BIOTIE THERAPIES CORP. INTERIM REPORT 6 May, 2015 at 9.00 a.m.

Biotie interim report 1 January – 31 March 2015

Company Highlights
January – March 2015

- Preparations to advance tozadenant into Phase 3 development in Parkinson's disease as part of Biotie's proprietary portfolio continued during the quarter. After the reporting period in April 2015, Biotie provided further information on the design and conduct of the Phase 3 program. As announced earlier, patient recruitment is expected to commence in the middle of 2015.
- After the reporting period in April 2015, Biotie also announced plans to strengthen its capital structure by up to approximately €95 million through a directed issue of convertible notes and warrants and a US Initial Public Offering to finance a Phase 3 trial of tozadenant in Parkinson's disease. The plans are subject to shareholder approval at Biotie's Annual General Meeting to be held on 26 May 2015 and to US regulatory review.
- Biotie´s partner H. Lundbeck A/S (Lundbeck) continued the rollout of Selincro in Europe and the product has to date been introduced in 29 European markets.
- The Phase 2 study for SYN120 in Parkinson's disease dementia, funded by a grant from the Michael J Fox Foundation (MJFF), continued to recruit patients.
- Patient enrollment commenced in March 2015 into a Phase 2 clinical study investigating Biotie's monoclonal anti-VAP-1 antibody BTT1023 in primary sclerosing cholangitis (PSC). Also in March 2015, the European Commission granted BTT1023 Orphan Drug Designation in the EU for the treatment of PSC.
- Biotie's revenue for three months ended March 31, 2015 (three months ended March 31, 2014) was €0.9 million (€5.1 million) and the financial result was a net loss of €5.9 million (net loss of €1.7 million).
- Biotie ended the first quarter on March 31, 2015 with cash, cash equivalents and short term investments, which together are referred to as liquid assets, of €27.8 million (€32.4 million, December 31, 2014). Operating cash flow for the three months ended March 31, 2015 was €5.4 million outflow (€5.4 million outflow for the three months ended March 31, 2014).

Key figures (unaudited)

(€ in thousands) **Continuing operations**	**1-3/ 2015 3 months**	**1-3/ 2014 3 months**
Revenues	871	5,096
Research and development costs	(4,766)	(4,803)
Net loss	(5,894)	(1,719)
Loss per share (€)	(0.01)	(0.00)
Cash flow used in operating activities	(5,384)	(5,409)

(€ in thousands)	March 31, 2015	December, 31 2014
Liquid assets	27,828	32,393
Equity	55,095	52,623
Equity ratio (%)	59.5	61.0

Timo Veromaa, Biotie's President and CEO commented, "Our focus in the last quarter has been on preparing our lead product tozadenant to advance into Phase 3 development. As announced earlier this month, we are delighted to have established a consortium, including certain U.S. based investors, to contribute to the financing of the program. These funds, together with a proposed US IPO, will allow us to commence a pivotal Phase 3 clinical trial that we believe could form the basis for approval of tozadenant by the FDA as an adjunctive treatment to levodopa in Parkinson's disease."

Product Portfolio Review:

Selincro® (nalmefene) is a dual-acting opioid system modulator and the first therapy approved in Europe for the reduction of alcohol consumption in alcohol dependent individuals.

Biotie has licensed global rights to Selincro to Lundbeck. Under the terms of the agreement with Lundbeck, Biotie is eligible for up to €94 million in upfront and milestone payments, of which €22 million had been received at March 31, 2015, plus royalties on sales of Selincro. Biotie is eligible to receive further potential milestone payments on launches in certain ex-EU markets and if the product reaches certain pre-determined sales. Biotie will continue to receive royalties on sales in all markets and will make a contribution to Lundbeck towards post approval commitment studies.

Lundbeck received European marketing authorization for Selincro in February 2013 and by the end of Q1 2015, it had been introduced in 29 European markets. Favorable reimbursement decisions were made in the second half of 2014 in a number of key markets, including France, Spain and the United Kingdom, and Lundbeck is increasing its sales and marketing effort following these decisions.

Lundbeck and Otsuka Pharmaceutical Co. Ltd. are collaborating, as part of their existing alliance, to develop and commercialize nalmefene in Japan, and a 660-patient Phase 3 study in Japan was commenced in Q1 2015.

The total amount of upfront and milestone payments that Biotie is eligible for under the agreement with Lundbeck had earlier been communicated as up to €89 million. While there have been no changes in the terms of the agreement, a recent reassessment of the agreement has confirmed that the previously communicated amount does not fully account for all potential regulatory milestones in all territories that Biotie is eligible for. The total value of all upfront and milestone payments that Biotie is eligible for is €94 million, of which €22 million has been received at March 31, 2015.

Tozadenant (SYN115)

Tozadenant is an oral, potent and selective adenosine A2a receptor antagonist being developed for the treatment of Parkinson's disease. Biotie considers tozadenant to potentially be its most valuable asset given the high unmet medical need in Parkinson's disease and stage of development and has concluded that the most suitable development strategy to maximize its value to shareholders can be best met by continuing development within its current portfolio.

Tozadenant has displayed clinically relevant and statistically significant effects in Parkinson's disease, across multiple pre-specified evaluation metrics, in a 420 patient Phase 2b study. It is expected that this

successful study will be accepted as one of the two pivotal studies required for registration in the United States. Full data from the study were published in Lancet Neurology in July 2014. Tozadenant is currently transitioning into Phase 3 development as part of Biotie's proprietary portfolio.

Preparations for the tozadenant Phase 3 program in Parkinson's disease have continued to progress well. The Phase 3 program, which is expected to include the second pivotal study required for registration, is expected to start recruiting patients in the middle of 2015. The pivotal Phase 3 study protocol will largely replicate that of the successful Phase 2b study and will enroll 450 patients experiencing levodopa related end of dose wearing off. Patients will be randomized to receive twice daily doses of 60mg or 120mg of tozadenant or placebo in addition to their standard anti-Parkinson's disease medications for 24 weeks. The primary endpoint will be reduction in time spent in the "off" state in patients taking tozadenant as compared to placebo between baseline and week 24. The placebo controlled period will be followed by 52 week open label treatment period to collect additional clinical safety data. The planned Phase 3 study will be conducted in the United States, Canada and selected European countries. Based on current estimates top-line data from the double-blind portion is expected to be available by the end of 2017.

