BIOTIE THERAPIES CORP. STOCK EXCHANGE RELEASE
October 26, 2007

INTERIM REPORT ON BIOTIE THERAPIES CORP. JANUARY 1 - SEPTEMBER 30, 2007

January – September 2007 in brief

In September 2007 Biotie started the first phase I clinical trial with its fully human VAP-1 monoclonal antibody.

The net income in January – September, 2007 was EUR 0.6 million positive (in 2006 EUR -5.5 million). Cash flow from operating activities was EUR -4.1 million (EUR -4.9 million in 2006).

The company’s liquid assets amounted to EUR 29.3 million as at September 30, 2007 (at September 30, 2006, EUR 3.8 million).

Drug development programs

Nalmefene program

Biotie announced on May 23, 2007 that the licensing agreement entered into force on H. Lundbeck A/S worldwide rights for nalmefene, excluding North America, Mexico, UK, Ireland, Turkey, and South-Korea.

In June 2007 Biotie withdrew the UK national marketing authorisation application on nalmefene in its alcoholism indication to enable a centralised EU-wide registration procedure in due course.

To maximise nalmefene's potential in the treatment of alcoholism Biotie and Lundbeck have jointly decided to seek marketing authorisation simultaneously in all 27 EU member states via the centralized procedure. To this end, Lundbeck plans to further strengthen the existing nalmefene registration dossier in its alcoholism indication with additional phase III clinical studies before submitting the marketing authorisation application. The studies are expected to start in 2008.

As previously announced, subsequent to the Biotie clinical program for nalmefene in alcoholism being completed, there is currently a regulatory requirement for an electrocardiogram (ECG) study in healthy volunteers. After the reporting period in October 2007 Biotie has started such a clinical trial with nalmefene evaluating the cardiac effects on healthy volunteers measured using an electrocardiogram. The study is expected to enrol 240 healthy volunteers and to be completed in 2008 and included in the eventual registration dossier.

Biotie has received from Lundbeck an execution fee of EUR 12 million, of which EUR 10 million was paid on signing in November 2006 and EUR 2 million was paid on the license entering into force in May 2007. In total, Biotie is eligible for up to EUR 80 million in upfront and milestone payments plus royalty on sales. Biotie will participate in financing some of the clinical development costs.

VAP-1 antibody program

In September 2007 Biotie started the first phase I clinical trial with its fully human VAP-1 monoclonal antibody. The study start triggers a EUR 2 million payment from Roche.

This first-in-man study evaluates the safety, tolerability, and pharmacokinetics of intravenously administered antibody in healthy volunteers. Results are expected during the second quarter of 2008.

In November 2006, Biotie and Roche signed an option agreement for Biotie's fully human antibody program targeting Vascular Adhesion Protein-1 (VAP-1) in inflammatory diseases.

Under the terms of the agreement, Roche will pay an option initiation fee of EUR 5 million, which grants Roche an exclusive option right to an exclusive, worldwide license agreement for Biotie's fully human antibody targeting VAP-1, excluding Japan, Taiwan, Singapore, New Zealand, and Australia. The option initiation fee will be paid in two instalments. Biotie received the first instalment of EUR 3 million in 2006 and Roche will pay the second instalment of EUR 2 million in 2007 triggered by the study start. The initial option right will end upon completion of Phase I. Roche may extend the option right to later development points by paying additional fees. Biotie will retain all rights to the program until a license is granted to Roche.

Inhibiting VAP-1 reduces inflammation by regulating the migration of leukocytes, or white blood cells, to inflamed tissues. Pathological accumulation of white blood cells in tissue is a common feature in many autoimmune diseases, such as rheumatoid arthritis, ulcerative colitis, and psoriasis.

Pre-clinical programs

Pre-clinical programs (VAP-1 SSAO small molecule inhibitor program and alfa2beta1 integrin inhibitor program) progressed as planned. In the recombinant heparin program the company continued to look for a partner to finance the future development of the program.

Revenue

Revenue for the reporting period January – September 2007 consists of periodization of the signing fee of the licensing agreement signed with Seikagaku Corporation in 2003, periodization of the signing fee of the licensing agreement signed with Somaxon Pharmaceuticals in 2004, periodization of the option fee of the option agreement signed with Roche in 2006 as well as periodization of the execution fee of the licensing agreement signed with Lundbeck that entered into force in May 2007. EUR 4 million was booked as revenue in the second quarter of 2007 of the execution fee of EUR 12 million paid by Lundbeck to Biotie. The rest of the EUR 12 million is expected to be recognized as revenue against clinical development costs in 2007-2009. Of the EUR 12 million, EUR 10 million was paid on signing in November 2006 and EUR 2 million was paid on the license entering into force in May 2007. The revenue for the reporting period January – September, 2007 was in total EUR 6.7 million.

