948 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 its subsidiary Biotie Therapies AG is reduced to 6 496 790 shares, over which only 5 288 580 options remain outstanding.

2011 Plans
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. However, 1 458 750 of these stock options were unissued or have been forfeited at the end of 2013 and so the maximum total of new shares in the company that can now be issued under the plan is 5 942 250.

Equity Incentive Plan 2011: The maximum number of share units to be granted and the number of corresponding shares to be delivered on the basis of the plan will be total of 4 599 000 shares. However, 259 090 of these share units are unissued or have been forfeited at the end of 2013 and so the maximum total of new shares in the company that can now be issued is 4 339 910.

Shares, share units and options held by management

At the end of financial year 2013 the amount of company's shares held by the Board of Directors and the company's management and their controlled companies amounted to 1 195 702 shares, 940 000 share units and 6 490 613 option rights of which 750 000 options are conditional upon achieving certain set targets.

Available Facilities

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

Share capital and shares

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

On 31 December 2013 the registered number of shares in Biotie Therapies Corp. was 452 710 738. Of these shares 6 496 790 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 0.28. The highest price during the reporting period January – December 2013 was EUR 0.46, the lowest was EUR 0.26, and the average price was EUR 0.35. Biotie's market capitalization at the end of the reporting period was EUR 126.8 million.

The trading volume on NASDAQ OMX Helsinki during the reporting period January – December 2013 was 157 920 531 shares, corresponding to a turnover of EUR 55 399 666.

Changes in ownership

During the reporting period, January – December 2013, Biotie made one 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.

Shareholders' Meeting

The Annual General Meeting of Biotie Therapies Corp. was held on 4 April 2013 and resolved the following items:

– The financial statements 2012 were adopted and the loss of the financial year was booked.

– It was resolved to transfer the loss to the unrestricted equity of the company and that no dividend shall be distributed.

– Discharge from liability was granted for the members of the Board of Directors and the President and CEO.

– The number of the members of the Board of Directors was resolved to be six. The following current members of the Board of Directors Peter Fellner, William M. Burns, Merja Karhapää, Bernd Kastler, Ismail Kola and Guido Magni were elected as the members of the Board of Directors for a new term.

– It was resolved that the remuneration payable to the Chairman of the Board of Directors shall be EUR 4 000 per month and to other Board members EUR 3 000 per month. In addition, reasonable travelling expenses for the meetings shall be compensated.

– PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, and Janne Rajalahti, Authorised 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, Peter Fellner was elected as the Chairman of the Board of Directors and William M. Burns as the deputy chairman. Bernd Kastler was elected as the Chairman and Merja Karhapää and Guido Magni as the members of the Board's Audit Committee and, in addition, Peter Fellner as the Chairman and William M. Burns and Ismail Kola as the members of the Nomination and Remuneration Committee. Based on the evaluation of independence, the Board of Directors concluded that all members of the Board of Directors are independent of the company and of its significant shareholders.

– The General Meeting authorized the Board of Directors to resolve on one or more issues, which contains the right to issue new shares or dispose of the shares in the possession of the company, and to issue options or other special rights entitling to shares pursuant to Chapter 10 of the Companies Act. The authorization consists of up to 95 000 000 shares in aggregate. The authorization is effective until 30 June 2014 and it supersedes earlier authorizations.

The stock exchange release regarding the resolutions of The Annual General Meeting of Biotie was published on 4 April 2013.

Short-term risks and uncertainties

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

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

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

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

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

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

The Board of Directors proposal for handling of the loss

The Board of Directors proposes that no dividend for the financial year 2013 will be paid and that the loss of the parent company for the financial year of EUR 0.1 million (FAS) will be carried forward to shareholders' equity.

Annual General Meeting
Biotie's Annual General Meeting will be held at the Alpha auditorium of ICT-building, Joukahaisenkatu 3–5 Turku on Thursday 3 April 2014 at 10.00 a.m.

Outlook for 2014 and key upcoming milestones

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

Tozadenant (SYN115): Phase 3 development plans will continue in collaboration with UCB and a key event this year will be the end-of-Phase 2 meeting with FDA, planned for H1 2014. Biotie is expected to receive additional payments from UCB in the low triple digit millions in total over the next six years, based on the successful completion of defined development, regulatory and commercialization milestones, which are intended to be used to cover the costs of the development program. The Phase 3 program in Parkinson's disease is expected to commence by H1 2015.

NRL-1: Biotie has concluded that its timely access to market is not guaranteed and that Biotie will not exercise the option to acquire Neurelis in H1 2014 as initially expected. Biotie will not make any further significant investment into this opportunity until further notice.

Nepicastat (SYN117): A Phase 2 trial in cocaine dependence, funded by NIDA , is continuing to recruit, and top-line data from the study is currently expected in H1 2015.

BTT-1023: Preparations for a clinical Phase 2 study in primary sclerosing cholangitis are ongoing. The Company is in advanced discussions for non-dilutive co-funding for the study.

SYN120: Preparations for a Phase 2 study in Alzheimer's disease have started, with the study expected to begin recruitment by the end of 2014.

Strategic: The Company will use its financial strength to seek additional pipeline opportunities, including those that it could potentially develop itself through to regulatory approval and beyond.

Financial: The company expects that both its revenue and research and development expenses will increase during 2014, as a result of milestones that will be received on both tozadenant and Selincro, and the development work that will be performed on tozadenant and SYN120.

Key events after the reporting period

After the reporting period on 3 January 2014 Biotie announced that pursuant to the authorization of the Annual General Meeting of Shareholders held on 4 April 2013, the Board of Directors resolved to issue 3 321 660 shares to the company itself without consideration in accordance with Chapter 9 Section 20 of the Finnish Companies Act (624/2006, as amended). The shares were issued for the purposes of being conveyed to employees entitled to them pursuant to the terms and conditions of the 2011 equity plans. The shares are of the same class as the existing shares in the company. The new shares issued were registered with the Trade Register on 8 January 2014 and entered into the book-entry system maintained by Euroclear Finland Ltd.; they could be traded together with the company's current series of shares on the stock exchange list of NASDAQ OMX Helsinki Ltd from 9 January 2014.

After the reporting period on 3 January 2014, Biotie announced that the Board of Directors had approved two new share-based incentive plans for the group employees for awards to be made in the period 2014 to 2016 to follow-on from the current incentive plans under which awards have been made in the period 2011 to 2013; the Stock Option Plan 2014 for its European employees and the Equity Incentive Plan 2014 for its US employees (together the 2014 Plans). The 2014 Plans are intended to form part of the remuneration, incentive and commitment program for the employees and to support the hiring of new employees as the group increases the number of its employees to ensure that the currently planned clinical trials are conducted effectively and efficiently. The incentives support the attainment of the targets established by the group and the implementation of the group's strategy 2014, as well as the group's long-term productivity. The Plans also reflect the competitive environment in which the group operates, particularly in the US, and are an important tool in enabling the group to attract and retain the right quality employees.

After the reporting period on 28 January 2014 and 28 February 2014, Biotie announced that the Company has conveyed Biotie shares held as treasury shares and that were issued on 2 January 2014 pursuant to the Stock Option Plan 2011 (232 500 shares conveyed) and the Equity Incentive Plan 2011 (106 250 shares conveyed).

As a result of the conveyances, the total number of votes attached to Biotie's shares increased to 338 750 votes and the total number of the Company's shares held by the Company or its fully owned subsidiary is 9 479 700 shares. The conveyance does not affect the number of registered shares (total of 456 032 398 shares).

After the reporting period on 28 February 2014, Biotie announced that it will progress SYN120 internally to the next stage of development. Preparations for a Phase 2 study in Alzheimer's disease have started, with the study expected to begin recruitment by the end of 2014. Also, the Company announced that it has concluded that its timely access to market for NRL-1 is not guaranteed and that Biotie will not exercise the option to acquire Neurelis in H1 2014 as initially expected. Biotie will not make any further significant investment into this opportunity until further notice.

About Biotie

Biotie is a specialized drug development company focused primarily on products for neurodegenerative and psychiatric disorders. For the past years, Biotie has successfully operated a strategy built around search, profile and partner. This has delivered Selincro (nalmefene) for alcohol dependency, which received European marketing authorization in February 2013 and is currently being rolled out across Europe by partner Lundbeck, and tozadenant, a novel A2a antagonist which is transitioning into Phase 3 development for Parkinson's disease in collaboration with UCB. Biotie also has exclusive rights through an option to acquire Neurelis, which includes NRL-1, an intranasal formulation of diazepam for epileptic seizure management. Biotie plans to seek further opportunities of this kind to generate a strong portfolio of products. Biotie's shares are listed on NASDAQ OMX Helsinki.

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

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

IFRS and accounting principles

The 2013 financial statements have been prepared in accordance with IFRS recognition and measurement principles and applying the same accounting policies as for the 2012 financial statements with the exception of new and amended standards and interpretations effective as of 1 January 2013, which are described in more detail in note 1 Accounting principles.

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 recognized 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 recognized 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.

Corporate Governance Statement

Biotie Therapies Corp. will publish its Corporate Governance Statement 2013 on 4 March 2014. The statement will be published separately from the Board of Directors' report and it will be available on Biotie's website www.biotie.com.

Financial situation

Incl. both continuing and discontinued operations.

1 000€	2013	2012	2011
Revenue	27 712	4 831	1 007
Operating profit	1 928	−25 216	−41 510
Operating profit, % of revenue	7.0	−522.0	−4 122.1
Equity ratio %	69.2	66.7	62.0

Personnel	2013	2012	2011
Average number of personnel	35	38	39
Number of personnel, end of period	37	37	39
Personnel costs (wages and salaries)	9 109	9 460	9 877

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated statement of comprehensive income

1 000€	Note	2013	2012
Continuing operations			
Revenue	3	27 712	4 831
Research and development expenses	4, 5, 7	−17 360	−24 229
General and administrative expenses	5, 6, 7	−8 988	−7 533
Other operating income	8	565	1 716
Operating profit / loss		1 928	−25 216
Financial income	9	3 454	168
Financial expenses	9	−1 302	−972
Profit / loss before taxes		4 080	−26 020
Taxes	11, 26	2 195	414
Net income / loss, continuing operations		6 275	−25 607
Net income / loss, discontinued operations	10	–	−748
Net income / loss		6 275	−26 355
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		−2 433	−420
Total comprehensive income / loss		3 842	−26 775
Net income / loss attributable to parent company shareholders		6 275	−26 355
Total comprehensive income attributable to parent company shareholders		3 842	−26 775
Earnings per share (EPS) basic & diluted, EUR, continuing operations		0.01	−0.06
Earnings per share (EPS) basic & diluted, EUR, discontinued operations		–	0.00

The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial positions

1 000€	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	13	69 174	71 084
Goodwill	13	5 315	5 497
Property, plant and equipment	14	627	256
Investment property	15	817	846
Non-current receivables		231	0
Other shares		10	10
		76 175	77 694
Current assets			
Accounts receivables and other receivables	17	575	2 888
Financial assets at fair value through profit or loss	18	33 457	20 294
Cash and cash equivalents	19	10 221	13 553
		44 253	36 735
Total assets		120 428	114 429
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	193 285	193 285
Reserve for invested unrestricted equity		5 252	4 882
Cumulative translation adjustment		2 595	5 029
Retained earnings		–126 611	–101 808
Net income / loss		6 275	–26 355
		80 797	75 032
Non-current liabilities			
Non-current financial liabilities	22	20 690	23 492
Pension benefit obligation	23	553	558
Other non-current liabilities	24	8 798	8 489
Non-current deferred revenues	25	2 972	2 000
Deferred tax liabilities	26	0	2 238
		33 013	36 776
Current liabilities			
Pension benefit obligation	23	15	15
Current deferred revenues	27	743	0
Accounts payable and other current liabilities	28	5 860	2 605
		6 619	2 621
Total liabilities		39 632	39 397
Total equity and liabilities		120 428	114 429

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in shareholders' equity

		ATTRIBUTABLE TO EQUITY HOLDERS' OF THE PARENT COMPANY					
1 000€	Note	Shares (1 000 pcs)	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Share-holders' equity total
Balance at 1 January 2012		387 594	166 446	4 657	–15	–97 751	73 337
Total comprehensive income for the period						–26 775	–26 775
Options granted	20					1 606	1 606
Options exercised	20			224			224
SEDA costs						–200	–200
Directed issue of new shares		65 116	28 000				28 000
Cost of share issue			–1 160				–1 160
		65 116	26 840	224	0	–25 369	1 695
Balance at 31 December 2012		452 711	193 285	4 882	–15	–123 119	75 032
Total comprehensive income for the period						3 842	3 842
Options granted	20					1 552	1 552
Options exercised	20			370			370
		0	0	370	0	5 394	5 764
Balance at 31 December 2013		452 711	193 285	5 252	–15	–117 726	80 797

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

1 000€	Note	2013	2012
Cash flow from operating activities			
Net income / loss		6 275	–25 607
Adjustments			
Non-cash transactions	29	1 908	6 827
Interest and other financial expenses		1 302	972
Interest income		–3 454	–168
Foreign exchange losses / gains on operationg activities		–296	115
Taxes		–2 195	–399
Change in working capital			
Change in accounts receivables and other receivables		2 241	–4 447
Change in accounts payable and other liabilities		3 305	–4 361
Change in deferred revenues		1 780	0
Interest paid		–44	–40
Interest received		28	0
Taxes paid		0	0
Net cash from operating activities		10 851	–27 108
Cash flow from investing activities			
Change in financial assets at fair value through profit or loss	18		
Additions		–15 492	–20 141
Disposals		2 000	0
Change in investments held to maturity			
Disposals		0	16 000
Interests from investments held to maturity		3	344
Change in restricted cash		–192	0
Investments to tangible assets		–329	–111
Investments to intangible assets		–499	–2
Net cash used in investing activities		–14 510	–3 910
Cash flow from financing activities			
Payments from share issue		371	28 224
Share issue costs		0	–1 160
SEDA costs		0	–200
Repayment of lease commitments		0	–145
Net cash from financing activities		371	26 719
Net increase (+) or decrease (–) in cash and cash equivalents		–3 288	–4 299
Effect on changes in excange rates on cash ans cash equivalents		–45	84
Cash and cash equivalents at the beginning of the period		13 553	17 769
Cash and cash equivalents at the end of the period	19	10 221	13 553

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

All figures in the notes to the financial statements have been rounded to thousand Euros, unless otherwise stated which may result in immaterial rounding differences.