Providing the double-blind portion of the program meets its primary efficacy endpoint, another open label trial will be initiated in a separate population of 450 patients to establish the requisite number of unique exposures required for approval.

In April 2015, Biotie also announced plans to finance the tozadenant Phase 3 program at least through to the next major milestone, namely top-line data on the primary endpoint at 24 weeks, which is currently expected by the end of 2017. The plan is subject to shareholder approval at Biotie's Annual General Meeting to be held on May 26, 2015 and to US regulatory review.

SYN120 is an oral, potent, dual antagonist of the 5-HT6 and 5-HT2A 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.

In July 2014, Biotie was awarded a USD 2.0 million research contract with the Michael J. Fox Foundation (MJFF) to investigate SYN120 in Parkinson's disease patients with dementia, and patient enrollment into a Phase 2a study funded under the contract was commenced in December 2014. The SYNAPSE study is an 80 patient, Phase 2a, randomized, double-blind, multi-center, placebo-controlled trial in patients with Parkinson's disease dementia. Patients are randomized 1:1 to placebo or SYN120 dosed once daily over a 16 week treatment period. In addition to assessing safety and tolerability, the main focus of the study is to establish efficacy of SYN120 on cognition using the Cognitive Drug Research (CDR) Computerized Cognition Battery as the primary efficacy endpoint. The study is being conducted by the Parkinson Study Group (PSG) at approximately 12 specialist sites in the United States. Biotie and the PSG share responsibility for the design and execution of the study, and top-line results of the study are expected in the second half of 2016.

Biotie retains the rights to SYN120 and will be able to use data from the MJFF-funded study for any future regulatory submission. Development opportunities for SYN120 in other indications, including Alzheimer's disease, will be assessed based on the availability of funding and the status of other products in the development portfolio, but are not being actively pursued at present.

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

In July 2014, Biotie announced that it will be working in partnership with the University of Birmingham, UK, who had been awarded grant funding to conduct an investigator-sponsored, Phase 2, proof of concept study with BTT1023 in primary sclerosing cholangitis (PSC), a chronic and progressive orphan fibrotic disease for which there are currently no effective therapeutic treatments. The grant was awarded by the UK's National Institute for Health Research (NIHR) Efficacy and Mechanism Evaluation Programme, funded and managed by NIHR on behalf of the Medical Research Council - NIHR partnership. The grant holder and Co-Investigator for the study is Professor David Adams, Director of the NIHR Biomedical Research Unit in Liver Disease and Centre for Liver Research at the University of Birmingham.

On March 31, 2015 Biotie announced that the study was open for recruitment. The BUTEO study being funded under the grant is an open label, single arm, multi-center study that will evaluate efficacy, safety and pharmacokinetic properties of BTT1023 in 41 patients with PSC. Patients will receive BTT1023 via intravenous infusion every two weeks over an 11 week treatment period. The primary efficacy endpoint is a reduction of elevated levels of alkaline phosphatase, a blood biomarker of bile duct inflammation; secondary endpoints include various measures of liver injury and fibrosis.

The two-stage study design includes a pre-planned futility analysis. Based on current estimates, it is expected that the requisite number of patients will have been treated by the end of 2016 to enable the futility analysis to be completed.

In March 2015, the European Commission granted BTT1023 Orphan Drug Designation in the EU for the treatment of PSC. Biotie retains full rights to BTT1023.

Financial review for reporting period January – March 2015
Figures in brackets refer to the same period the previous year unless otherwise stated.

Revenues: Revenues amounted to €0.9 million (€5.1 million). Revenues consisted of royalties from Lundbeck license agreement of €0.7 million and phase 3 development funding from UCB of €0.2 million.

Research and development costs amounted to €4.8 million (€4.8 million).

Financial result: Net loss for the period was €5.9 million (€1.7 million).

Total comprehensive income including the currency translation differences amounted to €2.3 million (loss of €1.4 million).

Financing: Cash, cash equivalents and short term investments totaled €27.8 million on March 31, 2015 (€32.4 million on December 31, 2014).

Shareholders' equity: The shareholders' equity of the group amounted to €55.1 million (IFRS) on 31 March 2015 (€52.6 million on December 31, 2014). Biotie's equity ratio was 59.5% on March, 31 2015 (61.0% on December 31, 2014).

Investments and cash flow*:* Cash flow from operating activities in the three months ended March 31, 2015 amounted to €5.4 million outflow (€5.4 million outflow).

The Group's investments in tangible and intangible assets during the reporting period amounted to €51 thousand (€115 thousand).

Personnel

During the reporting period January – March 2015, the average number of employees amounted to 39 (37) and at the end of the reporting period, Biotie employed 40 people (36 people).

Equity rights

Swiss Option Plan

The Swiss company Biotie Therapies AG 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 for based on the plan.

The Swiss subsidiary holds and has held Biotie's shares and such shares have been conveyed to satisfy the terms and conditions of the Swiss option plan. The conveyed shares previously held by the Company's subsidiary have been treated as treasury shares and such shares have not carried any voting rights. As of March 31, 2015 a total of 9,575,722 shares have already been delivered on the basis of the Swiss option plan. As a result of certain of the stock options being cancelled, a total of 2,824,772 stock options remain outstanding and as a result, the outstanding shares and votes of Biotie may be further increased.

As at March 31, 2015, Biotie Therapies AG holds 2,824,784 shares in the Company as treasury shares to settle the remaining options.

