BIOTIE THERAPIES CORP. INTERIM REPORT 5 August 2011 at 9.00 a.m.

Biotie Therapies Corp. Interim report 1 January – 30 June 2011

Acquisition of Synosia Therapeutics, completion of phase 3 trials for nalmefene in alcohol dependence, successful share offering and pipeline prioritization: The Company has made substantial progress in the first-six months of 2011. In January, Biotie acquired Synosia Therapeutics, a drug development specialist with key operations in the US and a strategic alliance with UCB Pharma. In March, Biotie raised EUR 27 million in a directed share issue to institutional and strategic investors, strengthening its financial position. In June, Biotie's partner, Lundbeck, concluded an extensive phase 3 program for nalmefene in alcohol dependence, following initial positive data in January. Lundbeck plans to file a marketing authorization application (MAA) in the EU for nalmefene by the end of 2011. Biotie advanced SYN115 into a large phase 2b trial in Parkinson's disease in April and, after the reporting period in July, completed an extensive a pipeline review to ensure that it is prioritizing those compounds that it believes have the greatest opportunity to create value. As a result, Biotie enters the second half of 2011 with a firm strategy in place to develop products in areas of high unmet medical need and create long term value for its shareholders.

Financial review for January – June 2011

Financial statements for January - June 2011 are not directly comparable to the same period in 2010 due to the Synosia Therapeutics acquisition and the consolidation of the new subsidiaries' results into the Biotie group's consolidated financial statements from the acquisition date 1 February 2011 onwards.

Biotie corrected on July 28, 2011 the comparison figures of interim report January - March 2011 from the period of January-March 2010. The correction affected comparison figures January - March 2010, it did not affect the figures reported for January - March 2011. The comparison figures for the period January – June 2010 have been classified according to IFRS 5.

EUR thousand **Continuing operations**	**1.1. – 30.6. 2011 6 months**	**1.1. – 30.6. 2010 6 months**
Revenues	946	1,009
Financial result (net loss):	-12,320	-4,597
Basic earnings per share (EUR)	-0.04	-0.03
Cash flow from operating activities	-10,520	-5,485
Investments	34	180

	30.6.2011	**30.6.2010**
Liquid assets	40,882	11,638
Equity	86,543	-15,949
Equity ratio (%)	63.5	-67.2

Q2/2011 in brief:

Completion of phase 3 program with nalmefene in alcohol dependence; European marketing authorization application (MAA) expected by the end of 2011: Biotie's partner, H. Lundbeck A/S (Lundbeck), announced in June the completion of ESENSE2, the last study in its phase 3 program evaluating nalmefene for the treatment of alcohol dependence. Results from this 718 patient, double-blind, placebo controlled trial were consistent with the profile observed in previous clinical studies of nalmefene. Lundbeck plans to file a marketing authorization application (MAA) in Europe by the end of 2011.

Start of a Phase 2b trial of SYN115 in Parkinson's disease: In April, Biotie initiated a large phase 2b study in levodopa-treated Parkinson's disease (PD). Results from the study are expected in H1 2013. The compound is partnered with UCB Pharma.

Topline data from an exploratory phase 2a study with SYN118 in Parkinson's disease: Biotie announced results from an exploratory phase 2a study of its HPPD inhibitor SYN118 in Parkinson's disease (PD) in May. These data did not show a significant improvement in measures of PD motor function when compared to placebo. Biotie is considering development options for SYN118 together with its partner UCB.

Financial review Q2 2011:

Financial statements for Q2 2011 are not directly comparable to the same period in 2010 due to the Synosia Therapeutics acquisition and the consolidation of the new subsidiaries' results into the Biotie group's consolidated financial statements from the acquisition date 1 February 2011 onwards.

EUR thousand **Continuing operations**	**1.4. – 30.6.2011 3 months**	**1.4.– 30.6 2010 3 months**
Revenues	473	473
Financial result (net loss):	-4,610	-2,169
Basic earnings per share (EUR)	-0.01	-0.01
Cash flow from operating activities	-6,324	-2,380

Timo Veromaa, Biotie's President and CEO:

"*We have made tremendous progress since the beginning of the year, with nalmefene for alcohol dependence completing Phase 3 studies and nearing the market, and with the start of a large Phase 2b trial of SYN115 in Parkinson's disease. We have conducted a thorough pipeline review to ensure that we are investing in those products that have the greatest opportunity to create value. We have also uncovered interesting new opportunities for our VAP-1 antibody in niche indications. We are confident and excited about these opportunities and believe that Biotie is ideally positioned to create value for our shareholders".*