Revenue for the period January – September, 2006 consisted of periodization of the signing fee of the licensing agreement signed with Seikagaku Corporation in 2003 and periodization of the signing fee of the lisensing agreement signed with Somaxon Pharmaceuticals in 2004. The revenue was in total EUR 0.7 million. No new milestone or signing fees were received during the period.

Financial results

The net profit for the reporting period January – September 2007 was EUR 0.6 million. The comparable loss for the previous year was EUR 5.5 million.

Research and development costs for the period amounted to EUR 5.8 million (in 2006 EUR 4.1 million). Patent costs have been booked as expenses.

Financing

Biotie’s equity ratio was -29.5 % on September 30, 2007 (-474.0 % in 2006). Cash and cash equivalents totaled EUR 29.3 million on September 30, 2007 (EUR 3.8 million in 2006).

Equity

A total of 231,200 new shares in Biotie Therapies Corp. have been subscribed for by exercising the series A option rights of the company's option scheme issued on March 30, 2006. The subscription price of the shares was EUR 0.60 per share. The new shares have been entered in the Finnish Trade Register on April 30, 2007. Following the increase, the total number of shares in Biotie Therapies Corp. was 90,031,860, and the subscription price has been recorded in the reserve for invested unrestricted equity.

So far, a total of 231,200 new shares have been subscribed for pursuant to the series A option rights of the company's option scheme issued by the company on March 30, 2006.

Pursuant to the convertible capital loan issued on March 25, 2004, a total of 450,000 new shares has been subscribed for. The new shares have been entered in the Finnish Trade Register on April 2, 2007 and May 11, 2007. Following the increase, the total number of shares in Biotie Therapies Corp. is 90.211.860. The loan capital converted in connection with the subscription amounts to EUR 840,939.62. The conversion price paid has been recorded in the reserve for invested unrestricted equity.

Relating to the company’s option programs, the company has signed a stock lending agreement with EVLI Bank in January, 2007.

Investments and cash flow

The company’s investments during the reporting period amounted to EUR 15 thousand (EUR 57 thousand in 2006). The investments mainly comprised of equipment purchased for research and development operations. Cash flow from operating activities was EUR -4.1 million (EUR -4.9 million in 2006). Research and development expenses are booked as costs.

Personnel

During the reporting period, the company's personnel was on average 35 (38 in 2006) and at the end of the period 36 (36 on September 30, 2006).

The ten biggest shareholders of Biotie on September 30, 2007

	Number of shares	%
Pequot group: - Pequot Healthcare Fund, L.P. (7 765 345) - Pequot Healthcare Offshore Fund, Inc. (5 937 983) - Premium Series PCC Limited (998 490) - Pequot Diversified Master Fund Ltd. (1 201 800) - Pequot Healthcare Institutional Fund, L.P (1 521 406)	21 925 024	24.51

- Pequot Healthcare Emerging Markets Fund, Ltd. (4 500 000)		
Finnish Innovation Fund (Sitra)	14 585 350	16.30
Finnish Industry Investment Ltd	6 778 592	7.58
Juha Jouhki and his controlled companies	6 537 672	7.31
- Dreadnought Finance Oy (2 098 416)		
- Jouhki Juha (1 501 356)		
- Thominvest Oy (2 937 900)		
Funds administered by BioFund Management Oy:	2 549 775	2.85
- BioFund Ventures III Ky (2 485 715)		
- BioFund Ventures I Ky (64 060)		
Harri Markkula and his controlled company:	1 298 813	1.45
- Tilator Oy (676 264)		
- Markkula Harri (622 549)		
Oy H. Kuningas & Co AB	1 058 371	1.18
Oksanen Markku	550 000	0.61
Siven Pertti	355 000	0.40
Funds administered by Aboa Venture Management Oy:	344 618	0.39
- Aboa Venture Ky II (336 747)		
- Karhu Pääomarahasto Ky (7 871)		
	55 983 215	62.58
Nominee registered shares total	6 986 337	7.81
Other shareholders	26 493 308	29.61
Outstanding shares	89 462 860	100.00
The number of the company's own shares held by Biotie Therapies	749 000	
Total	90 211 860	

IFRS and Accounting principles

The interim report does not comply with all requirements of IAS 34, Interim Financial Reporting. Biotie has applied the same accounting principles as in the closing of year 2006.

This interim report is unaudited.