1. Accounting principles

A) GENERAL INFORMATION

Biotie is a specialized drug development company focused primarily on products for neurodegenerative and psychiatric disorders. For the past years, Biotie has successfully operated a strategy around search, profile and partner. This has delivered Selincro (nalmefene) for alcohol dependency, which received European marketing authorization in February 2013 and is currently being rolled out across Europe by partner H. Lundbeck A/S, and tozadenant, a novel A2a antagonist which is transitioning into Phase 3 development for Parkinson's disease in collaboration with UCB Pharma S.A. Biotie also has exclusive rights through an option to acquire Neurelis Inc., which includes NRL-1, an intranasal formulation of diazepam for epileptic seizure management. Biotie plans to seek further opportunities of this kind to generate a strong portfolio of products.

Biotie's shares are listed on NASDAQ OMX Helsinki.

The Board of Directors approved the publication of the financial statements on 27 February 2014.

B) BASIS OF PREPARATION

Biotie's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC Interpretations issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (IFRS).These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, share based compensation plans and financial assets at fair value through profit and loss.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of the reporting period as well as the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from them. Management's estimates are explained in more detail in chapter U.

Biotie's financial statements have been prepared assuming that the company will continue as a going concern. It is the intention of the company to continue the development of the products to the point where they can be either licensed at attractive terms to internationally active pharmaceutical companies who have the means to further develop these products, or to develop the products in-house until receipt of marketing approval from the relevant regulatory agencies. After such approval, Biotie would seek to commercialize these products using its own commercial efforts, or to co-promote and co-market products with strong local distributors of pharmaceutical products in markets in which Biotie can or will not be actively selling such products. In such partnerships, Biotie will typically grant licenses to products in exchange for contractually agreed payments, license fees and royalties on future product sales. In some cases, one element of such agreements may include a collaboration in which Biotie or its affiliates will also receive funding for R&D services provided at a cost plus basis. Biotie primarily relies upon financing its activities through equity capital, research collaboration agreements, license agreements, R&D loans and grants.

(1) Changes in accounting policy and disclosures

(a) New and Amended Standards and Interpretations effective as of 1 January 2013

In preparing these financial statements, the group has followed the same accounting policies as in the annual financial statements for 2012 except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2013.

• IFRS 13, Fair value measurement

IFRS 13 aims to improve consistency in fair value measurement and provide new disclosure requirements when such measurements are required or permitted by other IFRSs. Standard incorporate the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the amendments the Group has expanded disclosures of fair values.

• IAS 1, Financial statement presentation, regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its consolidated statement of comprehensive income.

(b) New and Amended Standards and Interpretations effective after 31 December 2013 and endorsed by EU

The following standards, amendments and interpretations have been issued and endorsed by the EU but are not effective until after 31 December 2013. The group is currently assessing their potential impact on the accounting policies, financial position and performance of the group.

• IFRS 10, Consolidated financial statements

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity

(an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate this investee. Furthermore, IFRS 10 sets out the accounting requirements for the preparation of consolidated financial statements. The group will adopt IFRS 10 the accounting period beginning on 1 January 2014.

• IFRS 11, Joint arrangements
IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The group will adopt IFRS 11 the accounting period beginning on 1 January 2014.

• IFRS 12, Disclosures of interests in other entities
IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group will adopt IFRS 12 the accounting period beginning on 1 January 2014.

There are no other new or amended IFRS standards or IFRIC interpretations that are effective after 31 December 2013 and endorsed by EU that would be expected to have a material impact on the group.

(c) New and Amended Standards and Interpretations not yet endorsed by EU
The following standards and interpretations have not yet been endorsed by the EU. The group is currently assessing the potential impact on the accounting policies, financial position and performance of the group.

• IFRS 9, Financial instruments
IFRS 9 is to replace IAS 39. Currently IFRS 9 contains new requirements for the classification and measurement of financial assets and liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The new guidance for hedge accounting aligns hedge accounting more closely with risk management. Also IFRS 9 relaxes the requirements for hedge effectiveness and change what qualifies as a hedged item. IFRS 9 allows hedge accounting for example for risk components of commodities, aggregated exposures, groups of items when hedging foreign currency and equity investments. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

There are no other new or amended IFRS standards or IFRIC interpretations that are not yet endorsed by the EU that would be expected to have a material impact on the group.

C) GROUP ACCOUNTING
(1) Subsidiaries
Subsidiaries are all entities over which the group has an interest of more than half of the voting rights or otherwise has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for subsidiaries of the group. Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the loss is due to impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(2) Associated companies
Investments in associated companies are accounted for using the equity method of accounting and are initially recognized at cost. Associated companies are entities over which the group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of an asset transferred. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

(3) Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "financial expenses". All other foreign exchange gains or losses are presented in the income statement within operating profit or loss. On consolidation, exchange rate 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 rate differences that were recorded in equity are recognized in the income statement.

(c) Group companies
The result and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized in other comprehensive income.

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. Exchange differences arising are recognized in equity.

D) SEGMENT REPORTING
The chief operating decision maker, who is responsible for allocating resources, assessing the performance and making strategic decisions of the business, has been identified as the Chief Executive Officer. The Chief Executive Officer manages the group as one integrated business, being the discovery and development of pharmaceutical products. Therefore, the group has only one operating and reportable segment which is the group as a whole.

E) BUSINESS COMBINATIONS
Business combinations are accounted for using the acquisition method. The costs of an acquisition are measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination management decides to measure the non-controlling interest either at fair value or at the proportionate share of the identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

If the business combination is achieved in stages, the fair value of the previously held equity interest is remeasured to fair value with any resulting gain or loss recognized through profit or loss or as a change to comprehensive income.

Contingent consideration is recognized at fair value at acquisition date with subsequent changes to the fair value recognized in accordance with IAS 39 either through profit or loss or through comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

F) REVENUE RECOGNITION
Revenues from research collaboration and license agreements with pharmaceutical company clients include one-off license payments, research funding on a cost-plus basis as well as additional payments upon reaching certain milestones. The granting of licensing options to certain products, which can be exercised at a later date, also generates revenue. All such amounts paid are non-refundable if the relevant research effort is successful.

(1) Recognition of revenue from upfront and option payments
Upfront license fees and option payments are usually received when a license or option is granted and are recorded as revenues when (i) a license or option has i been granted, (ii) no further performance obligations exist above and beyond the granting of the license or option itself, and (iii) it will be possible to collect these receivables with reasonable assurance. Upfront or option payments are recorded as deferred revenue upon receipt, and is subsequently recognized in income on a straight-line basis over the estimated period of the associated development collaboration agreement or the underlying option period.

(2) Recognition of revenue from milestone payments, research funding and royalties
Revenues from non-refundable milestone payments are recognized when (i) a milestone has been verifiably reached (evidenced by customer acceptance in accordance with the contract terms), (ii) Biotie has no further performance obligations, and (iii) it will be possible to collect these receivables with reasonable assurance.

Revenues from certain collaborative agreements where milestones are primarily paid in advance to finance development costs for specific development activities are recognized as revenues as the lower of (i) the non-refundable cash received under the contract and (ii) the percentage of completion method which is measured upon the efforts and costs incurred to date in relation to the total estimated costs to complete the contract.

Any milestone payments that have been received but for which the earnings process has not been completed are accounted for as a deferred revenue (liability) on the balance sheet.

Research funding income is recognized once (i) research services have been provided according to the respective agreement, (ii) Biotie has no further performance obligations, and (iii) it will be possible to collect these receivables with reasonable assurance.

Revenues from royalties on sales will be recognized when the company gains reliable knowledge of the amount of product sales revenues realized by the licensee.

(3) Government grants
Government grants to support certain research projects are recorded as income under other operating income when management has reasonable assurance that the group will comply with the conditions attached to those grants and that

such grants will be received. If, at balance sheet date, the conditions are believed to be fulfilled and the related grant payments are outstanding, grant receivables are shown in the balance sheet. Grants for the acquisition of tangible assets are deducted from the asset's acquisition price.

G) COST OF GOODS SOLD

Due to nature of income and operations of a drug development company like Biotie, the presentation of cost of sales in the statement of comprehensive income is not applicable, and all costs related to the research and development activities are presented under the caption research and development expenses.

H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly land, buildings and equipment used in research and development. They are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate each item's acquisition cost or impaired amount to its residual value during its estimated useful life, as follows:

Asset group	Lifetime
Machinery and technical equipment	3–12 years
Other equipment	3–8 years
Buildings	3–20 years

The residual value and the useful life of an asset are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on the disposals are included in operating profit or loss.

Repair and maintenance expenses for tangible assets are recorded as expenses during the fiscal year of their occurrence.

I) INVESTMENT PROPERTY

Investment properties are land and buildings which are held to earn rental income or for capital appreciation or for both.

Investment properties are initially recorded at cost, including transaction costs, and after initial recognition stated at historical cost less depreciation (at straight-line) and any impairment losses. The fair values for the investment properties are disclosed in note 15. The fair values are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method.

Transfer to or from investment property is made when there is a change in use of the property. The commencement of owner-occupation for the property results in a transfer at book value of the investment property to owner-occupied property included in "Property, Plant and Equipment". Accordingly, at the end of owner-occupation of a property would result in a transfer from the owner-occupied property included in Property, Plant and Equipment to "Investment Properties".

J) INTANGIBLE ASSETS

(1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units of the group that are expected to benefit from the business combination in which the goodwill arose.

(2) Research and development expenses

Research and development costs include salaries and costs directly attributable to the group's research and development programmes. Furthermore, costs attributable to supporting the research and development activities, including costs covering rent and leasing, are included as well.

Research costs are always expensed as incurred. Development costs are expensed as incurred because management considers that the uncertainties inherent in developing pharmaceutical products prohibit the capitalisation of internal development expenses as an intangible asset until marketing approval has been received from the relevant regulatory agencies. Development costs expensed during prior accounting periods are not capitalised retrospectively. Capitalised development costs are amortized on a straight-line basis over their estimated economic lives from the date the related products are launched. So far, the group's drug development projects are in the research and development phase, and therefore they have not yet met the IAS 38 criteria for capitalization.

(3) Other intangible assets

Intangible assets include in-process research and development acquired in a business combination, purchased licenses, capitalized costs for production licences, purchased patents and similar rights and computer software. These are capitalised on the basis of the costs incurred and amortised using straight-line depreciation over their estimated useful lives.

In-process research and development projects acquired in a business combination or purchased from third parties are capitalised with their fair value at the date of acquisition. They are amortized from the date when the resulting products are launched in the market place. Prior to that, acquired in-process research and development projects are not amortized, but are subject to annual impairment testing when there is an indicator of impairment.

Depreciation periods are:	
Production licences	17–20 years
Computer software	3–4 years
Purchased patents and similar rights	8–17 years

K) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS
Assets that have an indefinite useful life, for example goodwill or intangible asset not ready to use, are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use represents the discounted future net cash flows expected to be derived from an asset or cash-generating unit. The discount rate used is interest before tax that reflects markets' time value for money as well as appropriate risk premiums regarding the asset (or cash-generating unit) in question. Non-financial assets, other than goodwill, that suffered impairment, are reviewed for possible reversal of impairment at each reporting date.

L) FINANCIAL ASSETS
The group classifies its financial assets in the following categories:
- at fair value through profit or loss
- loans and receivables
- available for sale

The classification depends on the purpose for which the financial assets were acquired and in which they were classified at initial recognition. The group applies a consistent policy in recognizing an asset based on the settlement date, which is the date that the group commits to buy or sell the asset. Financial assets are initially recognized at fair value, transaction costs are included in the fair value unless the asset is recognized at fair value through profit or loss.

(1) Financial assets at fair value through profit and loss
Financial assets are classified as at fair value through profit and loss when they are either acquired for trading purposes or when the management designates them initially as at fair value through profit or loss.

Financial assets are classified as held for trading when acquired principally for the purpose of selling or repurchasing in the short term. Assets held for trading are classified as current assets.

All other group's financial assets in this category, being investments in money market funds, are designated by the management. Financial assets at fair value through profit and loss are measured based on fair value.

Realized and unrealized gains and losses arising from changes in their fair value are recognized in profit and loss in financial items when they occur.

(2) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market nor held by the company for trading. Accounts receivable and other receivables are included in this category. These are initially measured at fair value plus transaction costs. Subsequent to initial recognition assets are carried at amortised cost using the effective interest method. Interest income is recognised in income statement within financial income.

(3) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are recognized at fair value or when the fair value cannot be reliably measured, at cost. Changes in fair value of securities classified as available for sale are recognized in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments in other comprehensive income are recycled through profit and loss. Available-for-sale financial assets are investment funds that were pledged to employees in early retirement programs in order to secure their claims in case of insolvency (Biotie GmbH, required by German legislation). Sales of investments are allowed only in accordance with a sales schedule, which matches the payments to employees, or with the consent of the respective employee.