Key events after the reporting period

Completion of pipeline review: Following completion of the Synosia integration, Biotie – as planned – conducted a pipeline review to ensure it is focusing on those products that it believes will have the greatest opportunity to create value. The company will continue to focus on areas of high unmet medical need in central nervous system (CNS) disorders with nalmefene, SYN115, SYN118, SYN120, and SYN117, and will pursue its vascular adhesion protein-1 (VAP-1) antibody in inflammatory disease, including certain niche indications. As part of the pipeline prioritization, the company will now seek a partner for its PDE4 inhibitor ronomilast (phase

1b; respiratory disease) and will not invest in further clinical trials with the compound without a partner. Biotie will discontinue SYN111 (rufinamide; phase 2a; bipolar disease).

Biotie Advances Clinical Programme for SYN120: Biotie announced on July 22 the start of a Phase 1 clinical study using positron emission tomography (PET) imaging to investigate brain concentrations of SYN120, a potential treatment for cognitive disorders including Alzheimer's disease and schizophrenia.

The trial of healthy volunteers is being conducted by Dr Dean Wong at the John Hopkins University in the United States to determine occupancy of the 5-HT6 receptor in the brain following different doses of SYN120. This will help to establish the appropriate dose for subsequent Phase 2 trials.

Outlook for 2011

Outlook for key development programs

- **Nalmefene:** Small molecule opioid receptor antagonist for alcohol dependence partnered with H. Lundbeck A/S (Lundbeck). Phase 3 program complete marketing authorization application (MAA) in Europe expected by end of 2011; potential launch in 2012. Detailed efficacy and safety data expected to be submitted by Lundbeck for presentation at scientific and medical meetings in the next 12 months.

- **SYN115 (tozadenant):** Small molecule adenosine A2a receptor antagonist for Parkinson's disease, partnered with UCB. Phase 2b ongoing (sponsored by Biotie) with results expected H1 2013.

- **SYN118 (nitisinone):** Small molecule inhibitor of 4-hydroxyphenylpyruvate dioxygenase (HPPD). Biotie is considering development options for the compound together with its partner UCB and will announce further plans later in the year.

- **SYN120**: Small molecule 5HT-6 receptor antagonist for cognitive disorders associated with Alzheimer's disease and schizophrenia. Phase 1 PET ("positron emission tomography") imaging study to determine therapeutic dose for subsequent phase 2 studies ongoing; expected completion H1 2012. Roche has an option to license this compound from Biotie.

- **SYN117 (nepicastat):** Small molecule dopamine beta-hydroxylase (DBH) inhibitor in phase 2 trial in post-traumatic stress disorder (PTSD), funded by US Department of Defense; results expected in 2013. Strong scientific and medical rationale in the treatment of cocaine dependency; in discussions with US government agencies for further funding in this indication.

- **BTT-1023 (VAP-1 antibody):** Fully human monoclonal antibody targeting Vascular Adhesion Protein-1. Manufacturing scale-up optimization program ongoing and proof-of-concept clinical studies in selected indications are planned to start H2 2012. Biotie is also in discussions with potential additional partners, outside Seikagaku's territory, for indications targeting large markets.

- **Ronomilast:** Potential best-in-class small molecule phosphodiesterase-4 (PDE4) inhibitor for COPD; Phase1 complete. Biotie will seek a corporate partner to drive development of ronomilast and will not invest in further clinical studies without a partner.

Financial calendar 2011:

Interim Report for January – September	4 November 2011

Conference call

An analyst and media conference call will take place on 5 August 2011 at 2.00 p.m. Central European Time. The conference call will be held in English.

Callers may access the conference directly at the following telephone numbers: US: +1 212 444 0481, UK: +44 (0)20 7136 2053 and Finland: +358 (0)9 2319 4345 access code 8705943. Lines are to be reserved ten minutes before the start of conference call. The event can also be viewed as a live webcast at www.biotie.com. An on demand version of the conference will be published on Biotie's website later during the day. In case you need additional information or assistance, please contact: Virve Nurmi, IR Manager Biotie Therapies, Tel +358 2 2748 911

About Biotie

Biotie is a specialized drug development company focused on the development of products for neurodegenerative and psychiatric disorders (Parkinson's disease, Alzheimer's disease and other cognitive disorders, alcohol and drug dependence) and inflammatory diseases. It has several innovative small molecule and biological drug candidates at different stages of clinical development. Biotie's products address diseases with high unmet medical need and significant market potential.

Partnerships with top-tier pharmaceutical partners are in place for several programs as well as a strategic collaboration with UCB Pharma S.A. Biotie's most advanced product, nalmefene for alcohol dependence, has completed Phase 3 clinical development by licensing partner H. Lundbeck A/S.