2011 Plans

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

On December 17, 2014, pursuant to the authorization of the Annual General Meeting of Shareholders held on April 3, 2014, the Board of Directors resolved to issue 2,447,375 new shares to the company itself without consideration in accordance with Chapter 9 Section 20 of the Finnish Companies Act (624/2006, as amended). The shares were issued for the purposes of conveying them to employees entitled to the shares pursuant to the terms and conditions of the 2011 plans. The treasury shares are of the same class as the existing shares in the Company. The shares were registered in the Finnish Trade Register on December 23, 2014.

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. After giving effect to shares already issued, forfeitures and some of the instruments based on the plan having been left unallocated, a maximum of 2,678,000 shares on March 31, 2015 may still be issued pursuant to the plan.

A total of 1,072,500 shares were subscribed for during the period January - March 2015 under the plan and 1,072,500 of the treasury shares issued on December 17, 2014 were used for these share subscriptions.

Equity Incentive Plan 2011: The maximum number of share units to be granted and the number of corresponding shares to be delivered on the basis of the plan will be total of 4,599,000 shares. However, due to share issues already made pursuant to the plan, forfeitures and some of the instruments based on the plan having been left unallocated, a maximum of 945,000 shares on March 31, 2015 may still be issued pursuant to the plan.

A total of 504,375 shares have been conveyed to employees without consideration during the period January - March 2015 pursuant to the authorization of the Annual General Meeting of the Shareholders held on April 3, 2014 under the plan and 504,375 of the treasury shares issued on December 17, 2014 have been used for these share conveyances.

2014 Plans

On January 2, 2014 the Board of Directors of Biotie approved three year incentive plans for employees. A stock option plan mainly for its European employees and an equity incentive plan mainly for its US employees.

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

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

Available Facilities

Biotie has a standby equity distribution agreement (SEDA) in place with US fund Yorkville. Yorkville is under certain pre-agreed terms and conditions obliged to subscribe and pay for Biotie shares in multiple tranches up to a total value of €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 €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 (Small cap).

On March 31, 2015 the registered number of shares in Biotie Therapies Corp. was 455,968,174. Of these shares 3,695,284 were held by the Company or its group companies. The registered share capital of Biotie was €195,919,182.85 (FAS).

Market capitalization and trading

At the end of the reporting period the share price was €0.18. The highest price during the reporting period January – March 2015 was €0.23, the lowest was €0.18, and the average price was €0.20. Biotie's market capitalization at the end of the reporting period was €83.0 million.

The trading volume on NASDAQ OMX Helsinki during the reporting period January – March 2015 was 38,769,636 shares, corresponding to a turnover of €7,712,305.

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 or debt financing in the future if and when it needs it.

Biotie currently has active license agreements in place, however, 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 of possible income from future licensing arrangements cannot be provided reliably. Therefore, it is possible that Biotie will need to secure additional financing from share issues in the future.

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

Outlook for 2015 and key upcoming milestones

Selincro® (nalmefene): Lundbeck will continue to increase its sales and marketing efforts in respect of Selincro in European markets during 2015 following the positive pricing and reimbursement decisions received in the second half of 2014. In addition to royalties, Biotie may also receive further milestone payments if the product reaches certain pre-determined sales.

Tozadenant (SYN115): A Phase 3 clinical study, which is expected to be the second pivotal study required for registration, is on track to commence patient recruitment in the middle of 2015, as originally planned. Top-line data from the double-blind part of the study is expected by the end of 2017. Additional studies required to ensure a strong regulatory filing package will continue to be performed at the same time as the clinical study.

SYN120: Patient enrollment into an 80-patient Phase 2 study with SYN120 in Parkinson's disease dementia (the SYNAPSE study) started in December 2014. The study, funded by MJFF, is being conducted by the Parkinson Study Group at approximately 12 specialist sites in the United States. Top-line results of the study are expected in the second half of 2016.

BTT1023: Patient enrollment into an investigator-sponsored Phase 2 study in primary sclerosing cholangitis (the BUTEO study) started in March 2015. The 41-patient study is being conducted in the UK and is supported by grant funding from the UK’s National Institute for Health Research. It is expected that the requisite number of patients will have been treated by the end of 2016 to enable a pre-planned futility analysis in this two-stage study to be completed.

Financial: During the remainder of 2015, the Company expects to continue receiving Selincro royalties from Lundbeck and may receive a commercial sales milestone. Research and development expenses on all development products are expected to increase, predominantly due to the start of the tozadenant Phase 3 study, subject to the planned financing, including the US public offering, concluding as planned. The planned financing will increase the level of liquid resources in the Company.

Strategic: Pending shareholder approval in the Annual General Meeting of the planned funding arrangements for the tozadenant Phase 3 program, the Company will focus its efforts on efficiently commencing and executing the planned clinical program. SYN120 and BTT1023, funded largely by non-dilutive financing, are both expected to reach significant potential inflection points by the end of 2016.

Financial calendar 2015

Interim report for January - June	30 July 2015
Interim report for January - September	29 October 2015

Biotie´s Annual General Meeting will be held 26 May 2015.

Key events after the reporting period

On April 23, 2015, the Company announced further detail on its Phase 3 clinical development plan for tozadenant.

On April 23, 2015, the Company announced plans to strengthen its capital structure in aggregate by approximately €95 million, to finance a Phase 3 double-blinded clinical trial, including the open label extension, of its lead product candidate tozadenant, through a direct issuance of up to €42.5 million of convertible promissory notes and other equity-based instruments to certain US investors and certain existing shareholders, as well as a potential US public offering (“US IPO”) and potential other offerings in connection with the US IPO. The issue of the related shares is conditional on the granting of necessary authorizations and election of new Board members by the Annual General Meeting.