Financial assets are derecognized from the balance sheet when the rights to receive cash flow from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

(4) Impairment of financial assets
Loans and receivables
The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indicators such as debtors significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and evidence that the group will not be able to collect all amounts according to the original terms of the receivables. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

Assets classified as available for sale
For debt securities the group uses the same impairment indicators as above. In the case of equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available for sale assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. For debt instruments the impairment losses can be reversed through the income statement if the increase is objectively related to an event occurring after the impairment loss was recognised in the income statement.

M) LEASES
(1) Group companies as the lessee
Leases of tangible assets, where the group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the finance charge and the reduction of the outstanding liability so as to achieve a constant rate on the finance balance outstanding. Lease obligations are included in current and non-current financial liabilities net of finance charges. The interest element of the payments is expensed. An asset recognized under a finance lease is depreciated over its useful life.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as other operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(2) Group companies as the lessor
Leases in which the group has not transferred substantially all the risks and rewards of ownership are classified as operating leases. Rental payments received are recorded in other operating income on a straight-line basis over the lease term.

N) CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprises cash at hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of less than 3 months.

O) SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds of the share issue.

When the group purchases company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect, is included in the equity attributable to the company's equity holders.

Reserve for invested unrestricted equity is credited with other equity inputs as well as that part of the subscription price of the shares that according to the explicit decision is not to be credited to the share capital.

P) Borrowings
Borrowing are recognized initially at fair value net of transaction costs incurred. Financial liabilities are included in current and non-current liabilities and they can be interest-bearing or non-interest-bearing. After initial recognition financial liabilities are measured at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined at inception using a market interest rate for the equivalent non-convertible bond. Based on the fair value calculation, there is no separable equity portion in the current convertible capital loans and the whole capital loans are presented under liabilities. Loans from Tekes (The Finnish Funding Agency for Technology and Innovation) are initially measured at cost in accordance with IAS 20, because the interest rate on those loans is below market rate and the loans are drawn before 1 January 2009. Loans from Tekes that are drawn after that date are initially measured at fair value in accordance with IAS 39.

Financial liability of part of it is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Interest costs are usually expensed as they occurred. However, borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial amount of time to get ready for their intended use are capitalised as part of the cost of the related asset.

Q) TAXES
Income tax expense consists of current and deferred taxes. The income tax effects of items recognized in other comprehensive income or directly in equity are similarly recognized in other comprehensive income or equity. The current income tax charge is calculated on the basis of the tax laws enacted in the countries where the group companies operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences arise primarily from depreciation on property, plant and equipment, and revaluation of certain investments, finance leases, tax losses deducted for subsequent periods and the difference between the fair value and taxable value of net assets resulting from purchase.

Deferred tax assets are recorded up to the amount that represents probable taxable income received in the future and against which temporary differences can be utilized.

Deferred taxes are determined using a tax rate enacted by the date of the financial statements in the respective countries. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

R) EMPLOYEE BENEFITS

(1) Pension obligations

The group has both defined contribution and defined benefit plans.

(a) Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans classify an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to income statement in the period in which they arise.

Past-service costs are recognized immediately as an expense.

(2) Share-based payments

The group operates a number of equity-settled, share-based compensation plans and one cash-settled share-based payment program.

(a) Option rights and share units

The group has established option rights and share unit plans under which the entity receives services from employees as consideration for equity instruments of the company. Option rights and share units have been measured at their fair value at the grant date, recognized as an expense in the income statement and divided into even increments during the vesting period. The expenses defined at the moment of granting the options and share units are based on the group's estimate of the quantity of options and share units to which rights are expected to vest at the end of the vesting period. The fair value is defined on the basis of the Black–Scholes option pricing model.

At each reporting period end, the group updates the expected final quantity of options and share units that are expected to vest. Changes to estimates are recorded in the income statement. When the options and share units are exercised, the company issues new shares. Option rights that were exercised before the new Companies Act (21.7.2006/624) was in force are recorded to share capital and to the share premium account, whereas option rights exercised after the new Companies Act are recognized in the reserve for invested unrestricted equity.

S) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when Biotie has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Biotie recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. The provisions for onerous contracts recognized in the balance sheet are related to the sublease of premises.

Restructuring provisions are recognized when the group has prepared a detailed restructuring plan and has started to carry out the restructuring measures or has announced its intentions to carry out the restructuring. Contingent liabilities are possible obligations arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of uncertain future event not wholly within the control of the group. Contingent liabilities include also present obligations that arise from past events but are not recognized because it is not probable that an outflow of recourses embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

T) ASSETS HELD FOR SALE
Assets are classified as held for sale when it is highly probable that the carrying amount of the asset will be recovered through a sale transaction rather than continuing use. Non-current assets classified as held for sale are valued at the lower of their carrying amount and fair value less costs to sell and the assets are not depreciated or amortised.

U) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of financial statements requires management to make judgements, estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes which could require a material adjustment in the future.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Revenue recognition
The revenues of biotechnology and drug development companies usually comprise of upfront payments, milestone payments and royalties from the sales of products agreed on in collaboration agreements made with drug companies.

Non-refundable upfront payments are reported as deferred income and recognized as income over the estimated period of the collaboration. Any change in the estimated development period may lead to an adjustment of the recognition amount and time. In case the estimated development schedule were to be delayed, the annual income would lessen since the amount of the total revenue would be allocated over a longer period of time.

Milestone payments are recognized as income after achievement of the milestones as defined in the respective agreements. As there are no additional obligations other than the achievement related to the milestone payments, they are not considered under revenue recognition estimates.

(2) Share-based payments
Option rights and share units have been measured at their fair value at the grant date, recognized as an expense in the income statement and recognized over the vesting period. The expenses defined at the moment of granting the options and share units are based on the group's estimate of the quantity of options and share units to which rights are expected to arise at the end of the vesting period. Each fiscal year, the group updates the expected final quantity of options and share units on the date of the financial statements. Possible changes to estimates are recorded in the income statement.

(3) Impairment of intangible assets, goodwill and property, plant and equipment
The group has significant investments in intangible assets, goodwill and property, plant and equipment which are tested for impairment in accordance with the accounting policies above. The recoverable amounts of cash generating units have been determined based on discounted estimated future cash flows. These estimates require management to make assumptions related to future expectations. Key assumptions regarding intangible assets and property, plant and equipment impairment testing, are discussed in note 13 and note 14, respectively.

In-process R&D projects are annually tested for impairment. Should it be required to recognize impairments due to the result of impairment testing, this would have a material effect on the group's results and balance sheet position.

(4) Borrowings
The fair values of the liabilities of the convertible capital loans will be determined at the moment of their conversion by comparing the market value of a corresponding loan without conversion rights attached to it. So far, the equity portions of convertible capital loans have not been separated from the loans and the entire capital has been presented as long-term liabilities.

(5) Pension benefits
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 23.

2. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The reports provided by management to the Chief Executive Officer used for strategic decision making, predominantly contain information about the research and development projects of the group which are advanced by contribution of the group organisation as a whole, irrespective of any further segmentation regarding geographic or organizational aspects. Therefore, Biotie operates in one single business segment, which is the development of pharmaceutical products as an integrated operation with similar risks and opportunities.

3. Revenue

	2013	2012
Milestones from Lundbeck license agreement	4 000	0
Royalties from Lundbeck license agreement	155	0
Non-recourse milestones from UCB license agreement	14 502	4 464
Phase 3 development milestones from UCB license agreement	9 055	0
Seikagaku license agreement	0	366
Total	27 712	4 831

4. Research and development expenses

	2013	2012
Outsourced services	−10 369	−13 463
Internal research and development expenses	−1 373	−1 583
Impairment on intangible assets, see note 13	0	−3 400
Personnel costs	−5 511	−5 800
Depreciation	−107	−63
Other R&D expenses	0	79
Total	−17 360	−24 229

5. Personnel costs

	2013	2012
Salaries	−5 817	−6 193
Other obligatory personnel expenses	−347	−268
Other voluntary personnel expenses	−895	−896
Pension expenses – contribution-based pension plans	−281	−382
Pension expenses – benefit-based pension plans	−21	−38
Equity awards granted	−1 748	−1 683
Total	−9 109	−9 460
Personnel costs by operation		
Research and development personnel costs	−5 511	−5 800
Administration personnel costs	−3 597	−3 659
Total	−9 109	−9 460

The average number of personnel in 2013 was 35 (2012:38)
The equity awards are reviewed in more detail in note 20 and management benefits in note 32.

6. Auditors' fees

	2013	2012
Statutory audit	–58	–80
Audit related services	0	–125
Tax services	–17	–19
Other services	–6	–3
Total	–81	–227

7. Depreciation

	2013	2012
Depreciation by asset		
Intangible assets	–111	–47
Buildings	–22	–131
Machinery and equipment	–50	–46
Total	–184	–224
Depreciation by operation		
Research and development	–107	–63
Administration	–77	–161
Total	–184	–224

8. Other operating income

	2013	2012
Rent	565	807
Reversal of provision	0	566
Other	0	343
Total	565	1 716

9. Financial income and expenses

	2013	2012
Financial income		
Interest income from investments held to maturity	37	71
Realized gains from assets recorded at fair value in profit and loss account	241	96
Tekes loan forgiveness	3 175	0
Other financial income	0	1
Total	3 454	168
Financial expenses		
Interest on Tekes loans	–558	–569
Interest on convertible capital loans	–168	–168
Interest on finance leases	0	–2
Net gain / loss from foreign exchange	–576	–233
Total	–1 302	–972

10. Discontinued operations

On 28 October 2010, the Board of Directors of Biotie announced the company's intention to dispose of its pre-clinical operations in Germany and in Finland with an aim to focus its business exclusively on clinical development activities. The results of the pre-clinical operations have been reported separately as discontinued operations in the company's consolidated financial statements as the pre-clinical operations represented a separate major line of development activities.

The majority of impact of this decision was reported in finacial year 2010, but there were some additional general and administrative expenses of €748,000 that were recognised as discontinued operations during the financial year 2012; there were no such expenses during the financial year 2013. The expenses recognised during the financial year were non-cash in nature and so there is no impact on the consolidated cash flow statements, where items shown relate to continuing operations.

11. Taxes

	2013	2012
Current income tax	0	12
Deferred income tax	2 195	402
Total	2 195	414
Loss before tax	4 080	–26 020
Tax calculated at domestic tax rates applicable to profits / losses in the respective countries	–745	7 755
Tax effects of:		
Expenses not deductible for tax purposes	–106	–193
Utilisation of previously unrecognised tax losses	3 128	265
Tax losses for which no tax asset was recognised	–82	–7 413
Tax charge	2 195	414

12. Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by Biotie and held as treasury shares. Earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average.

	2013	2012
Net profit attributable to shareholders (1 000€)	6 275	–25 607
Average weighted number of outstanding shares (thousands)	446 214	399 555
Average weighted number of outstanding shares, diluted (thousands)	452 331	409 337
Earnings per share (basic) (€ per share)	0.01	–0.06
Earnings per share (diluted) (€ per share)	0.01	–0.06

Share options have a dilutive effect only when the fair value of the share is higher than the subscription price of the option and when their conversion to ordinary shares would increase loss per share from continuing operations. Dilutive effect is the number of shares that is issued without consideration, as the proceeds from the use of share options do not allow the company to issue an equal number of shares at fair value. The company has three kinds of diluted instruments augmenting the number of common shares: stock options, share units and convertible capital loans.

Instruments with a possible dilutive effect to earnings per share:

Adjustments	2013	2012
Convertible capital loans (thousands)	828	828
Share units (thousands)	4 599	4 599
Stock options (thousands)	14 401	9 355
Total	19 828	14 782

13. Intangible assets

A) INTANGIBLE ASSETS & GOODWILL

Financial year ending on 31 December 2012	In process R&D projects	Other intangible assets	Production licenses	Software	Goodwill	Intangible rights total
Book value on 1 January	74 611	0	568	27	5 549	80 755
Additions	0	0	0	12	0	12
Amortization	0	0	–38	–18	0	–56
Impairment	–3 400	0	0	0	0	–3 400
Translation differences	–677	0	0	0	–52	–729
Book value on 31 December	70 534	0	530	21	5 497	76 582
31 December 2012						
Acquisition cost	98 297	0	762	224	5 549	104 832
Accumulated depreciation and impairment	–27 763	0	–232	–203	0	–28 198
Translation differences	0	0	0	0	–52	–52
Book value	70 534	0	530	21	5 497	76 582

Financial year ending on 31 December 2013	In process R&D projects	Other intangible assets	Production licenses	Software	Goodwill	Intangible rights total
Book value on 1 January	70 534	0	530	21	5 497	76 582
Additions	0	457	0	49	0	506
Amortization	0	–17	–38	–22	0	–77
Impairment	0	0	0	0	0	0
Translation differences	–2 340	0	0	0	–182	–2 522
Book value on 31 December	68 194	440	492	48	5 315	74 489
31 December 2013						
Acquisition cost	98 297	457	762	274	5 549	105 339
Accumulated depreciation and impairment	–27 763	–17	–270	–226	0	–28 276
Translation differences	–2 340	0	0	0	–234	–2 574
Book value	68 194	440	492	48	5 315	74 489

In process R&D consists of the SYN115, SYN120 and SYN117 programs. Production license consists of acquired license on VAP1 antibody provided in 2006.

B) IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL

Intangible assets, especially in-process R&D, licenses pertaining to production and research projects, as well as intellectual property rights and goodwill, were tested for impairment. Where applicable, net present value (NPV) calculations of future discounted cash flows (DCF) were used as basis to assess whether intangible assets were subject to impairment.