Group structure: The parent company of the group is Biotie Therapies Corp. The domicile of the company is Turku, Finland. The company has two non-operational subsidiaries named Biotie Therapies GmbH, located in Radebeul, Germany and Biotie Therapies International Ltd in Finland.

Following the acquisition of Synosia Therapeutics, the company has a holding subsidiary, Biotie Therapies Holding AG, located in Basel, Switzerland, which has two operative subsidiaries, Biotie Therapies AG, located in Basel, Switzerland and Biotie Therapies, Inc. located in South San Francisco, California.

Drug development projects:

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

Biotie has licensed global rights to nalmefene to H. Lundbeck A/S (Lundbeck). Under the terms of the agreement, Biotie is eligible for up to EUR 84 million in upfront and milestone payments plus royalties on sales from Lundbeck. Biotie has already received EUR 12 million from Lundbeck. Further milestone payments are expected on commercial launch of nalmefene and on the product reaching certain predetermined sales. Lundbeck will be responsible for manufacturing and registration of the product.

Lundbeck announced in June the completion of ESENSE2, the last study in its phase 3 program evaluating nalmefene for the treatment of alcohol dependence. Results from this 718 patient, double-blind, placebo controlled trial were consistent with the profile observed in previous clinical studies of nalmefene. Lundbeck plans to file a marketing authorization application (MAA) in Europe by the end of 2011.

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

Furthermore, data from the 12-month safety study (SENSE) confirmed that the treatment effect of nalmefene was maintained and even improved after 1 year of treatment. Approximately two-thirds of the individuals in the studies had previously not been treated for alcohol dependence, despite an ongoing affliction, indicating that reduction of alcohol intake represents an attractive treatment objective compared to current treatments which all require abstinence.

The safety profile of nalmefene was consistent with observations and data provided in earlier studies, including Biotie's previously completed phase 3 program. The most frequent adverse events in patients taking nalmefene were dizziness, insomnia and nausea. These adverse events were usually mild and transient in nature. The three studies in the Lundbeck phase 3 clinical program were conducted in Europe and enrolled about 2,000 individuals with alcohol dependence. Including prior studies conducted by Biotie, the total clinical database now contains more than 3,000 patients with alcohol dependence.

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

Biotie announced in April the start of a phase 2b trial evaluating SYN115 in PD. The trial is a randomized, double-blind, placebo-controlled study that will evaluate four doses of SYN115 versus placebo as adjunctive therapy in 400 levodopa-treated PD patients with end of dose wearing off. In these patients, treatment with levodopa is insufficient to control PD symptoms until their next dose, resulting in an 'off' period when symptoms reappear. The aim of the trial is to determine the efficacy and safety of SYN115 in reducing the mean time spent in the 'off' state over a 12 week treatment period. The study will also assess the impact of SYN115 on various measures of motor symptom severity, dyskinesia and non-motor symptoms. Results from the phase 2b trial are expected H1 2013.

Biotie has granted UCB Pharma S.A. a license for exclusive, worldwide rights to SYN115. UCB will be responsible for phase 3 development and commercialization.

Nitisinone (SYN118) is a potent and selective inhibitor of hydroxyphenylpyruvate dioxygenase (HPPD), an enzyme responsible for the catabolism of tyrosine, the precursor of the neurotransmitter dopamine. Preclinical studies have shown that nitisinone is active in animal models of PD. Clinical studies and patient experience with nitisinone have shown pronounced and predictable elevations in the circulating concentrations of tyrosine. The company has completed an open label, proof-of-mechanism study with nitisinone for PD and a proof-of-concept trial in restless leg syndrome, both of which demonstrated encouraging efficacy and safety.

Biotie announced results from an exploratory phase 2a study of its HPPD inhibitor SYN118 in Parkinson's disease (PD) in May. These data do not show a significant improvement in measures of PD motor function when compared to placebo. Biotie will consider development options for the compound together with its partner UCB and will announce further plans later in the year.

SYN120 is an orally bioavailable, potent and selective antagonist of the 5-HT6 receptor. The 5-HT6 receptors are exclusively located in the brain and antagonism of these receptors modulates the release of acetylcholine and glutamate, two neurotransmitters known to be involved with memory function. Cognitive deficits are an important component of many CNS diseases, especially Alzheimer's and schizophrenia. SYN120 has completed single and multiple ascending dose phase 1 clinical studies and it has recently entered a phase 1 PET ("positron emission tomography") imaging study to determine therapeutic dose for subsequent phase 2 studies. This trial is expected to conclude during H1 2012. The compound was originally licensed from Roche and Roche has an option to reacquire this program after the results of the ongoing study have been obtained.