On April 23, 2015, the Company and certain US based investors entered into a subscription agreement for €27.5 million of convertible promissory notes ("Convertible Notes") and other equity-based instruments ("Warrants"). The Convertible Notes can be converted into new shares in the Company by their holders at any time prior to the repayment of the Convertible Notes, which is scheduled to occur on or after May 1, 2035. Further, the Convertible Notes would automatically convert into new shares in the Company upon completion of a proposed US IPO. If the US IPO does not take place by May 1 2016, the Company can force the conversion of the Convertible Notes at any time thereafter until the repayment date. The Warrants will entitle to subscribe for shares in the Company until November 1, 2020.

About Biotie

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

Turku, 6 May 2015

Biotie Therapies Corp.
Board of Directors

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(€ in thousands, except per share data)	Note	For the three month period ended March 31, 2015	2014
Revenue	3	871	5,096
Research and development expenses		(4,766)	(4,803)
General and administrative expenses		(1,730)	(1,950)
Other operating income		-	135
Operating loss		(5,625)	(1,522)
Interest income		1	-
Interest expenses		(151)	(152)
Other net financial income (expenses)		(119)	(45)
Loss before taxes		(5,894)	(1,719)
Income tax	4	-	-
Net loss		(5,894)	(1,719)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences*		8,181	315
Total other comprehensive income		8,181	315
Total comprehensive income (loss)		2,287	(1,404)
Net loss attributable to equity holders of the parent		(5,894)	(1,719)
Total comprehensive income (loss) attributable to equity holders of the parent		2,287	(1,404)
Loss per share (EPS) basic & diluted, €	5	(0.01)	(0.00)

*The translation differences mainly arise in relation to in-process R&D assets and goodwill. The movement for the three month period ended March 31, 2015 is due to the significant devaluation in the Euro against the United States Dollar and Swiss Franc.

All activities relate to continuing operations.
The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(€ in thousands)	Note	As at March 31, 2015 (unaudited)	As at December 31, 2014
ASSETS			
Non-current assets			
Intangible assets	6	53,721	47,356
Goodwill	6	6,597	5,799
Property, plant and equipment	7	714	653
Other financial assets		358	324
Total non-current assets		61,390	54,132
Current assets			
Accounts receivable and other receivables		5,357	1,806
Financial assets at fair value through profit or loss	8	21,513	24,941
Cash and cash equivalents		6,315	7,452
Total current assets		33,185	34,199
Total assets		94,575	88,331
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		193,285	193,285
Reserve for invested unrestricted equity		5,389	5,378
Other reserves		17,210	9,029
Retained earnings		(160,789)	(155,069)
Total equity		55,095	52,623
Non-current liabilities			
Non-current financial liabilities	8	20,690	20,690
Pension benefit obligation		670	670
Other non-current liabilities		9,842	9,671
Non-current deferred revenues		2,000	2,000
Total non-current liabilities		33,202	33,031
Current liabilities			
Accounts payable and other current liabilities		6,278	2,677
Total current liabilities		6,278	2,677
Total liabilities		39,480	35,708
Total shareholders' equity and liabilities		94,575	88,331

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

		Attributable to equity holders of the parent company				
(€ in thousands)	Note	Share capital	Reserve for invested unrestricted equity	Other reserves	Retained earnings	Share-holders' equity total
Balance at January 1, 2014		193,285	5,252	2,517	(120,688)	80,366
Net loss for the period		-	-	-	(1,719)	(1,719)
Other comprehensive income		-	-	316	-	316
Total comprehensive income (loss)		-	-	316	(1,719)	(1,404)
Share based compensation	10	-	-	-	198	198
Options and RSU exercised	10	-	3	-	-	3
		-	3	316	(1,521)	(1,202)
Balance at March 31, 2014		193,285	5,255	2,833	(122,209)	79,164
Balance at January 1, 2015		193,285	5,378	9,029	(155,069)	52,623
Net loss for the period		-	-	-	(5,894)	(5,894)
Other comprehensive income		-	-	8,181	-	8,181
Total comprehensive income (loss)		-	-	8,181	(5,894)	2,287
Share based compensation	10	-	-	-	174	174
Options and RSU exercised	10	-	11	-	-	11
		-	11	8,181	(5,720)	2,472
Balance at March 31, 2015		193,285	5,389	17,210	(160,789)	55,095

The accompanying notes are an integral part of these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(€ in thousands)	Note	For the three month period ended March 31, 2015	2014
Cash flow from operating activities			
Net loss		(5,894)	(1,719)
Adjustments for:			
Non-cash transactions	11	301	419
Interest income		(1)	-
Interest expenses		151	152
Other net financial income (expenses)		119	45
Change in working capital:			
Change in accounts receivables and other receivables		(3,333)	(179)
Change in accounts payable and other liabilities		3,300	(2,373)
Change in deferred revenue		-	(1,726)
Interest paid		(27)	(27)
Net cash used in operating activities		(5,384)	(5,409)
Cash flow from investing activities			
Investments in financial assets at fair value through profit and loss		-	(9)
Proceeds from sale of financial assets at fair value through profit and loss		3,996	-
Change in other financial assets		-	(51)
Investments in property, plant and equipment		(51)	(102)
Investments in intangible assets		-	(13)
Net cash from (used in) investing activities		3,945	(175)
Cash flow from financing activities			
Proceeds from share issue and option exercise		11	3
Net cash from financing activities		11	3
Net decrease in cash and cash equivalents		(1,428)	(5,581)
Effect of changes in exchange rates on cash and cash equivalents		291	31
Cash and cash equivalents at the beginning of the period		7,452	10,221
Cash and cash equivalents at the end of the period		6,315	4,670

The accompanying notes are an integral part of these condensed consolidated financial statements

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Biotie Therapies Oyj ("Biotie" or the "Company") is a specialized drug development company incorporated and domiciled in Finland, with its headquarters at Joukahaisenkatu 6, Turku, Finland, focused on products for neurodegenerative and psychiatric disorders. Biotie operates primarily in Finland and in the United States. Biotie's development has delivered Selincro (nalmefene) for alcohol dependence, which received European marketing authorization in 2013 and is currently being rolled out across Europe by partner Lundbeck. The current development products include tozadenant for Parkinson's disease, which is transitioning into Phase 3 development, and two additional compounds which are in Phase 2 development for cognitive disorders including Parkinson's disease dementia and primary sclerosing cholangitis, a rare fibrotic disease of the liver. Biotie's shares are listed on NASDAQ Helsinki. As used in these condensed consolidated financial statements, unless the context indicates otherwise, all references to "Biotie" or the "Company" or the "Group" refer to Biotie Therapies Oyj and all its consolidated subsidiaries.