In-process R&D projects and production licenses totaling EUR 70 534 thousand at 31 December 2013 were assessed for impairment losses through DCF models. The main factors affecting carrying values are pre-tax discount rate (17% for the programs analyzed), probability of success of clinical trials, time to commercialization, expected market penetration and expected development costs. Management projects cash flows for each program for 10 years after product launch, or until year 2023–2031 depending on program, no terminal value has been included. DCF models for SYN115, SYN120 and SYN117 concluded that the projects were not subject to impairment losses at 31 December 2013. Sensitivity analyses modulating revenue levels and the discount rate levels were performed to establish the sensitivity of each program to impairment losses and forecast revenue changes of 3% to 13% increases in the percentage discount rate of 1% to 5% might result in an impairment loss being recognised.

The group uses the value in use method for goodwill impairment testing. Biotie has one cash-generating unit. The goodwill balance of EUR 5 315 thousand was tested for impairment at 31 December 2013. The cash flow projected used aggregate DCF projections for all ongoing development projects. The aggregate DCF models concluded that there should be no goodwill impairment. A sensitivity analysis modulating the discount rate on the DCF was performed; the pre-tax discount rate would need to increase to more than 35% for goodwill to be impared. In addition, the number of ongoing projects was considered for sensitivity purposes; more than one project in the portfolio would need to terminate for goodwill losses to be impaired.

The following impairment loss was recorded in 2012 on intangible assets, no impairment losses in 2013.

	2013	2012
Ronomilast	0	3 400
Total	0	3 400

14. Property, plant and equipment

	Machinery and equipment
Financial year 2012	
Book value on 1 January	305
Additions	35
Depreciation	–84
Book value on 31 December	256
31 December 2012	
Acquisition cost	4 221
Accumulated depreciation	–3 965
Book value on 31 December	256
Financial year 2013	
Book value on 1 January	256
Additions	402
Depreciation	–31
Book value on 31 December	627
31 December 2013	
Acquisition cost	4 623
Accumulated depreciation	–3 996
Book value on 31 December	627

In 2013 no new finance leases were made. The table includes assets the group has leased through finance lease, comprising equipment used in research and development as follows:

	2013	2012
Acquisition cost – capitalized on the basis of finance lease	1 763	1 763
Accumulated depreciation	–1 592	–1 561
Book value	171	202

Finance lease agreements are made for 2 to 3 years. Monthly lease payment is a fixed sum. The finance leases include options for redemption, which corresponds approximately to the volume of one months lease payment.

15. Investment property

	2013	2012
Book value 1 January	846	1 377
Additions	11	88
Depreciation	–39	–140
Disposals	0	–478
At 31 December	817	846

The fair values of investment properties are measured using internationally accepted valuation procedures, such as taking comparable properties as a guide to current market prices or the discounted cash flow method. The carrying value of the investment property EUR 817 thousand is a reasonable approximation of its fair value.

16. Investments in associated companies and subsidiaries

Subsidiaries	Country	Share of ownership %
Biotie Therapies GmbH	Germany	100
Biotie Therapies International Ltd	Finland	100
Biotie Therapies AG	Switzerland	100
Biotie Therapies Inc	USA	100

Following the acquisition of Synosia Therapeutics, the company has an operative subsidiary, Biotie Therapies Inc, located in San Francisco, USA, and an operative subsidiary, Biotie Therapies AG, located in Basel, Switzerland.

17. Accounts receivables and other receivables

	2013	2012
Accounts receivable	102	2 305
VAT receivables	65	75
Income tax receivable	48	49
Other receivables	212	165
Prepaid expenses and accrued income	147	294
Total	575	2 888

Fair values of current accounts receivables and other receivables correspond to their carrying values, as the effect of discounting is not considered material due to short maturity and they therefore represent the maximum credit risk exposure for the company.

18. Financial assets at fair value through profit or loss

	2013	2012
Long term	0	0
Short term	33 457	20 294
Total	33 457	20 294

Financial assets at fair value through profit and loss, consisting mainly of investments to money market funds, are measured at their fair value based on quoted bid prices at the balance sheet date. Money market funds held in Europe must have a Morning Star rating of three stars or higher. Money market funds in the U.S. must be rated Aaa by Moody's or AAA by Standard & Poor's.

19. Cash and cash equivalents

	2013	2012
Bank accounts	10 221	5 553
Short term fixed deposits	0	8 000
Total	10 221	13 553

The represented amounts are the best approximation of the maximum credit risk linked to this position. There are no significant credit risk concentrations.

20. Equity and stock options

A) EQUITY

Biotie shares are all of the same class and have equal rights. Under Biotie Therapies' Articles of Association the company's share does not have a par value. The share capital of the company may be increased or reduced without amending the Articles of Association.

Reserve for invested unrestricted equity is credited with other equity inputs as well as that part of the subscription price of the shares that according to the explicit decision is not to be credited to the share capital.

Relating to the company's option programs, the company has signed a stock lending agreement with EVLI Bank. Pursuant to this program, the number of the company's own shares in its possession may vary.

31 December 2013 the share capital of Biotie was EUR 195 919 182.85, the total number of shares amounts to 452 710 738, and the number of votes outstanding is 446 213 948 (taking into consideration the treasury shares held by Biotie and its subsidiaries).

B) FINNISH OPTION PLANS

Biotie had two option plans in operation during the period. The plans were approved by Biotie general shareholders' meetings in 2008 and 2011 as part of the Company's incentive scheme. The stock options have a term up to 5 years from the grant date. The options are forfeited in case the employee leaves the Group before the options vest. In addition a part of the 2009 options include additional business related criteria decided by the Board of Directors in order for the options to vest. After the beginning of the share subscription period, the vested options may be freely transferred or exercised. No options were exercised by subscribing Biotie shares during the fiscal year. The total number of Biotie stock options outstanding 31 December 2013 was 7 401 000, of which the Company held 1 458 750. The dilution effect of the new shares potentially subscribed with all outstanding stock options the after share capital increase amounted to 1.6%, at maximum. The dilution effect of those options not in possession of the Company on 31 December 2013 amounted to a maximum of 1.3%.

Biotie has applied IFRS 2 to all grants after 7 November 2002 and that were unvested as of January 2005. The fair value of the options is determined at the grant date by using Black & Scholes valuation method and expensed over the vesting period.

Key characteristics and terms of Biotie option schemes are listed in the table below.

	OPTION PLAN 2009			OPTION PLAN 2011			
Option rights	**2009A**	**2009B**	**2009C**	**2011A**	**2011B**	**2011C**	**Total**
31 December 2013							
The General Meeting of Shareholders date							
Grant date	12.6.2009	12.6.2009	12.6.2009	20.6.2012	20.6.2012 25.2.2013	18.4.2013	
Maximum number of stock options	2 000 000	2 500 000	2 500 000	2 467 000	2 467 000	2 467 000	14 401 000
The number of shares subscribed by one option	1	1	1	1	1	1	
Initial exercise price*	0.40€	0.70€	1.00€	0.01€	0.01€	0.01€	
Premium	138%	241%	345%				
Dividend adjustment	Yes	Yes	Yes	No	No	No	
Exercise price 31 December 2013	0.40€	0.70€	1.00€	0.01€	0.01€	0.01€	
Beginning of exercise period, date (vesting)	1.1.2010	1.1.2011	1.1.2012	1.1.2014	1.1.2015	1.1.2016	
End of excercise period, date (expiration)	31.12.2013	31.12.2013	31.12.2013	28.2.2015	29.2.2016	28.2.2017	
Maximum life as of grant date	4.6	4.6	4.6	2.7	3.7	3.9	
Remaining contractual life 31 December 2013, years	0.0	0.0	0.0	1.2	2.2	3.2	
Number of persons 31 December 2013	No longer binding	No longer binding	No longer binding	18	20	15	
Vesting conditions	Service until beginning of the exercise period			Service until beginning of the exercise period			

* Subscription price for option rights 2009 is the weighted average price of Biotie Therapies share from 1 January 2009 to 31 March 2009 added with a premium.

Option plan	OPTION PLAN 2009 2009A	2009B	2009C	OPTION PLAN 2011 2011A	2011B	2011C	Total	Weighted average exercise price
Number of options at 1 January 2013								
Granted	1 950 000	1 950 000	2 100 000	2 119 250	2 178 000	0	10 297 250	0.42€
Returned	75 000	325 000	700 000	0	0	0	1 100 000	0.87€
Outstanding	1 875 000	1 625 000	1 400 000	2 119 250	2 178 000	0	9 197 250	0.36€
Non-distributed	125 000	875 000	1 100 000	347 750	289 000	0	2 736 750	0.65€
Exercisable	2 000 000	2 500 000	2 500 000	2 467 000	2 467 000	0	11 934 000	0.43€
Changes during the period								
Granted	0	0	0	0	200 000	2 467 000	2 667 000	0.01€
Forfeited	0	0	0	275 000	547 500	199 500	1 022 000	–
Weighted average price of share during the exercise period	0.00€	0.00€	0.00€	0.00€	0.00€			
Expired	2 000 000	2 500 000	2 500 000	0	0		7 000 000	–
Number of options at 31 December 2013								
Granted	0	0	0	2 119 250	2 378 000	2 467 000	6 964 250	0.01€
Returned	0	0	0	275 000	547 500	199 500	1 022 000	0.01€
Outstanding	0	0	0	1 844 250	1 830 500	2 267 500	5 942 250	0.01€
Non-distributed	0	0	0	622 750	636 500	199 500	1 458 750	0.01€

A Total of 2 667 000 new 2011B and 2011C stock options were granted during the period. All options were valued to their fair value determined at grant date and recognised to personnel expenses during the vesting period. Stock options 2011 A, 2011B and 2011C were still unvested during the period and their effect on the Company's earnings was EUR 230 074. The fair value of stock options have been determined by using Black–Scholes valuation model. The most significant inputs used to estimate the fair value of the stock options expensed during the period are presented on the table below.

Determination of fair value	Granted 2013	
Option plan	2011B	2011C
Share price at grant date	0.42€	0.34€
Subscription price	0.01€	0.01€
Volatility*	45.00%	45.00%
Maturity, years	3.01	3.87
Interest rate	0.37%	0.30%
Expected dividends	0	0
Valuation model	BS (Black–Scholes)	BS (Black–Scholes)
Option fair value	0.41€	0.37€
Effect on earnings 2013, 1 000€	38	192

* Expected volatility was determined by calculating the historical volatility of the Company's share using monthly observations over corresponding maturity.

C) SWISS OPTION PLAN

The Swiss company Biotie Therapies AG (formerly Biotie Therapies Holding AG and Synosia Therapeutics Holding AG) acquired by Biotie on 1 February 2011 also has a stock option plan, based on which stock options have been granted to employees, directors and consultants. Biotie Therapies Holding AG adopted the 2008 Stock Option Incentive Plan in June 2008. The 2008 Stock Option Incentive Plan replaced the 2006 Equity Incentive Plan adopted by Biotie Therapies, Inc. (formerly Synosia Therapeutics, Inc.) in June 2006. The Biotie Therapies AG Board of Directors determined the pricing, vesting schedule, exercisability and contractual term of each option. Vesting of the options is primarily related to continued service to the company or affliates. The maximum contractual term of each option is ten years. The plan has been closed to new grants effective with the aquisition of Biotie Therapies Holding AG on 1 February 2011. In connection with the completion of the acquisition of Synosia, the option plan was amended so that instead of shares in former Synosia Therapeutics Holding AG, an aggregate maximum of 14 912 155 shares in Biotie Therapies Corp. may be subscribed based on the plan. Biotie Therapies Corp. issued these 14 912 155 shares to its current subsidiary Biotie Therapies Holding AG in connection with the acquisition to be further conveyed to the option holders when they potentially exercise their option rights in accordance with the terms and conditions of the option rights. The last day for share subscriptions based on the option rights in the Swiss option plan is 7 December 2020.

The subscription prices for the shares are as follows:

Swiss Option Plan Effective Date	18 June 2008
Grant date range	18 June 2008 – 7 December 2010
Maximum number of stock options	14 912 155
The number of shares subscribed by one option	1
Initial exercise price range	0.07–0.35€
Dividend adjustment	No
Exercise price range 31 December 2012	0.07–0.37€
Beginning of exercise period, date (vesting)	18 June 2008
End of excercise period, date (expiration)	7 December 2020
Maximum life as of grant date	10.0
Remaining contractual life range 31 December 2012, years	3.0–7.0
Number of persons 31 December 2012	20

Transactions during the period 2013 – Swiss Option Plan		Weighted average exercise price, €
Number of options at 1 January 2013		
Granted	14 912 155	
Returned	335 157	0.24
Invalidated	19 807	0.24
Exercised	6 300 378	0.17
Outstanding	8 256 813	0.24
Exercisable	6 953 516	0.21
Changes during the period		
Granted		
Returned	380 065	0.28
Invalidated	473 181	0.37
Exercised	2 114 987	0.18
Weighted average price of share during the exercise period	0.35€	
Number of options at 31 December 2013		
Granted	14 912 155	
Returned	715 222	0.26
Invalidated	492 988	0.36
Exercised	8 415 365	0.17
Outstanding	5 288 580	0.28
Exercisable	4 811 888	0.28

Pricing for Shares Outstanding on 31 December 2013

Equivalent Biotie Therapies Holding Corp. subscription price	Equivalent Biotie Therapies Corp. option rights
0.07€	465 083
0.08€	1 081 638
0.17€	684 692
0.22€	29 094
0.23€	69 337
0.25€	134 592
0.28€	236 097
0.31€	733 751
0.37€	1 854 296

Determination of fair value
A portion of stock options within the Swiss plan were still unvested during the period. Total effect of stock option plan on the company's 2013 earnings was expense of EUR 129 thousand. The fair value of stock options has been determined by using Black–Scholes valuation model. The most significant inputs used to estimate the fair value of the stock options expensed during the period are presented on the table below.