Risks and Risk Management

Biotie’s strategic risks are related to the technical success of the drug development programs, regulatory issues, the strategic decisions of its commercial partners, ability to obtain and maintain intellectual property rights for its products, validity of its patents, launch of competitive products and the development of the sales of its products. For example, even though the commercialisation and collaboration agreements on the company’s product development projects have been concluded, there can be no assurance that the contracting partner will act in accordance with the agreement, the authorities will approve the product under development or the approved product will be commercialised. The development and success of the company’s products depends on third parties.

The operational risks include dependency of key personnel, assets and dependency on partners’ decisions.

Future outlook

The EUR 2 million option fee payment from Roche is expected during the fourth quarter of 2007. The company is not expecting additional new milestone payments based on other agreements in 2007.

Biotie's total revenue in IFRS reporting for 2007 is expected to be approximately EUR 8-9 million, and the operating costs will increase to a somewhat higher level for 2007 than in 2006.

Biotie 2007 financial result is expected to improve compared to year 2006, but the company expects to report a loss for the full year 2007.

The operating costs are expected increase to a somewhat higher level for 2008 than in 2007. The company is not expecting new milestone payments based on existing agreements in 2008.

In Turku, October 26, 2007

Biotie Therapies Corp.

Board of Directors

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Distribution:
OMX Nordic Exchange Helsinki Oy
Main Media

APPENDICES TO THE INTERIM REPORT

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FINANCIAL STATEMENT

EUR 1,000	1.7.-30.09.2007 3 months	1.7.-30.09.2006 3 months	1.1.-30.09.2007 9 months	1.1.-30.09.2006 9 months	1.1.-30.12.2006 12 months
Revenue	1,520	250	6,730	748	1,118
Research and Development expenses	-2,263	-799	-5,812	-4,139	-7,970
General and administrative expenses	-313	-407	-1,276	-2,100	-2,207
Other operating income	186	121	870	540	698
Operating profit/loss	-871	-836	512	-4,952	-8,361
Financial income	127	30	728	100	215
Financial expenses	-196	-208	-597	-602	-812
Profit/loss before taxes	-940	-1,013	643	-5,453	-8,958
Taxes	0	0	0	0	-7
Net income/loss	-940	-1,013	643	-5,453	-8,964
Distribution					
To parent company Shareholders	-940	-1,013	643	-5,453	-8,964
Earnings per share (EPS) basic and diluted, EUR	-0.01	-0.02	0.01	-0.10	-0.16

BALANCE SHEET

EUR 1,000	30.09.2007	30.09.2006	30.12.2006
Assets			
Non-current assets			
Intangible assets	760	819	801
Property, plant and equipment	78	131	109
Financial assets at fair value through profit or loss	16,621		20,000
	17,459	950	20,910
Current assets			
Current receivables	840	492	560
Financial assets at fair value through profit or loss	12,000	3,332	7,878
Cash and cash equivalents	642	491	3,886
	13,482	4,316	12,323
Total	30,941	5,266	33,233
Equity and liabilities			
Shareholders’ equity			
Share capital	19,850	1,054	19,850
Reserve for invested unrestricted equity	980		
Retained earnigs	-30,589	-20,559	-21,692
Net income/loss	643	-5,453	-8,964
Shareholders’ equity total	-9,117	-24,959	-10,807
Long-term liabilities			
Provisions	15	24	27
Interest-bearing liabilities	23,493	22,918	23,508
Non-interest-bearing liabilities	9,836	4,772	6,528
	33,344	27,715	30,063
Current liabilities			
Provisions	16	16	16
Interest-bearing liabilities	11	33	27
Accounts payable and other debts	6,687	2,460	13,934
	6,714	2,510	13,977
Liabilities total	40,058	30,224	44,040
Total	30,941	5,266	33,233

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Parent company shareholders' equity

EUR 1,000	Shares (1000 pcs)	Share Capital	Reserve for invested unrestricted equity	Share Premium fund	Own Shares	Retained Earnings	Shareholders' equity total
Balance at 1.1.2006	52,675	1,054	0	5,881	-15	-26,502	-19,583
Net income/loss for the period						-5,453	-5,453
Options granted						78	78
Transfer from share premium fund				-5,881		5,881	0
	0	0	0	-5,881	0	505	-5,376
BALANCE AT 30.09.2006	52,675	1,054	0	0	-15	-25,997	-24,959
Net income/loss for the period						-3,511	-3,511
Options granted						24	24
Share issue	36,855	18,796				-1,157	17,639
	36,855	18,796	0	0	0	-4,645	14,151
BALANCE AT 30.12.2006	89,531	19,850	0	0	-15	-30,641	-10,807
Net income/loss for the period						643	643
Options granted						68	68
Share subscription with convertible capital loans	450		139				139
Share subscription with option rights	231		841				841
	681	0	980	0	0	711	1,690
BALANCE AT 30.9.2007	90,212	19,850	980	0	-15	-29,930	-9,117