The condensed consolidated financial statements were approved for issue by the Board of Directors on May 6, 2015.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

These unaudited condensed consolidated financial statements for the three months ended March 31, 2015 of the Company have been prepared in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting". Certain information and disclosures normally included in consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. However, in the opinion of management, these financial statements contain all adjustments necessary to present a fair statement of results. All adjustments are deemed to be of a normal, recurring nature. As explained in note 1 to the annual consolidated financial statements to the year ended December 31, 2014, where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Accordingly, these condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated financial statements are disclosed in note 2.10.

The notes to the condensed consolidated financial statements have been rounded to thousand Euros, unless otherwise stated.

2.2 Changes in Accounting Policies and Disclosures

The Company adopted new IFRS standards, amendments or interpretations during the three months ended March 31, 2015 that had no material impact to the condensed consolidated financial statements. The accounting policies applied are consistent with those discussed in the Company's annual consolidated financial statements.

(a) New and amended IFRS standards and IFRIC interpretations not yet adopted by the Company

The Company has decided not to implement early IFRS 9 "Financial Instruments", which is effective for accounting periods ending on or after January 1, 2018 with early adoption permitted, or IFRS 15 "Revenue

from Contracts with Customers", which is effective for accounting periods ending on or after January 1, 2017 with retrospective effect. The Company is currently assessing the impact of both new standards. There are no other standards which are currently available for early adoption which are expected to have a significant effect on the condensed consolidated financial statements of the Company.

2.3 Consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date at which control is transferred to the Company and are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for subsidiaries acquired through a business combination.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

2.4 Segment Reporting

Biotie continues to operate in one reportable segment, which comprises the development of pharmaceutical products. The Chief Executive Officer is identified as the chief operating decision maker. The Chief Executive Officer reviews the consolidated operating results regularly to make decisions about the resources and to assess overall performance.

2.5 Seasonality of Operations

The Company's results have varied substantially, and are expected to continue to vary, from quarter to quarter depending on the royalty streams and level of development activities within the quarter. The Company, therefore, believes that period to period comparisons should not be relied upon as indicative of future financial results. The Company believes that its ordinary activities are not linked to any particular seasonal factors.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of less than three months.

2.7 Income 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, respectively. The current income tax charge is calculated on the basis of the tax laws enacted in the countries where the Company operates and generates taxable income. Taxes on income in interim periods are accrued using tax rates that would be expected to be applicable to total annual profit or loss.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized 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 in-process R&D intangible assets, R&D credits and deferrals, depreciation on property, plant and equipment and net operating loss tax carryforwards.

Deferred income tax assets are recognized only to the extent that it is probably that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxes are determined using a tax rate enacted, or substantially enacted, as of the date of the balance sheet date in the respective countries. However, deferred taxes are not recognized if they arise from the initial recognition of goodwill, or in the 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.

2.8 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all dilutive potential ordinary shares.

2.9 Provisions and Contingent Liabilities

Provisions are recognized when the Company 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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in a provision due to passage of time is recognized in interest expenses.

2.10 Critical Accounting Estimates and Judgments

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements. The condensed consolidated financial statements do not include all disclosures for critical accounting estimates and judgment that are required for the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014.

3. Revenue

(€ in thousands)	For the three month period ended March 31, 2015	2014
Royalties from Lundbeck license agreement	658	49
Phase 3 development milestones from UCB collaboration agreement	-	5,047
Phase 3 development funding from UCB	213	-
Total	**871**	**5,096**

During the three months ended March 31, 2014, the Company recognized €5,047 thousand of revenue related to Phase 3 development milestones from UCB that did not recur during the three months ended March 31, 2015 as a result of the termination of UCB collaboration agreement. The royalties earned from the Lundbeck license agreement increased as a result of increased sales of Selincro. The Phase 3 development funding from UCB was €213 thousand which did not arise in 2014.

4. Income Tax

No income tax charge or benefit has been recognized in the three month period ended March 31, 2015, or the corresponding period in 2014. Management's judgement is that sufficient evidence is not currently available that future taxable profits will be available against which the unused tax losses or unused tax credits can be utilized by the fiscal entities and, therefore, a deferred tax asset has not been recognized.

5. Loss Per Share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	For the three month period ended March 31,	
	2015	**2014**
Net loss attributable to equity holders of the parent (€ in thousands)	(5,894)	(1,719)
Weighted average number of outstanding shares (in thousands)	452,273	456,032
Basic loss per share (€ per share)	**(0.01)**	**(0.00)**

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has three kinds of potentially dilutive instruments comprising stock options, restricted share units ("RSU") and a convertible capital loan. For the three month periods ended March 31, 2015 and March 31, 2014, because there was a loss for the period the potential dilutive shares have an anti-dilutive effect (i.e. decease the loss per share) and are, therefore, excluded from the calculation of diluted loss per share. Consequently, the dilutive loss per share is the same as the basic loss per share shown above.

6. Intangible Assets and Goodwill

(€ in thousands)	In-process R&D	Production licenses	Software	Other intangible assets	**Intangible assets total**	**Goodwill**
Book value January 1, 2015	46,830	454	62	10	**47,356**	5,799
Amortization	-	(10)	(27)	(10)	**(47)**	**-**
Translation differences	6,412	-	-	-	**6,412**	798
Book value March 31, 2015	**53,242**	**444**	**35**	**-**	**53,721**	**6,597**
At March 31, 2015						
Acquisition cost	98,297	762	317	10	99,386	5,549
Accumulated amortization and impairment	(55,368)	(318)	(282)	(10)	(55,978)	-
Translation differences	10,313	-	-	-	10,313	1,048
Book value March 31, 2015	**53,242**	**444**	**35**	**-**	**53,721**	**6,597**

The amortization charge was €47 thousand for the three month period ended March 31, 2015 (€42 thousand for the three month period ended March 31, 2014).