Swiss Option Plan	
Share price at Synosia acquisition date	0.60€
Subscription price	0.07–0.35€
Volatility*	50.00%
Maturity, years	5.74
Risk free interest rate	2.0%
Expected dividends	0
Valuation model*	Black–Scholes
Option fair value range	0.36–0.53€
Effect on earnings 2013, 1 000€	129

* Expected volatility was determined by calculating the historical volatility of the Company's share using monthly observations over corresponding maturity.

D) U.S. 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 equity incentive plan includes three consecutive discretionary periods, calendar years 2011 (2011A), 2012 (2011B) and 2013 (2011C). Each discretionary period is followed by an approximately two year vesting period, ending on 5 January 2014, on 5 January 2015 and on 5 January 2016, after which Company's shares will be delivered to employees on the basis of the granted share units. Should an employee's employment or service in a Group Company end before the end of a vesting period, the corresponding share units will gratuitously be forfeited.

According to the terms and conditions for the equity incentive plan, fifty (50) per cent of the maximum number of share units will be granted to the Group employees subject to the fulfillment of targets as determined for each discretionary period by the Board of Directors, and the other fifty (50) per cent of the share units will be granted without reference to the strategic and operational targets.

Key characteristics and terms of Biotie U.S. Equity Incentive Plan are listed in the table below:

	2011A	2011B	2011C
Grant date	2 April 2012	2 April 2012	2 January 2013
Maximum number of restricted share units	1 558 660	2 170 000	2 270 000
The number of shares subscribed by one restricted share unit	1	1	1
Exercise price	0€	0€	0€
Dividend adjustment	No	No	No
Vesting date	5 January 2014	5 January 2015	5 January 2016
Beginning of delivery of shares	6 January 2014	6 January 2015	6 January 2016
End of delivery of shares	28 February 2014	28 February 2015	29 February 2016
Maximum life as of grant date	1.9	2.9	2.9
Remaining contractual life 31 December 2013, years	0.2	1.2	2.2
Number of persons 31 December 2013	14	16	19
Vesting conditions	Service and performance through vesting period		

	2011A	2011B	2011C	Total
Number of restricted share units at 1 January 2013				
Granted	1 558 660	2 020 000	–	3 578 660
Returned	43 750	–	–	43 750
Invalidated	–	406 000	–	406 000
Outstanding	1 514 910	1 614 000	–	3 128 910
Changes during the period				
Granted	–	150 000	2 270 000	2 420 000
Returned	37 500	37 500	500 000	575 000
Invalidated	–	–	287 500	287 500
Number of restricted share units at 31 December 2013				
Granted	1 558 660	2 170 000	2 270 000	5 998 660
Returned	81 250	37 500	500 000	618 750
Invalidated	–	406 000	287 500	693 500
Outstanding	1 477 410	1 726 500	1 482 500	4 686 410

Determination of fair value
All resticted share units granted under the U.S. Equity Incentive Plan were unvested at 31 December 2013. The total effect of the U.S. Equity Incentive Plan on the company's 2013 earnings was expense of EUR 708 thousand. The fair value of restricted share units is determined as the closing share price on the grant date. The fair value of the 2011A and 2011B grants is EUR 0.47 per share. The fair value price for the 2011C grants is EUR 0.41 per share.

21. Provisions

In other provisions, the maximum repayment obligation of EUR 566 thousand arising from capital investment subsidies ("Investitionszulage") as recognized a current provision since the company might potentially be in violation of the granting conditions which were linked to certain employment levels in the German subsidiary. The provision was reversed at 31 December 2012.

22. Non-current financial liabilities

	2013	2012
Non-convertible capital loans from Tekes	16 318	17 406
Long-term R&D loans from Tekes	2 690	4 404
Convertible capital loans	1 682	1 682
Total	20 690	23 492

The value of debts on the balance sheet is considered to reflect their fair value, because the discount rate used is considered as remaining unchanged after the loans have been granted.

Capital loans and R&D loans are due as follows	2013	2012
Under 1 year	18 000	19 088
1–5 years	2 152	3 476
Over 5 years	538	928
Total	20 690	23 492

EUR 18 000 thousand of the capital loans are due for repayment in less than one year. Nonetheless, the repayment of capital loans and accrued interest is governed by a restrictive condition, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the non-convertible capital loans shall be paid only if the parent company and the group has sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution. All capital loans are therefore classified as long-term debt.

A) NON-CONVERTIBLE CAPITAL LOANS FROM TEKES

The Finnish Funding Agency for Technology and Innovation (TEKES) has granted a total of 18 non-convertible capital loans to the company, comprising an aggregate amount of EUR 19 663 thousand. The total amount has been drawn down by the Company by the end of the year 2008. The total loan periods are set from 8 to 10 years from draw down. The interest rate for these loans is the base rate set by the Ministry of Finance minus 1%, however, at least 3%. Repayment of these loans shall be initiated after 4 or 5 years, thereafter loan principals shall be paid back in equal installments over the remaining loan period. In 2011 Tekes forgave two of the capital loans and in 2013 they also forgave two of the capital loans and the company has now a total of 14 non-convertible capital loans, comprising an aggregate amount of EUR 16 318 thousand. The repayment of capital loans and accrued interest is governed by a restrictive condition, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the non-convertible capital loans shall be paid only if the parent company and the group has sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution. No interest payments on capital loans were made so far but are instead recorded as expenses in the financial statement and as increase of other non-current liabilities in the balance sheet. The accumulated interest on non-convertible capital loans amounts to EUR 5 545 thousand.

B) CONVERTIBLE CAPITAL LOANS

The company has received convertible capital loans in the aggregate amount of EUR 1 682 thousand. The original subscription period for a total of up to 828 000 shares of the company began on 1 June 2000, and ended on 31 December 2005. The interest rate is 10% pa. The repayment of capital loans and its interest is governed by a restrictive condition, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the convertible capital loans shall be paid only if the parent company and the group has sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution. Accumulated interest on convertible capital loans amount to EUR 3 211 thousand and are recorded in other non-current liabilities in the balance sheet. The convertible capital loans can also be converted into shares of the company under the terms of the agreement.

C) R&D LOANS

At the end of the financial year, Biotie had EUR 2 690 thousand of R&D loans granted by Tekes. R&D loans are granted to a defined product development project and cover a contractually defined portion of the projects' R&D expenses. The interest rate for these loans is the base rate set by the Ministry of Finance minus three (3) percentage points, however, at least 1%. Repayment of these loans shall be initiated after 5 years, thereafter loan principals shall be paid back in equal installments within 5 years. More information on repayment schedule is provided in the note 33 Financial risk management.

23. Pension benefit obligations

Pension benefit obligations are recognized for certain employees in Biotie Therapies GmbH. The calculations are based on the Heubeck Mortality Charts RT 2005G. Pension obligations are recognized as expenses and are assigned to research and development or to SG&A costs, as applicable.

A) PRINCIPAL ACTUARIAL ASSUMPTIONS FOR CALCULATION OF PENSION BENEFIT OBLIGATIONS

	2013	2012
Discount rate	3.5%	3.5%
Future salary increases	1.1%	1.1%
Future pension increases	2.0%	2.0%
Rate of fluctuation of employees	2.0%	2.0%

B) LIABILITIES IN THE BALANCE SHEET

	2013	2012
Present value of unfunded pension obligations; equal to net liability in the balance sheet	569	573

C) PERSONNEL EXPENSES RECOGNIZED IN THE INCOME STATEMENT FROM DEFINED BENEFIT OBLIGATIONS

	2013	2012
Current service cost	0	0
Interest on obligation	20	24
Net actuarial gains / (losses) recognized	−2	114
Pension payments	−23	−15
Total pension expenses	−4	122

D) CHANGES IN THE PRESENT VALUE OF THE DEFINED PENSION OBLIGATION

	2013	2012
Opening defined pension obligation	573	451
Service cost	0	0
Interest cost	20	24
Actuarial losses / (gains)	−2	114
Benefits paid	−23	−15
Closing defined pension obligation	569	573

24. Other non-current liabilities

	2013	2012
Interest debts	8 780	8 469
Deferred rent	18	19
Total	8 798	8 489

Interest debts include mainly unpaid interest debts from capital loans. Interest on the non-convertible capital loans shall be paid only if the parent company and the group has sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The carrying values of other non-current liabilities are reasonable approximations of their fair values.

25. Non-current deferred revenues

The signing fees on licensing agreements are recorded as revenue during the entire duration of the contract. The duration is revaluated annually.

	2013	2012
Deferred revenues from upfront payments of license agreements	2 972	2 000

26. Deferred taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

Deferred tax assets 2012	1.1.	Charged/credited to the income statement	Currency translation differences	31.12.
Pension benefit obligations	132	–132	0	0
Other	4 404	36	–85	4 355
Tax loss carry-forwards	16 935	–519	–228	16 188
Total deferred tax assets	21 471	–615	–313	20 543
Deferred tax liabilities 2012				
Intangible assets	24 088	–1 014	–293	22 781
Pension benefit obligations	2	–2	0	0
Total deferred tax liabilities	24 090	–1 016	–293	22 781
Net tax assets	–2 619	401	–20	–2 238

Deferred tax assets 2013	1.1.	Charged/credited to the income statement	Currency translation differences	31.12.
Other	4 355	–4 221	–134	0
Tax loss carry-forwards	16 188	6 416	–501	22 103
Total deferred tax assets	20 543	2 195	–635	22 103
Deferred tax liabilities 2012				
Intangible assets	22 781	0	–678	22 103
Total deferred tax liabilities	22 781	0	–678	22 103
Net tax assets	–2 238	2 195	43	0

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit is probable. Due to uncertainty in realisability the group did not recognize deferred income tax assets of EUR 28 474 thousand (2012: EUR 35 562 thousand) in respect of losses amounting to EUR 100 176 thousand (2012: EUR 130 094 thousand) that can be carried forward against future taxable income. Losses of the parent company expire in 2014–2023, losses of the U.S. subsidiary begin to expire between 2018–2027 and losses of the German subsidiary do not expire. The group did not recognize deferred tax asset resulting to temporary differences of EUR 10 974 thousand (2012: EUR 7 883 thousand) in respect of costs deducted in bookkeeping but not in taxation amounting to EUR 42 324 thousand (2012: EUR 30 920 thousand).

27. Current deferred revenues

	2013	2012
Deferred revenues from upfront payments of license agreements	743	0

28. Accounts payable and other current liabilities

	2013	2012
Accounts payable	399	736
Debts related to payroll, social security costs and to other tax-like charges	663	455
Accrued expenses and prepaid income	4 798	1 414
Total	5 860	2 605

Fair values of accounts payables and other current liabilities correspond to their carrying values.

29. Adjustment of cash flow from operating activities

Adjustments	2013	2012
Non-cash transactions		
Deferred revenue	–49	1 634
Depreciation	184	202
Options granted	1 748	1 683
Disposal of fixed assets	0	478
Impairment	0	3 400
Other adjustments	26	–570
Adjustment of cash flow from operating activities	1 908	6 827

30. Financial risk management

A) PRINCIPLES AND PROCESSES OF FINANCIAL RISK MANAGEMENT
The operations of the company and its subsidiaries expose them to several financial risks caused by, for example, the following factors: changes to market prices in debt and capital markets, fluctuation of exchange rates and interest rates. Biotie's risk management principles focus on the unpredictability of the financial markets and aims at minimizing any undesired impacts on the group's financial result. The Board of Directors defines the general risk management principles and approves operational guidelines concerning specific areas including but not limited to foreign exchange risk, interest rate risk, credit risk, use of derivatives and investment of the group's liquid assets.

B) MARKET RISK
(1) Foreign exchange risk
The group operates internationally and is exposed to foreign exchange risks between several currencies and the Euro, in which the group reports its financial statements. Exposure to the US dollar is the most important, but there is also certain exposure to the Pound Sterling and to the Swiss Franc. Management follows considerable foreign currency positions regularly. Significant net positions in foreign currency may be hedged by foreign exchange forward contracts if needed. In 2013 no such contracts were in place. As of 31 December 2013 the group had cash and cash equivalents of EUR 5 135 thousand in US dollar, EUR 318 thousand in Swiss Franc, EUR 84 thousand in Pound Sterling and money market funds of EUR 14 101 thousand in US dollar.

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. The foreign operations currencies are Swiss Franc and US dollar, and the Group has a US dollar nominated intercompany loan in the amount of EUR 30 671 thousand.

Accounts payables of the group by currency	2013	2012
EUR	196	576
USD	201	155
CHF	2	0
GBP	0	6
Accounts payable total	399	736

Accounts receivables of the group by currency	2013	2012
EUR	16	107
USD	86	2 198
Accounts receivable total	102	2 305

As of 31 December 2013 the group also has accounts payables EUR 399 thousand, other current liabilities EUR 5 462 thousand and outstanding contractual payment obligations EUR 2 713 thousand (see note 31).

(2) Interest rate risk
Biotie's loans from Tekes are mainly tied to the base rate defined by the Finnish Ministry of Finance. Management follows the interest rate positions regularly and may use interest rate derivates if necessary. Considerable interest rate fluctuations affecting the company or its subsidiaries will be reported to the Board of Directors.

(3) Sensitivity analysis
Due to the nature of its operations the group is exposed to risks delineated above. The following sensitivity analysis table describes the impact that exchange rate and interest rate changes have to group's income statement. Changes do not impact other comprehensive income or equity. The financial instruments that are sensitive to these risks are: cash and cash equivalents, accounts receivable, financial liabilities as well as accounts payable.