CASH FLOW STATEMENT

EUR 1,000	1.1.-30.09.2007 9 months	1.1.-30.09.2006 9 months	1.1.-30.12.2006 12 months
Cash flow from operating Activities			
Net income/loss	643	-5,453	-8,964
Adjustments:			
Non-cash transactions	140	374	1,249
Addition/disposal due to revaluation of financial assets at fair value through profit or loss	-606	-19	-84
Interest expenses and other financial expenses	598	602	812
Interest income	-728	-100	-215
Taxes			7
Change in working capital:			
Change in trade and other receivables	-254	81	-19
Change in trade creditors and other liabilities	-3,951	-489	12,535
Change in mandatory provisions	12	-15	-12
Interests paid	-15	-20	-25
Interests received	108	100	131
Taxes paid			-7
Net cash from operating activities	-4,053	-4,938	5,408
Cash flow from investing activities			
Change in financial assets at fair value through profit or loss			
Additions	-3,000		-25,000
Disposals	2,952	3,450	4,000
Investments to tangible assets	-15	-57	-819
Sale of associated companies		45	45
Net cash used in investing activities	-63	3,438	-21,773
Cash flow from financing activities			
Payments from share issue	139		17,639
Proceeds from borrowings	786	1,642	2,232
Repayment of loans	-40		
Repayment of lease commitments	-14	-47	-15
Net cash from financing activities	872	1,595	19,856
Net increase (+) or decrease (-) in cash and cash equivalents	-3,244	96	3,490
Cash and cash equivalents in the beginning of the period	3,886	395	395
Cash and cash equivalents in the end of the period	642	491	3,886

KEY FIGURES

EUR 1,000	1.1.-30.09.2007 9 months	1.1.-30.09.2006 9 months	1.1.-30.12.2006 12 months
Business development			
Revenues	6,730	748	1,118
Personnel on average	35	38	37
Personnel at the end of period	36	36	35
Research and development costs	5,812	4,139	7,970
Capital expenditure	15	57	819
Profitability			
Operating profit/loss	512	-4,952	-8,361
as percentage of revenues, %	7.6	-662.4	-747.6
Profit/loss before taxes	643	-5,453	-8,958
as percentage of revenues, %	9.5	-729.5	-800.9
Balance sheet			
Cash and cash equivalents	29,263	3,824	31,763
Shareholders equity	-9,117	-24,959	-10,807
Balance sheet total	30,941	5,266	33,233
Financial ratios			
Return on equity, %		-	-
Return on capital employed, %	12.2	-	-113.5
Equity ratio, %	-29.5	-474.0	-46.5
Gearing, %	63.2	-76.6	76.1
Per share data			
Earnings per share (EPS), EUR	0.01	-0.10	-0.16
Shareholders´equity per share, EUR	-0.10	-0.47	-0.12
Divided per share, EUR			
Pay-out ratio, %			
Effective dividend yield, %			
P/E-ratio			
Share price			
Lowest share price, EUR	0.83	0.49	0.49
Highest share price, EUR	1.22	0.91	2.39
Average share price, EUR	0.99	0.64	1.10
Share price at the end of period, EUR	1.04	0.64	1.18
Market capitalization at the end of period MEUR	93.8	33.7	105.6
Trading of shares			
Number of shares traded	31,727,304	9,659,876	32,470,230
As percentage of all	35.2	18.3	36.3

Adjusted weighted average number of shares during the period	89,831,492	52,675,221	54,995,830
Adjusted number of shares at the end of the period	90,211,860	52,675,221	89,530,660

CONTINGENT LIABILITIES

EUR 1,000	30.09.2007	30.09.2006	30.12.2006
Lease commitments	120	70	73

FORMULAS FOR THE CALCULATION OF THE FINANCIAL RATIOS

In the following formulas capital loans are included in interest bearing liabilities and not in shareholders' equity.

Return on equity, %
Profit (loss) before extraordinary items – taxes
---------- x 100
Shareholders' equity

Return on capital employed, %
Profit (loss) before taxes + interest expenses and other financial expenses
---------- x 100
Balance sheet total – non-interest bearing liabilities

Equity ratio, %
Shareholders' equity
---------- x 100
Balance sheet total – advanced received

Gearing, %
Interest bearing liabilities – cash and cash equivalents
---------- x 100
Shareholders' equity

Earnings per share (EPS)
Profit before extraordinary items, appropriations and taxes – minority interest – taxes
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Adjusted average number of outstanding shares during the period

Shareholders' equity per share
Shareholders' equity

Adjusted average number of shares at the end of the period