In-process R&D assets represents the fair value assigned to development projects that the Company acquired through business combinations, which at the time of the acquisition had not led to marketing approvals that are required for commercialization. Until December 31, 2014 in-process R&D assets comprised the tozadenant (SYN115), SYN120 and nepicastat (SYN117) programs, which were acquired in

the Synosia 2011 acquisition; however, at December 31, 2014 the nepicastat (SYN117) in-process R&D asset was written off in full and, therefore, at March 31, 2015 in-process R&D assets only comprised the tozadenant (SYN115) and SYN120 in-process R&D assets. Amounts capitalized as in-process R&D assets are not amortized until marketing approval has been received for the relevant regulatory authorities. In-process R&D assets are tested for impairment annually, at December 31, and whenever there is an indication that the asset may be impaired; there have been no such indications during the three months ended March 31, 2015.

For goodwill, the Company assesses the aggregate fair value of the business as a whole, as there is only one cash generating unit, on an annual basis at December 31and whenever there is an indication that goodwill may be impaired; there have been no such indications in the three months ended March 31, 2015.

7. Property Plant & Equipment

(€ in thousands)	**Machinery and equipment**
Book value January 1, 2015	653
Additions	51
Depreciation	(36)
Translation differences	46
Book value March 31, 2015	714
At March 31, 2015	
Acquisition cost	4,892
Accumulated depreciation	(4,224)
Translation differences	46
Book value March 31, 2015	714

The depreciation charge was €36 thousand for the three month period ended March 31, 2015 (€28 thousand for the three month period ended March 31, 2014).

8. Financial Assets Held at Fair Value through Profit and Loss and Non-Current Financial Liabilities

(€ in thousands)	**March 31, 2015 (unaudited)**	**As at December 31, 2014**
Assets		
Financial assets held at fair value through profit or loss	21,513	24,491
Liabilities		
Non-current financial liabilities	20,690	20,690

Financial assets held at fair value through profit or loss, consisting mainly of investments to money market funds, are measured at their fair value based on quoted bid prices at the reporting date. The fair values are based on fund manager reports and are classified either within Level 1or Level 2 in the fair value hierarchy. For Level 1, the fair value measurement is directly obtained from an active market. For Level 2, the fair value measurement is based on observable quoted market information, although it is not directly obtained from an active market (Level 1). According to the Company's investment policy, money market funds held in Europe must have a Morning Star rating of three starts or higher. Money market funds in the U.S. must be rated AAA by Moody's or AAA by Standard and Poor's.

Non-current financial liabilities consist of non-convertible capital loans from Tekes, long-term R&D loans from Tekes and a convertible capital loan which are carried at cost. For fair value disclosure purposes only,

the valuation technique that would be used to measure the non-current financial liabilities would rely on unobservable market data and therefore the fair value measures of the loans would be classified as Level 3 in the fair value hierarchy. The Company has determined that it would not be reasonable to present fair values for the loans, as the Group only has access to Tekes loans and a convertible loan, i.e. similar government grant loans the Company already has with largely identical terms to the current loans.

9. Financial Risk Management and Financial Instruments

The operations of the Company expose it to financial risks. The main risk that the Company is exposed to is liquidity risk, with capital management being another important area given the Company's financing structure. The Company'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 liquidity risk, foreign exchange risk, interest rate risk, credit risk, the use of derivatives and investment of the Company's liquid assets. During the periods presented, the Company or its subsidiaries have not entered into any derivative contracts.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2014. There have been no changes in the financial management team that is responsible for financial risk management or in the Company's financial risk management policies since December 31, 2014.

The Company has low risk securities (money market funds) and bank accounts which are as follows:

(€ in thousands)	**March 31, 2015**	**As at December 31, 2014**
Money market funds	21,513	24,941
Bank accounts	6,315	7,452
Total	**27,828**	**32,393**

As at March 31, 2015, the contractual maturities of loans and interest are as follows:

(€ in thousands)	**2015**	**2016**	**2017**	**2018-thereafter**	**Total**
Capital loans					
Repayment of loans	-	-	-	18,000	18,000
Interest expenses	-	-	-	9,602	9,602
R&D loans					
Repayment of loans	-	-	538	2,152	2,690
Interest expenses	-	27	22	32	81
Total	**-**	**27**	**560**	**29,786**	**30,373**

As at March 31, 2015, the Company also has accounts payables €3,856 thousand and other current liabilities €2,421 thousand due within one year.

10. Share Based Payments

The condensed consolidated financial statements do not include all disclosures for share based payments that are required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014.

(a) Stock Option Plan 2011 and Equity Incentive Plan 2011

The Stock Option Plan 2011, primarily for European employees, and the Equity Incentive Plan 2011, primarily for US employees, were approved at the Company's 2011 general shareholders' meeting as part of the Company's incentive scheme determined by the Board of Directors. These plans contain both a service requirement condition at vesting and individual specified non-market performance targets during the year of grant.

i. Stock Option Plan 2011

The fair value of the options was determined at the grant date by using the Black-Scholes option valuation model and expensed over the vesting period. The maximum number of stock options that could be awarded under the plan was 7,401,000, in three equal tranches designated as 2011A, 2011B and 2011C. As at March 31, 2015 there were no options outstanding for the 2011A tranche.

The changes in the number of options in the plan during the three months ended March 31, 2015 is shown in the table below.