The following assumptions were made when calculating the sensitivity to changes in EUR/USD, EUR/CHF and EUR/GBP exchange rate:
– the variation EUR/USD, EUR/CHF and EUR/GBP is assumed to be +/–10%,
– the position includes cash and cash equivalents and receivables in USD as well as liabilities i.e. accounts receivable, accounts payable and currency bank accounts

The following assumptions were applied when calculating the sensitivity to changes in interest rate:
– the variation of interest rate is assumed to be +/– 1%,
– position includes financial liabilities with floating interest rate

Sensitivity to market risks arising from financial instruments	2013	2012
10% change in EUR/USD exchange rate	1 402 / –1 714	642 / –785
10% change in EUR/CHF exchange rate	23 / –28	19 / –24
10% change in EUR/GBP exchange rate	7 / –9	2 / –3
+1% change in base rate	–190	–218
–1% change in base rate	0	0

C) CAPITAL RISK MANAGEMENT AND LIQUIDITY RISKS

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern. Capital is the equity and capital loans reported in the group's consolidated balance sheet.

Significant financial resources are required to advance the drug development programs into commercialised pharmaceutical products. The group relies on its ability to fund the operations of the group through three major sources of financing. Entering into commercialisation, 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. Activities in the area of business development are targeted at securing such agreements. These activities are integral part of the duties of the management and are monitored by the Board of Directors, which ultimately decides on entering into such agreements.

In addition, the group 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 the group at substantial levels. Biotie and its subsidiaries strictly comply with all rules and legal obligations pertaining to these funding programs and are in regular contact with the funding agencies providing these. Availability of such funds in the future cannot be guaranteed and thus this poses a potential risk to the income situation of the group in the future.

In addition to the sources of funding described above, funding of the group's operations is largely based on equity financing through its parent company Biotie. 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 EUR 30.0 million from a share issue to fund its operations in the mid-term future, there can be no assurance that the company can secure equity financing in the future if and when it needs to do so. The current financial market situation and the repercussions to the overall investor's sentiment pose a severe risk of not being able to secure additional financing in the future. To manage this risk, Biotie has secured an option to rise up to EUR 20 million through an equity facility with a reputable US investor group until November 2015. In addition, management is in constant dialogue with financial investors, investment banks and other market participants.

There can be no assurance that sufficient financing can be secured in order to permit the company and its subsidiaries to carry out its planned activities. To protect the continuity of the group's operations, sufficient liquidity and capital has to be maintained. The group aims to have 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. The restructuring measures implemented in Q4 2010 highlight such an approach. Management monitors liquidity on the basis of the amount of funds. These are reported to the Board on a monthly basis.

Biotie's Board of Directors approves the operational plans and budget. The Board follows up the implementation of these plans and the financial status of the group on a monthly basis.

The group had low risk securities (money market funds), fixed period deposits and bank accounts as follows	2013	2012
Money market funds*	33 457	20 294
Bank deposits	10 221	13 553
Total	43 678	33 847

* Level 2 in fair value hierarchy: Financial assets and liabilities at other than quoted prices included within level 1, but based on market information data that is observable for the asset or liability, either directly as prices or indirectly derived from prices.

As of 31 December 2013 the contractual maturity of loans and interests was as follows:

	2014	2015	2016	2017–	Total
Capital loans*					
Repayment of loans	18 000	0	0	0	18 000
Interest expenses	8 780	0	0	0	8 780
R&D loans					
Repayment of loans	0	490	538	1662	2 690
Interest expenses	27	22	16	16	81
	26 807	512	554	1 678	29 551

As of 31 December 2013 the group also has accounts payables EUR 399 thousand, other current liabilities EUR 5 462 thousand and outstanding contractual payment obligations EUR 2 713 thousand (see note 31).

As of 31 December 2012 the contractual maturity of loans and interests was as follows:

	2013	2014	2015	2016–	Total
Capital loans*					
Repayment of loans	19 088	0	0	0	19 088
Interest expenses	8 293	0	0	0	8 293
R&D loans					
Repayment of loans	0	833	881	2690	4 404
Interest expenses	44	36	27	27	134
	27 425	869	908	2 717	31 919

* See note 22

D) CREDIT RISK

Trade receivables as well as deposit and security receivables from the banks expose the group to credit risk. Biotie and its subsidiaries preferentially work with partners with good credit ratings. Management monitors the sufficiency of the liquid assets and exposure to credit risk regularly. Biotie and its subsidiaries currently derive a significant proportion of their collaborative income from a small group of partners. This risk of concentration of creditors is partly mitigated by the fact that the group's collaboration partners are typically large and internationally reputable pharmaceutical companies which are financially solid. These collaborations are governed by contractual relationships that typically address and describe remedies for situations in which interests of Biotie and the partner are not longer in line. In addition, the group aims to collaborate on different development programs with as many partners as possible in order to spread the risk of creditor concentration. The company's revenues and accounts receivable are subject to credit risk as a result of customer concentrations. Furthermore, such grant revenue is recognized, based on management's reasonable assessment that the conditions of the grant are met and that the grants will be received.

Analysis of trade receivables by age at closing date	2013	2012
Undue receivables	102	2 305
Receivables overdue 1–30 days	0	0
Total	102	2 305

Banks used by the group for its deposits are among Europe's most reputable financial institutions. The group invests liquid assets in low risk securities and interest bearing bank accounts.

31. Contingent liabilities

	2013	2012
Operating lease commitments		
Due within a year	132	122
Due later	129	109
Total operating lease commitments	261	231
Rent commitments		
Due within a year	566	194
Due later	2 255	0
Total rent commitments	2 821	194

The group leases motor vehicles, machines and equipment with leases of 3 to 5 years. The operating leases do not include options for redemption or for extension.

The group has received significant subsidies for several research projects. In addition, the group has also received capital investment subsidies. All these subsidies are subject to various terms and conditions. If these conditions are consistently not met by the company, future repayment obligations could arise. The amount and timing of potential repayments can presently not be estimated. Currently, the company has no indication that any claims by the granting authorities will be made.

According to the Finnish Act on the Right to Employees' Inventions and to the German employee inventor's law ("Arbeitnehmererfindergesetz"), group employees are eligible to receive compensation derived from future income related to intellectual property invented partly or in total by these employees. This could amount up to a maximum of 2.5% of the income generated by the respective invention.

On 31 December 2013 Biotie had outstanding contractual payment obligations (contracted commitments), primarily for contract research work services related to ongoing clinical development programs, totalling EUR 2 713 thousand (on 31 December 2012: EUR 2 376 thousand).

32. Transactions with related parties

A) MANAGEMENT BENEFITS

	2013	2012
Salaries and other short-term employee benefits	1 425	2 040
Share-based payments (share of management in the option expenses)	582	645
Total	2 006	2 684

Biotie group has a management team consisting of Timo Veromaa (President and CEO), David Cook (interim Chief Financial Officer) and Stephen Bandak (Chief Medical Officer).

B) STOCK OPTIONS AWARDED TO MANAGEMENT
Management was awarded 1 400 000 options and 350 000 RSUs during 2013 (1 987 250 options and 650 000 RSUs during 2012). At the end of the fiscal year, the number of outstanding options granted to management amounted to 6 490 613 (at the end of year 2012: 8 613 250) and 940 000 RSUs (650 000 at the end of year 2012).

Compensation to the Managing Director	2013	2012
Salary and other short-term employee benefits	570	551
Share-based payments	314	113
Total	884	664

The Managing Director contract may be terminated by the company with a six month notice period and by the Managing Director with a three month notice period. If the company terminates the contract with the Managing Director, the Managing Director is, in addition to his salary during the notice period, entitled to a severance pay corresponding to 12 months of salary.

C) BOARD OF DIRECTORS

Annual compensation paid to the members of the Board of Directors	2013	2012
Peter Fellner	48	48
Merja Karhapää	36	36
Bernd Kastler	36	36
Guido Magni	36	36
Ismail Kola	36	36
William M. Burns	36	36
James S. Shannon*	0	12
Bradley J. Bolzon**	0	9
Andrew J. Schwab**	0	9
Piet Serrure**	0	9
Total	228	267

* Board member until 2 May 2012
** Board member until 29 March 2012

33. Events after the reporting date

After the reporting period on 3 January 2014 Biotie announced that pursuant to the authorization of the Annual General Meeting of Shareholders held on 4 April 2013, the Board of Directors of Biotie Therapies Corp. resolved to issue 3 321 660 shares (Treasury Shares) to the Company itself without consideration in accordance with Chapter 9 Section 20 of the Finnish Companies Act (624/2006, as amended). The shares were Treasury Shares issued for the purposes of being conveyed to employees entitled to them pursuant to the terms and conditions of the 2011 equity Plans. The shares are of the same class as the existing shares in the Company. The new shares issued were registered with the Trade Register on 8 January 2014 and the Treasury Shares were entered into the book-entry system maintained by Euroclear Finland Ltd.; they and couldan be traded together with the Company's current series of shares on the stock exchange list of NASDAQ OMX Helsinki Ltd from on 9 January 2014.

After the reporting period on 3 January 2014, Biotie announced that the Board of Directors of Biotie had approved two new share-based incentive plans for the Group employees for awards to be made in the period 2014 to 2016 to follow-on from the current incentive plans under which awards have been made in the period 2011 to 2013; the Stock Option Plan 2014 for its European employees and the Equity Incentive Plan 2014 for its US employees (together the 2014 Plans). The 2014 Plans are intended to form part of the remuneration, incentive and commitment program for the employees and to support the hiring of new employees as the Group increases the number of its employees to ensure that the currently planned clinical trials are conducted effectively and efficiently. The incentives support the attainment of the targets established by the Group and the implementation of the Group's strategy, as well as the Group's long-term productivity. The Plans also reflect the competitive environment in which the Group operates, particularly in the United States of America, and are an important tool in enabling the Group to attract and retain the right quality employees.

After the reporting period on 28 January 2014 and 28 February 2014, Biotie announced that the Company has conveyed Biotie shares held as treasury shares and that were issued on 2 January 2014 pursuant to the Stock Option Plan 2011 (232 500 shares conveyed) and the Equity Incentive Plan 2011 (106 250 shares conveyed). As a result of the conveyances, the total number of votes attached to Biotie's shares increased to 338 750 votes and the total number of the Company's shares held by the Company or its fully owned subsidiary is 9 479 700 shares. The conveyance does not affect the number of registered shares (total of 456 032 398 shares).

After the reporting period on 28 February 2014, Biotie announced that it will progress SYN120 internally to the next stage of development. Preparations for a Phase 2 study in Alzheimer's disease have started, with the study expected to begin recruitment by the end of 2014. Also, the Company announced that it has concluded that its timely access to market for NRL-1 is not guaranteed and that Biotie will not exercise the option to acquire Neurelis in H1 2014 as initially expected. Biotie will not make any further significant investment into this opportunity until further notice.

Key figures of consolidated financial statements

Incl. both continuing and discontinued operations

1 000€ Consolidated company 1 January –31 December	IFRS 2013 12 months	IFRS 2012 12 months	IFRS 2011 12 months
Business development			
Revenue	27 712	4 831	1 007
Personnel on average	35	38	39
Personnel at the end of the period	37	37	39
Research and development costs	17 360	24 229	35 315
Capital expenditure	954	113	65
Profitability			
Operating profit (loss)	1 928	–25 216	–41 510
as percentage of revenue, %	7.0	–522.0	–4 122.1
Profit (loss) before taxes	4 080	–26 020	–39 482
as percentage of revenue, %	14.7	–538.6	–3 920.8
Balance sheet			
Liquid assets	43 678	33 847	33 938
Shareholders' equity	80 797	75 032	73 337
Balance sheet total	120 428	114 429	118 236
Financial ratios			
Return on equity, %	5.2	–35.1	–179.7
Return on capital employed, %	5.4	–26.1	–82.8
Equity ratio, %	69.2	66.7	62.0
Gearing, %	–28.5	–13.8	–14.1
Per share data			
Earnings per share (EPS), €	0.01	–0.06	–0.09
Earnings per share (EPS) diluted, €	0.01	–0.06	–0.09
Shareholders' equity per share, €	0.18	0.19	0.19
Dividend per share, €	–	–	–
Payout ratio, %	–	–	–
Effecting dividend yield, %	–	–	–
P/E ratio	–	–	–
Per share data			
Lowest share price	0.26	0.32	0.34
Highest share price	0.46	0.55	0.82
Average share price	0.35	0.45	0.58
31 December share price	0.28	0.41	0.50
Market capitalization, Meur	126.8	185.6	193.8
Trade of shares			
Number of shares traded	157 920 531	83 333 092	243 335 806
as percentage of all shares, %	34.9	18.4	62.8
Number of shares during the period	452 710 738	408 166 908	365 219 028
Number of shares at the end of the period	452 710 738	452 710 738	387 594 457
Number of shares during the period, fully diluted	458 827 318	417 948 424	368 000 705
Number of shares at the end of the period, fully diluted	458 827 318	462 492 254	390 376 134

Formulas for the calculation of the key figures

Return on equity, %

$$\frac{\text{Profit (loss) before taxes}}{\text{Shareholders equity}} \times 100$$

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)

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

Shareholders' equity per share

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

PARENT COMPANY FINANCIAL STATEMENTS (FAS)

Parent company income statement

1 000€	Note	2013	2012
Revenue	2	4 485	394
Gross profit		4 485	394
Research and development expenses		–1 864	–6 731
General and administrative expenses		–5 230	–3 960
Other operating income	6	29	123
Operating profit (loss)		–2 580	–10 174
Financial income and expenses	7	2 501	–2 696
Profit (loss) before extraordinary items, appropriations and taxes		–79	–12 870
Taxes		0	0
Net income (loss)		–79	–12 870

Parent company balance sheet

1 000€	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	8	474	19
Tangible assets	8	162	11
Investments	9	54 162	54 162
Non-current receivables	11	47	0
Receivables from group companies	10	30 645	30 935
		85 490	85 127
Current assets			
Current receivables	12	260	208
Receivables from group companies	10	330	400
Securities	13	19 000	16 000
Cash in hand and at banks	13	4 649	11 771
		24 239	28 379
Total assets		109 729	113 506
EQUITY AND LIABILITIES			
Shareholders' equity	14		
Share capital		195 919	195 919
Share issue		0	0
Reserve for invested unrestricted equity		1 180	1 180
Retained earnings		–109 600	–96 730
Net income (loss)		–79	–12 870
		87 419	87 499
Liabilities			
Non-current liabilities			
Capital loans	16	18 000	19 088
Other long-term liabilities	16	2 866	4 580
		20 866	23 668
Current liabilities			
Accounts payable and other current liabilities	18	1 297	1 754
Liabilities from group companies	19	147	586
		1 444	2 340
Subtotal liabilities		22 310	26 008
Equity and liabilities total		109 729	113 506

Parent company cash flow statement

1 000€	Note	2013	2012
Cash flow from operating activities			
Operating profit		–2 580	–10 174
Depreciation	5	47	12
Change in working capital		1 044	–2 693
Financial income and expenses	7	–16	–20
		–3 592	–12 874
Cash flow from investing activities			
Change in investments at fair value through profit and loss		–3 000	–16 000
Change in investments held to maturity		0	16 000
Interests from invesments held to maturity		0	344
Capital expenditure		–530	0
Investments in shares		0	0
		–3 530	344
Cash flow before financing activities		–7 122	–12 531
Cash flow from financing activities			
Share issue		0	30 000
Costs from share issue		0	–1 160
SEDA		0	–200
Loans for subsidiaries		0	–8 421
		0	20 219
Increase (+) or decrease (–) in cash and cash equivalents		–7 122	7 688
Cash and cash equivalents at the beginning of the period		11 771	4 082
Cash and cash equivalents at the end of the period		4 649	11 771

Notes to the parent company financial statements

All figures in the notes to the financial statements have been rounded to thousand Euros, unless otherwise stated which may result in immaterial rounding differences.

1. Accounting principles

Biotie Therapies Corporation's financial statements have been prepared in accordance with Finnish legislation (Finnish Accounting Standards, FAS), which in all material respects is based on the provisions of EU Directives 4 and 7 concerning treaty of companies' annual and consolidated accounts.

A) RESEARCH AND DEVELOPMENT EXPENSES
Research and development costs are charged as expenses during the year in which they occur.

B) FIXED ASSETS
Fixed assets have been recorded in the balance sheet at their direct acquisition cost, and depreciated according to plan. Depreciation is based on estimated useful life of various assets as follows:

Assets	Useful life in years	Depreciation method
Machinery and equipment	4	Straight-line depreciation
Software	4	Straight-line depreciation
Patents	10	Straight-line depreciation
Merger goodwill	3	Straight-line depreciation

Software and equipment used exclusively for R&D purposes is fully depreciated during the year they are acquired in accordance with the Act on Taxation of Business Income.

C) LEASING
Leasing payments are charged to rental expense. The company has financed new R&D equipment with financial leasing. Leasing commitments are disclosed in the notes to the financial statements.

D) MANDATORY PROVISIONS
Mandatory provisions in the balance sheet are defined as commitments related to the current or prior fiscal years which on the balance sheet are certain or likely to materialize, but with regard to which there is uncertainty as to the amount or the timing of the obligation. The estimated provisions are based on information available on the balance sheet date.

E) PENSION EXPENSES
A pension plan to the benefit of the company's employees has been arranged with an external insurance company. Pension costs are included in personnel expenses.

F) FOREIGN CURRENCY
Receivables and liabilities in foreign currencies have been valued to Euro at the average rate quoted by the European Central Bank at the balance sheet date.

G) REVENUE RECOGNITION
Revenue of the company consists of upfront, royalty and milestone payments agreed in collaboration agreements. The revenues are mainly recognized directly as income. However; part of received upfront payments are recognized against costs occurred.

H) CAPITAL LOANS
Capital loans are reported in long-term liabilities according to the Companies Act of 2006.

2. Revenue

	2013	2012
Internal sales	330	394
Lundbeck license agreement	4 155	0
Total	4 485	394

3. Personnel expenses

	2013	2012
Wages and salaries	–2 145	–2 436
Pension expenses	–281	–367
Other personnel expenses	–131	–131
Total	–2 557	–2 934
Salary to Managing Director and remuneration of board members (see note 16)	–798	–818
Average number of personnel employed throughout the year	13	18
Personnel at the end of period	14	17

4. Auditors' fees

	2013	2012
Statutory audit	–32	–58
Audit related services	0	–105
Tax services	0	–1
Other services	–3	–3
Total	–35	–167

5. Depreciation

	2013	2012
Intangible assets	–36	–6
Machinery and equipment, non R&D	–11	–6
Machinery and equipment, R&D	0	0
Total*	–47	–12
*Thereof related to software and equipment used in R&D	0	0

6. Other operating income

	2013	2012
Rents	29	29
Other	0	94
Total	29	123

7. Financial income and expenses

	2013	2012
Interest income	1 119	927
Tekes capital loan forgiveness (see note 16)	2 802	0
Dividends	0	0
Interest expenses	–42	–46
Other financial expenses	–1 379	–724
Impairment of non-current investment	0	–1 693*
Expenses in relation to share issue	0	–1 160
Total	2 501	–2 696

* Impairment of subsidiary shares, EUR –1.0 million, and internal loan receivable EUR –0.7 million.

8. Intangible and tangible assets

	Other long-term investments	Intangible assets	Intangible assets R&D	Machinery and equipment	Machinery and equipment R&D	Merger goodwill	Total
Historical costs on 1 January 2013	1 098	3 118	25	758	384	1 431	6 814
Capital expenditure on 1 January – 31 December 2013	0	491	0	162	0	0	653
Historical costs on 1 December 2013	1 098	3 609	25	920	384	1 431	7 467
Accumulated depreciation	–1 098	–3 099	–25	–747	–384	–1 431	–6 784
Total before financial year depreciation	0	511	0	173	0	0	684
Depreciation during the financial year	0	–36	0	–11	0	0	–28
Net book value of assets on 31 December 2013	0	474	0	162	0	0	636

9. Group companies

Ownership in subsidiaries book values	2013	2012
Biotie Therapies International Oy, Turku Finland	100%	100%
Biotie Therapies GmbH, Radebeul Germany	100%	100%
Biotie Therapies AG, Basel Switzerland	100%	100%
Biotie Therapies Inc, San Francisco USA	100%	100%
Book values		
Biotie Therapies International Oy, Turku Finland	9	9
Biotie Therapies GmbH, Radebeul Germany	578	578
Biotie Therapies AG, Basel Switzerland	28 402	28 402
Biotie Therapies Inc, San Francisco USA	25 173	25 173
Total	54 162	54 162

10. Receivables from group companies

	2013	2012
Accounts receivables from group companies	330	400
Loan receivable from subsidiary*	30 645	30 935
Total	30 975	31 335

* Loan receivable in US dollars from Biotie Therapies Inc.

11. Non-current receivables

	2013	2012
Rent deposit	47	0
Total	47	0

12. Current receivables

	2013	2012
VAT receivables	60	58
Other receivables	150	22
Prepaid expenses and accrued income	50	128
Total	260	208

13. Securities and bank deposits

	2013	2012
Money market funds	19 000	16 000
Bank deposits	0	8 000
Bank accounts	4 649	3 771
Total	23 649	27 771

The company's liquid assets were placed into bank accounts and money market funds.

14. Shareholders' Equity

A) CHANGES IN SHAREHOLDERS' EQUITY

	2013	2012
Share capital at the beginning of the period	195 919	165 919
Share issue	0	30 000
Share capital at the end of the period	195 919	195 919
Reserve for invested unrestricted equity at the beginning of the period	1 180	1 180
Reserve for invested unrestricted equity at the end of the period	1 180	1 180
Retained earnings	–109 600	–96 730
Net income (loss)	–79	–12 870
Shareholders' equity	87 419	87 499
Distributable funds at the end of the period	–108 499	–108 420

B) CHANGES IN NUMBER OF SHARES AND SHARE CAPITAL

Measure	Par value (EUR)	Sub-scription price (EUR)	Number of shares before	Number of shares after	Change in share capital (EUR)	New share capital (EUR)	Regis-tered [1]
Foundation	1.68	1.68	0	20 000	33 638	33 638	11.5.1998
New issue	1.68	67.28	20 000	25 500	9 250	42 888	6.5.1999
New issue	1.68	84.10	25 500	27 100	2 691	45 579	8.10.1999
Split 1:10	0.17	–	27 100	271 000	–	45 579	12.6.2000
Share subscription with option rights	0.17	5.60	271 000	320 600	8 342	53 921	15.8.2000
Merger compensation	0.17	0.17	320 600	686 755	61 583	115 504	21.2.2001
New issue	0.17	100.00	686 755	761 755	12 614	128 118	29.5.2001
Share subscription with option rights	0.17	0.17	761 755	762 375	104	128 222	29.5.2001
New issue	0.17	101.00	762 375	801 978	6 661	134 883	10.1.2002
Bonus issue	0.18	–	801 978	801 978	9 473	144 356	3.6.2002
Split 1:9	0.02	–	801 978	7 217 802	–	144 356	3.6.2002
Share subscription through exercise of option rights	0.02	0.02	7 217 802	7 648 722	8 618	152 974	3.6.2002
Conversion of interest debt	0.02	5.60	7 648 722	7 704 072	1 107	154 082	8.10.2002
New issue, Institutional Offering	0.02	5.60	7 704 072	10 401 922	53 957	208 038	8.10.2002
Consolidation of BioTie	0.02	2.38	10 401 922	17 033 722	132 636	340 675	31.10.2002
Consolidation of Carbion	0.02	2.38	17 033 722	17 459 559	8 517	349 191	31.10.2002
Share subscription through exercise of option rights	0.02	0.02	17 459 559	17 474 559	300	349 491	30.4.2003
New issue	0.02	0.40	17 474 559	43 686 397	524 237	873 728	26.6.2003
Share subscription through exercise of option rights	0.02	0.02	43 686 397	43 850 497	3 282	877 010	6.2.2004
Share subscription through exercise of option rights	0.02	0.35	43 850 497	43 889 233	775	877 785	8.9.2004
Share subscription through exercise of option rights	0.02	0.02	43 889 233	43 907 436	364	878 149	29.12.2004
Share subscription through exercise of option rights	0.02	0.02	43 907 436	43 909 296	37	878 186	23.2.2005
New issue	0.02	0.75	43 909 296	51 279 416	147 402	1 025 588	17.6.2005
New issue	0.02	0.75	51 279 416	52 675 221	27 916	1 053 504	28.6.2005
New issue, Institutional Offering		0.51	52 675 221	78 165 418	13 000 000	14 053 505	1.12.2006
New issue		0.51	78 165 418	89 530 660	5 796 273	19 849 778	27.12.2006
Share subscription pursuant to convertible capital loan		1.87	89 530 660	89 800 660	*)	19 849 778	2.4.2007
Share subscription through exercise of option rights*		0.60	89 800 660	90 031 860	*)	19 849 778	30.4.2007
Share subscription pursuant to convertible capital loan		1.87	90 031 860	90 211 860	*)	19 849 778	11.5.2007
New share issue		0.45	90 211 860	144 320 560	24 440 900	44 290 678	17.11.2008
New share issue		0.50	144 320 560	158 752 560	7 216 000	51 506 678	14.12.2009
Directed issue of treasure shares		0.44	158 752 560	158 752 560	50 000	51 556 678	12.10.2010
Share issue to the company itself without consideration			158 752 560	176 003 931	–	51 556 678	26.10.2010
Directed offer of treasure shares		0.37	176 003 931	176 003 931	500 000	52 056 678	3.12.2010
Direct issue of treasury shares		0.33	176 003 931	176 003 931	500 000	52 556 678	12.1.2011
Direct issue of new shares		0.535	176 003 931	337 452 302	86 374 878	138 931 556	3.2.2011
Share issue to the company itself without consideration			337 452 302	352 365 457	–	138 931 556	3.2.2011
Direct issue of treasury shares		0.54	352 364 457	352 364 457	7 963 425	146 894 981	18.3.2011
Direct issue of new shares		0.54	352 364 457	387 594 457	19 024 200	165 919 181	18.3.2011
Direct issue of new shares		0.43	387 594 457	434 106 087	20 000 001	185 919 182	7.9.2012
Direct issue of new shares		0.54	434 106 087	452 710 738	10 000 000	195 919 182	7.9.2012

1) Date refers to date of registration in the Trade Register maintained by the National Board of Patents and Registration.
*) The exercise price paid will be recorded in the reserve for invested unrestricted equity.

15. Options

	Option plan 2009	Option plan 2011
Number of option rights, total	7 000 000	7 401 000
Subscribed	7 000 000	0
Shares subscribed through exercise of option rights	0	0
Option rights remaining	7 000 000	5 942 250
Entitlement to subscribe a total of shares	7 000 000	0
Of which the company possesses	1 750 000	0
Subscription volume and period		
A-Series	2 000 000 pcs (1.1.2010–31.12.2013)	2 467 000 pcs (1.1.2014–28.2.2015)
B-Series	2 500 000 pcs (1.1.2011 –31.12.2013)	2 467 000 pcs (1.1.2015–29.2.2016)
C-Series	2 500 000 pcs (1.1.2012 –31.12.2013)	2 467 000 pcs (1.1.2016–29.2.2017)
Subscription terms	1 share for exercise of one option right	
Subscription price		
A-Series	1 share for EUR 0.40	1 share for EUR 0.01
B-Series	1 share for EUR 0.70	1 share for EUR 0.01
C-Series	1 share for EUR 1.00	1 share for EUR 0.01

16. Long-term liabilities

	2013	2012
Non-convertible capital loans from TEKES	16 318	17 406
Convertible capital loans	1 682	1 682
R&D loans from TEKES	2 690	4 404
Interest on capital loans	176	176
Total	20 866	23 668

A) NON-CONVERTIBLE CAPITAL LOANS
The Finnish Funding Agency for Technology and Innovation (TEKES) has granted a total of 18 non-convertible capital loans to the company, comprising an aggregate amount of EUR 19 663 thousand. The total amount has been drawn down by the company at the end of the year 2008. The total loan periods are set from 8 to 10 years from draw down. The interest rate for these loans is the base rate set by the Ministry of Finance minus 1%, however, at least 3%. Repayment of these loans shall be initiated after 4 or 5 years, thereafter loan principals shall be paid back in equal instalments over the remaining loan period. In 2011 Tekes forgave two of the capital loans with interest and in 2013 they also forgace two capital loans with interest and the company has now a total of 14 non-convertible capital loans, comprising an aggregate amount of EUR 16 318 thousand.