Number of options	**2011B**	**2011C**
Outstanding at January 1, 2015	**1,793,000**	**2,230,000**
Forfeitures	-	(272,500)
Exercised	(1,072,500)	-
Outstanding at March 31, 2015	**720,500**	**1,957,500**

All options were fair valued at grant date and recognized as an expense, over the vesting period, to personnel expenses included in research and development costs and general and administrative costs based on the employee's function over the vesting period. The net reversal of the expense recognized during the three months ended March 31, 2015 was €(7) thousand (the expense for three months ended March 31, 2014 was €120 thousand). The subscription price for all options is €0.01.

ii. Equity Incentive Plan 2011

The Equity Incentive Plan 2011 includes three consecutive discretionary periods, calendar years 2011 (2011A), 2012 (2011B) and 2013 (2011C) in which the restricted share units may be granted. Each discretionary period is followed by an approximately two year vesting period, ending on January 5, 2014, January 5, 2015 and January 5, 2016, respectively after which the Company's shares will be delivered to employees on the basis of the granted share units. A maximum of 4,599,000 shares may be delivered under the plan, but there is no maximum that can be issued in any one year. As at December 31, 2014, all shares had been delivered under the 2011A tranche.

The changes in the number of share units in the plan during the three months ended March 31, 2015 is shown in the table below.

Number of options	**2011B**	**2011C**
Outstanding at January 1, 2015	**654,375**	**795,000**
Exercised	(504,375)	
Outstanding at March 31, 2015	**150,000**	**795,000**

The fair value of the restricted share units was determined as the closing share price for Biotie share on the grant date. The expense recognized during the three months ended March 31, 2015 was €30 thousand (the net reversal of the expense for the three months ended March 31, 2014 was €(29) thousand). The exercise price for all share units is €0.

(b) Swiss option plan

The Company's Swiss subsidiary, Biotie Therapies AG, also has a stock option plan approved in 2008. Vesting of the options is related to continued service to the Company. The maximum contractual term of each option is ten years. The plan has been closed to new grants from February 1, 2011. An aggregate maximum of 14,912,155 shares in Biotie Therapies Corp. has been subscribed to under the plan and such

shares have been issued to Biotie Therapies AG 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 the share subscriptions based on the option rights in the Swiss option plan is December 7, 2020.

There has been no change in the number of options in the plan during the three months ended March 31, 2015, with the 2,824,772 options outstanding at March 31, 2015 and December 31, 2014 having a weighted average exercise price of €0.24 and €0.24 respectively.

The expense recognized during the three months ended March 31, 2015 was nil thousand (the net reversal of the expense for the three months ended March 31, 2014 was €(10) thousand).

(c) Stock Option Plan 2014 and Equity Incentive Plan 2014

The Stock Option Plan 2014, primarily for European employees, and the Equity Incentive Plan 2014, primarily for US employees, were approved at the Company's 2014 general shareholders' meeting as part of the Company's incentive scheme determined by the Board of Directors. These plans contain both a service requirement condition at vesting for all awards and for the management awards, designated 2014M awards, there is an additional specified market performance requirement that determines the number of awards earned.

i. Stock Option Plan 2014

The fair value of the options was determined at the grant date by using the Black-Scholes option valuation model and expensed over the vesting period. The maximum number of options that could be awarded under the plan is 10,337,500, of which 4,320,000 are 2014M awards that are subject to an additional specified market performance requirement at vesting. The 2014M awards include an additional incentive (a market condition) for the senior management team to have a portion of their potential awards over the three years ending December 31, 2016 to be based solely on an increase in the share price of the Company for the vesting period. The 2014M awards will not vest unless the Company's share price growth during that three year period is greater than 35%; however, if the share price growth is greater than 35%, there will be an increasing return up to a maximum of three times the initial awards for a share price growth of at least 100% over the three year vesting period. The 2014M market condition has been incorporated into the Black-Scholes model, by determining the probability of the share price growth increase over the three year period based on historical share price movements.

The changes in the number of options, or senior management option units in the case of the 2014M tranche, in the plan during the three months ended March 31, 2015 is shown in the table below.

Number of options	**2014A**	**2014B**	**2014C**	**2014D**	**2014M**
Outstanding at January1, 2015	458,750	1,376,250	-	-	1,440,000
Forfeitures	(75,000)	(225,000)	-	-	-
Granted	-	-	389,250	1,167,750	-
Outstanding at March 31, 2015	**383,750**	**1,151,250**	**389,250**	**1,167,750**	**1,440,000**

All options were fair valued at grant date and will be recognized to personnel expenses, as research and development expenses or general and administrative expenses, over the vesting period. The most significant inputs used to estimate the fair value of the stock options granted during the three months ended March 31, 2015 are as follows:

Option plan	**2014C**	**2014D**
Share price at grant date	€0.20	€0.20
Subscription price	€0.01	€0.01
Volatility*	50%	50%
Maturity, years	3	4
Interest rate	0.00%	0.00%
Expected dividends	-	-

Valuation model	Black-Scholes	Black Scholes
Option fair value, €	0.19	0.19
Effect on earnings, € in thousands	8	16

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

The expense recognized during the three months ended March 31, 2015 was €56 thousand (for the three months ended March 31, 2014: €69 thousand).

ii. Equity Incentive Plan 2014

The Equity Incentive Plan 2014 includes three consecutive discretionary periods, calendar years 2014, 2015 and 2016 in which the restricted share units, or senior management units, may be granted. Each discretionary period is followed by a subscription period of approximately two years (for 2014A, 2014C and 2014E awards) or approximately three years (for 2014B, 2014D, 2014F and 2014M awards), ending on January 5, 2016, January 5, 2017, January 5, 2018 or January 5, 2019, after which the Company's shares will be delivered to employees on the basis of the granted share units. A maximum of 14,002,500 shares may be delivered under the plan, of which 2,520,000 are 2014M awards that are subject to an additional specified market performance requirement at vesting, which is the same as that described in the Stock Option Plan 2014 above. There is no maximum number of share units that can be awarded in any one year, but all the 2014M awards must be awarded in 2014.

The changes in the number of share units, or senior management share units in the case of the 2014M tranche, in the plan during the three months ended March 31, 2015 is shown in the table below.

Number of options	**2014A**	**2014B**	**2014C**	**2014D**	**2014M**
Outstanding at January 1, 2015	409,687	**1,229,063**	**-**	**-**	**840,000**
Granted	-	-	542,500	1,627,500	-
Outstanding at March 31, 2015	**409,687**	**1,229,063**	**542,500**	**1,627,500**	**840,000**

The effect on the Company's earnings for the three months ended March 31, 2015 was €95 thousand (for the three months ended March 31, 2014: €47 thousand). The fair value of the restricted share units was determined by using the closing share price of the Company's shares on the grant date. The fair value of the share units granted in the three months ended March 31, 2015 was €0.19 per share for the 2014C and 2014D. The exercise price for all units is the USD equivalent of €0.01.

11. Non-cash Transactions to Cash Flow from Operating Activities

(€ in thousands)	**For the three month period ended March 31, 2015**	**2014**
Depreciation and amortization	73	82
Share-based compensation	174	198
Other adjustments	54	139
Non-cash adjustments to cash flow from operating activities	**301**	**419**

12. Commitments and Contingencies

Operating lease commitments

(€ in thousands)	**March 31, 2015**	**As at December 31, 2014**
Due within a year	911	843

Due in 1-5 years	2,100	1,937
Due later than 5 years	-	-
Total	**3,011**	**2,780**

Operating lease commitments comprise rent commitments for leasehold properties and lease commitments for motor vehicles, machines and equipment with leases of 3 to 5 years. The Company's operating leases are non-cancellable and they do not include redemption or extension options.

On March 31, 2015, Biotie had outstanding contractual payment obligations (contractual commitments), primarily for contract research work services related to ongoing clinical development programs, totaling €910 thousand (December 31, 2014: €232 thousand).

13. Transactions with Related Parties

During the periods ended March 31, 2015 and 2014, the Company's management team was paid regular salaries and contributions to post-employment benefit schemes. Additionally, the members of the Board of Directors were paid regular Board and committee fees. No loans, advances or guarantees were made to the management team or Board of Directors as of March 31, 2015 or 2014.

The condensed consolidated financial statements do not include all disclosures for related party transactions that are required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014.

14. Events After the Reporting Date

On April 23, 2015, the Company announced further detail on its Phase 3 clinical development plan for tozadenant.

On April 23, 2015, the Company announced plans to strengthen its capital structure in aggregate by approximately €95 million, to finance a Phase 3 double-blinded clinical trial, including the open label extension, of its lead product candidate tozadenant, through a direct issuance of up to €42.5 million of convertible promissory notes and other equity-based instruments to certain US investors and certain existing shareholders, as well as a potential US public offering ("US IPO") and potential other offerings in connection with the US IPO. The issue of the related shares is conditional on the granting of necessary authorizations and election of new Board members by the Annual General Meeting.

On April 23, 2015, the Company and certain US based investors entered into a subscription agreement for €27.5 million of convertible promissory notes ("Convertible Notes") and other equity-based instruments ("Warrants"). The Convertible Notes can be converted into new shares in the Company by their holders at any time prior to the repayment of the Convertible Notes, which is scheduled to occur on or after May 1, 2035. Further, the Convertible Notes would automatically convert into new shares in the Company upon completion of a proposed US IPO. If the US IPO does not take place by May 1 2016, the Company can force the conversion of the Convertible Notes at any time thereafter until the repayment date. The Warrants will entitle to subscribe for shares in the Company until November 1, 2020.

KEY FIGURES

The formulas for the calculation of the key figures are presented in the notes of the consolidated financial statements for the year ended December 31, 2014

(€ in thousands, unless stated)	For the three months ended March 31, 2015	2014	For the year ended December 31, 2014
Business development			
Revenues	871	5,096	14,901
Personnel on average	39	37	36
Personnel at end of period	40	36	38
Research and development costs	(4,766)	(4,803)	(17,192)
Capital expenditure	51	115	196
Profitability			
Operating (loss)	(5,625)	(1,522)	(36,090)
as percentage of revenues, %	(645.8)	(29.9)	(242.2)
(Loss) before taxes	(5,894)	(1,719)	(35,165)
as percentage of revenues, %	(676.7)	(33.7)	(236.0)
Financial positon			
Liquid assets	27,828	38,206	32,393
Shareholders' equity	55,095	79,164	52,623
Balance sheet total	94,575	115,004	88,331
Financial ratios			
Return on equity, %	(43.8)	(8.6)	(52.9)
Return on capital employed, %	(30.8)	(5.7)	(39.5)
Equity ratio, %	59.5	69.8	61.0
Gearing, %	(13.0)	(22.1)	(22.2)
Per share data			
(Loss) per share (EPS) basic, €	(0.01)	(0.00)	(0.08)
(Loss) per share (EPS) diluted, €	(0.01)	(0.00)	(0.08)
Shareholders' equity per share, €	0.12	0.17	0.12
Dividend per share, €	-	-	-
Pay-out ratio, %	-	-	-
Effective dividend yield, %	-	-	-
P/E-ratio	-	-	-
Share price			
Lowest share price, €	0.18	0.22	0.18
Highest share price, €	0.23	0.36	0.36
Average share price, €	0.20	0.29	0.24
End of period share price, €	0.18	0.22	0.19
Market capitalization, € million	83.0	100.3	87.5

Trade of shares

Number of shares traded	38,769,636	30,781,351	124,604,223
as percentage of all shares, %	8.5	6.7	27.3
Number of shares during the period	455,968,174	456,032,398	455,958,187
Number of shares at end of the period	455,968,174	456,032,398	455,968,174
Number of shares during the period, fully diluted	455,968,174	456,032,398	455,958,187
Number of shares at end of the period fully diluted	455,968,174	456,032,398	455,968,174

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