The repayment of capital loans and accrued interest is governed by a restrictive condition, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the non-convertible capital loans shall be paid only if the parent company and the group have sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution. No interest payments on capital loans were made so far, however these are recorded as expenses in the financial statement and as increase of long-term liabilities in the balance sheet until the end of the year 2001. The accumulated interest on non convertible capital loans amounts to EUR 5 545 thousand.

B) CONVERTIBLE CAPITAL LOANS
The company has received convertible capital loans in the aggregate amount of EUR 1 682 thousand. The original subscription period for a total of up to 828 000 shares of the company began on 1 June 2000, and ended on 31 December 2005, or provided that the loan capital will not be paid by then, until the loan capital has been paid or converted into shares of the company. The interest rate is 10% pa. The repayment of capital loans and its interest is governed by a restrictive condition in the agreements, according to which the capital must only be returned if the restricted equity of the parent company and the group for the last financial period is fully covered. Interest on the convertible capital loans shall be paid only if the parent company and the group have sufficient funds for profit distribution as per the adopted balance sheet for the most recently ended fiscal year. The loans shall also yield interest from the fiscal years in which the financial statements to be adopted do not present funds available for profit distribution. Accumulated interest on convertible bonds amount to EUR 3 211 thousand and are not recorded in the financial statements. The convertible capital loans can also be converted into shares of the company under the terms of the agreement.

	2013	2012
Accumulated interest on capital loans, not recorded as expense	8 604	8 293
Accumulated interest on capital loans, recorded as expense	176	176
Total	8 780	8 469

C) R&D LOANS
At the end of the financial year, Biotie had EUR 2 690 thousand of R&D loans granted by Tekes (4 404, 31 December 2012). R&D loans have been granted to a definite product development project and it covers a contract-based share of the projects R&D expenses. The interest rate for these loans is the base rate set by the Ministry of Finance minus 3%, however, at least 1%. Repayment of these loans shall be initiated after 5 years, thereafter loan principals shall be paid back in equal instalments within 5 years.

17. Repayment of capital loans and R&D loans

Period	Capital loans	R&D loans	Total
Due next fiscal year	18 000	0	18 000
Due next 1–5 fiscal years	0	2 152	2 152
Due after 5 years	0	538	538
Total	18 000	2 690	20 690

18. Accounts payable and other current liabilities

	2013	2012
Accounts payable	166	557
Other current liabilities	459	454
Accrued expenses*	672	743
Total	1 297	1 754
*of which accrued vacation pay	180	207

19. Liabilities to group companies

	2013	2012
Accounts payable to group companies	147	586

20. Contingent liabilities

	2013	2012
Due next year	159	177
Due later on	502	109
Total	661	286

Contingent liabilities include leasing as well as rent commitments.

21. Other financial commitments

On 31 December 2013 the company had outstanding contractual payment obligations (contracted commitments), primarily for contract research work services, totalling EUR 205 thousand. The company has committed to finance its subsidiaries.

22. Deferred tax liabilities and assets

Deferred tax assets arising from previous years' losses are not recorded in the balance sheet.

23. Own shares

The parent company doesn't own any own shares.

The General Meeting authorised the Board of Directors to resolve on one or more issues which contains the right to issue new shares or dispose of the shares in the possession of the company and to issue options or other rights to the shares pursuant to chapter 10 of the Companies Act. The authorisation consists of up to 95 000 000 shares in aggregate.

After the reporting period on 3 January 2014, Biotie announced that the Board of Directors had approved two new share-based incentive plans for the group employees for awards to be made in the period 2014 to 2016 to follow-on from the current incentive plans under which awards havebeen made in the period 2011 to 2013; the Stock Option Plan 2014 for its European employees and the Equity Incentive Plan 2014 for its US employees (together the 2014 Plans). The 2014 Plans are intended to form part of the remuneration, incentive and commitment program for the employees and to support the hiring of new employees as the group increases the number of its employees to ensure that the currently planned clinical trials are conducted effectively and efficiently. The incentives support the attainment of the targets established by the group and the implementation of the group's strategy, as well as the group's long-term productivity. The Plans also reflect the competitive environment in which the group operates, particularly in the US, and are an important tool in enabling the group to attract and retain the right quality employees. After the reporting period on 28 January 2014 and 28 February 2014, Biotie announced that the Company has conveyed Biotie shares held as treasury shares and that were issued on 2 January 2014 pursuant to the Stock Option Plan 2011 (232 500 shares conveyed) and the Equity Incentive Plan 2011 (106 250 shares conveyed). As a result of the conveyances, the total number of votes attached to Biotie's shares increased to 338 750 votes and the total number of the Company's shares held by the Company or its fully owned subsidiary is 9 479 700 shares. The conveyance does not affect the number of registered shares (total of 456 032 398 shares).

SIGNATURES OF THE REPORTS FROM THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

Proposal to the Annual General Meeting

The Board of Directors proposes to transfer the loss of the period, amounting to EUR 79 498.55 to retained earnings.

Helsinki, 27 February 2014

Peter Fellner
Chairman of the Board

Timo Veromaa
President and CEO

Merja Karhapää

Bernd Kastler

Guido Magni

Ismail Kola

William M. Burns

Unofficial translation

AUDITOR'S REPORT

Translation of the original and signed document in the Finnish language.
In case of discrepancy, the Finnish language is prevailing.

To the Annual General Meeting of Biotie Therapies Corp.

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Biotie Therapies Corp. for the year ended 31 December 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Turku, 27 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Kalle Laaksonen
APA

Janne Rajalahti
APA

INFORMATION FOR INVESTORS 2013

Investor relations

Investor relations are the responsibility of Timo Veromaa, President and CEO tel. +358 2 274 8900 (timo.vermoaa@biotie.com) and David Cook, CFO, tel. +358 2 274 8900 (david.cook@biotie.com). Biotie's website, www.biotie.com, offers accurate and up-to-date investor information: stock exchange and press releases, financial reports and other relevant information. Requests for materials, attendance notifications to General Meetings and other enquiries can be addressed to Biotie through the website or by email to Virve Nurmi, Biotie's Investor Relations Manager: virve.nurmi@biotie.com or by phone: +358 2 274 8911.

The Biotie share

Biotie shares are all of the same class and have equal rights. Each share entitles the holder to one vote at the general meetings of shareholders. All shares are freely transferable and are quoted on NASDAQ OMX Helsinki Ltd. and traded under the symbol BTH1V. Biotie shares are grouped in the Mid Cap segment and are part of the Health Care sector of NASDAQ OMX Helsinki Ltd.

Ticker symbol	BTH1V
Date of first listing	31 October 2002
ISIN code	FI0009011571
Number of shares	452 710 738

The number of the Company's shares held by its subsidiary Biotie Therapies AG was 6 496 790 shares.

Share capital	EUR 195 919 182.85

Summary of trading and listing information

On the last trading day in 2013, the share price was EUR 0.28. The highest price for Biotie's share during the year was EUR 0.46 while the lowest was EUR 0.26. The average share price was EUR 0.35.

The market capitalization of Biotie amounted to EUR 126.8 million by the end of 2013 (2012: EUR 185.6 million). During 2013, a total of approximately 157.9 million Biotie shares were traded, corresponding to a turnover of EUR 55.4 million. Nordea Bank Finland Plc has been engaged as liquidity providing agent for Biotie shares under a market making agreement concluded in September 2009.

Board authorizations

The Annual General Meeting on 4 April 2013 authorized the Board of Directors to resolve on one or more issues, which contains the right to issue new shares or dispose of the shares in the possession of the company, and to issue options or other special rights entitling to shares pursuant to Chapter 10 of the Companies Act. The authorization consists of up to 95 000 000 shares in aggregate.

The authorization is effective until 30 June 2014 and it supersedes earlier authorizations.

Available Facilities

Biotie has a standby equity distribution agreement (SEDA) in place with US fund Yorkville. Yorkville is under certain pre-agreed terms and conditions obliged to subscribe and pay for Biotie shares in multiple tranches up to a total value of EUR 20 million during the period until November 2015 at Biotie's discretion. The purpose of this arrangement is to have an option to secure the financing of Biotie's working capital in the short and medium term. Biotie last made use of this arrangement in H2 2010, raising a total amount of EUR 1.1 million, but since then has not conveyed any shares under this agreement.

Equity rights

2009 Plan
Biotie issued option rights to certain of its employees pursuant to an option program in 2009, amounting to potential 7 000 000 new shares in the company. Each option right granted based on this option program entitled the holder to subscribe one share in the company. All of the options issued pursuant to this plan expired unexercised at the end of 2013.

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

The 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 (May 2011 – December 2013) by 8 415 365 votes to 446 213 948 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 its subsidiary Biotie Therapies AG is reduced to 6 496 790 shares, over which only 5 288 580 options remain outstanding.

2011 Plans
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. However, 1 458 750 of these stock options were unissued or have been forfeited at the end of 2013 and so the maximum total of new shares in the company that can now be issued under the plan is 5 942 250.

Equity Incentive Plan 2011
The maximum number of share units to be granted and the number of corresponding shares to be delivered on the basis of the plan will be total of 4 599 000 shares. However, 259 090 of these share units are unissued or have been forfeited at the end of 2013 and so the maximum total of new shares in the company that can now be issued is 4 339 910.

Shares, share units and options held by management

At the end of financial year 2013 the amount of company's shares held by the Board of Directors and the company's management and their controlled companies amounted to 1 195 702 shares, 940 000 share units and 6 490 613 option rights of which 750 000 options are conditional upon achieving certain set targets.

Convertible capital loans

Pursuant to convertible capital loan agreements with certain investors, up to 828 000 shares of Biotie can be subscribed. Capital loans have been specified on Notes to the Consolidated Financial Statements number 22.

Shareholders

The shares of the company are included in the book-entry securities system maintained by Euroclear Finland Ltd. On 31 December 2013, Biotie had shareholders 15 161 (2012: 13 253), while 239 363 046 (2012: 278 136 998) shares were held by nominee-registered, representing 52.87% of the total number of shares.

Distribution of Shareholding on 31 December 2013

Number of shares	Shareholders	% of shareholders	Number of shares	% of shares
1–5 000	11 531	76.06	17 662 263	3.90
5 001–100 000	3 438	22.68	65 256 475	14.42
100 001–1 000 000	165	1.09	40 668 747	8.98
1 000 001–	27	0.18	328 606 107	72.59
	15 161	100.00	452 193 592	99.89
Of which nominee registered	8		239 363 046	52.87
In special accounts			517 146	0.11
Total			452 710 738	100.00

	Share-holders	Nominee registered	Number of share-holders %	Number of book-entries	Number of book-entries %	Nominee registered	Nominee registered %	Votes	Votes %
Corporations	487	0	3.21	20 909 778	4.62	0	0.00	20 909 778	4.62
Financial and insurance institu-tions	33	5	0.22	34 540 916	7.63	229 771 459	50.76	264 312 375	58.38
General goverment	6	0	0.04	26 050 128	5.75	0	0.00	26 050 128	5.75
Households	14 574	0	96.13	106 449 940	23.51	0	0.00	106 449 940	23.51
Non profit organizations	23	0	0.15	19 710 089	4.35	0	0.00	19 710 089	4.35
Foreign	38	3	0.25	5 169 695	1.14	9 591 587	2.12	14 761 282	3.26
	15 161	8	100.00	212 830 546	47.01	239 363 046	52.87	452 193 592	99.89
Of which nominee registered		8				239 363 046	52.87	239 363 046	52.87
In special accounts				517 146	0.11			517 146	0.11
Total				452 710 738	100.00			452 710 738	100.0

Ten largest shareholders of Biotie registered in the shareholders' register maintained by Euroclear Finland Ltd on 31 December 2013

	Number of shares	%
Ilmarinen Mutual Pension Insurance Company	16 732 271	3.70
The Finnish National Fund for Research and Development Sitra	11 785 350	2.60
OP-Delta Fund	7 909 932	1.75
Veritas Pension Insurance Company Ltd.	7 908 629	1.75
Juha Jouhki and his controlled companies		
Thominvest Oy (2 937 900)		
Dreadnought Finance (2 098 416)		
Juha Jouhki (1 501 356)	6 537 672	1.44
Nordea Fennia Fund	6 500 000	1.44
OP-Finland Small Firms Fund	5 215 797	1.15
FIM Fenno Sijoitusrahasto	4 121 810	0.91
SR Arvo Finland Value	3 254 407	0.72
Harri Markkula and his controlled companies		
Harri Markkula (2 968 868)		
Tilator Oy (213 000)	3 181 868	0.70
	73 147 736	16.16
Nominee registered shares total	239 363 046	52.87
Others	140 199 956	30.97
Number of shares, total	452 710 738	100.00

The number of the Company's shares held by its subsidiary Biotie Therapies AG is 6 496 790 shares.

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