BTT-1023 (VAP-1 antibody) Biotie has recently generated new data indicating that its proprietary target VAP-1, in addition to its clinically demonstrated role in inflammatory diseases, has an important role in fibrotic diseases. These data, generated in part in collaboration with National Institute for Health Research Liver Biomedical Research Unit at the University of Birmingham, UK, reveal significant potential for Biotie's fully human VAP-1 antibody (BTT-1023) in certain niche liver inflammatory fibrotic diseases. These data will be published at upcoming scientific and medical conferences and represent potentially new and exciting development opportunities for BTT-1023 in a range of conditions. Biotie is currently optimizing the scale-up of the manufacturing process for BTT-1023 and expects to start proof-of-concept clinical studies in selected indications in H2 2012. Biotie has previously demonstrated encouraging efficacy and safety for BTT-1023 in early clinical studies in rheumatoid arthritis and psoriasis patients and in a range of preclinical models of inflammatory diseases, including COPD and certain neurological conditions. The company will continue discussions with potential partners, outside Seikagaku's territory, for the indications targeting large markets

Ronomilast is a once-daily, potentially best-in-class oral phosphodiesterase-4 (PDE4) inhibitor with therapeutic potential in chronic inflammatory disorders, particularly in chronic obstructive pulmonary disease (COPD), a serious respiratory disorder with major unmet medical need. In three clinical studies with a total of 126 subjects ronomilast has been demonstrated to be safe and well tolerated at all tested doses up to 100mg once daily. Robust and statistically highly significant biomarker responses confirmed the pharmacological activity of well tolerated doses of ronomilast in man. Due to the complexity and size of studies required for the development of medicines for the treatment of COPD, Biotie has decided that a corporate partnership is required to optimize the development path for ronomilast. The company will not invest in further clinical studies without a partner.

Nepicastat (SYN117) is a potent, competitive, and selective inhibitor of the enzyme dopamine beta-hydroxylase. The inhibition of this enzyme has been shown to raise dopamine levels in the central nervous system (CNS). Nepicastat is available as an oral treatment and has been well-tolerated in preclinical models at doses significantly above the expected therapeutic range for the current CNS indications under investigation. A phase 2 study of nepicastat in post traumatic stress disorder is ongoing, funded by the US Department of Defense. No data from this study is expected to become available before 2013. There is strong scientific and medical rationale for the use of SYN117 in the treatment of cocaine dependency and discussions are ongoing to seek further funding for this indication.

Rufinamide (SYN111): Following discussions with various funding agencies and key opinion leaders Biotie has decided to discontinue all development of SYN111 (rufinamide). Rights to this compound will be returned to Novartis.

Financial review for reporting period January – June 2011

Financial statements for the period January-June 2011 are not directly comparable to the same period in 2010 due to the Synosia Therapeutics acquisition and the consolidation of the new subsidiaries' results into the Biotie group's consolidated financial statements from the acquisition date 1 February onwards.

Revenues: Revenues for the reporting period amounted to EUR 0.9 million (EUR 1.0 million in the same period in 2010). Revenues consisted of periodization of previously received upfront payments from licensing agreements.

Financial result: Net loss for the reporting period 2011 was EUR 12.3 million (EUR 4.6 million for continuing operations in the same period in 2010). Research and development costs for the reporting period amounted to EUR 9.3 million (EUR 3.4 million in the same period in 2010). The increase in research and development costs and in net loss was due to the acquisition of Synosia. Total comprehensive income including the currency translation differences amounted to EUR -11.7 million (EUR -7.1 million in the same period 2010).

Discontinued operations relate to the restructuring plan initiated in October 2010. The restructuring plan targeted achieving annual savings of at least EUR 4.0 million from 2011onwards. The group is on track to achieve the expected savings by the end of 2011.

Financing: Cash and cash equivalents and short term investments totaled EUR 40.9 million on 30 June 2011 (EUR 11.6 million on 30 June 2010). The groups' financial position has been strengthened by a private placement of EUR 27 million in March 2011 and furthermore by the liquid assets of Synosia acquired in February 2011.

Biotie has a standby equity distribution agreement (SEDA) in place with US fund Yorkville. Yorkville is obliged to subscribe and pay for ordinary no-par Biotie shares up to a total value of EUR 20 million during the period until September 2012 at Biotie's discretion (Biotie option). The purpose of this arrangement is to have an option to secure the financing of Biotie's working capital in the short and medium term. Biotie has made use of this arrangement three times since August 2010 and has raised a total amount of EUR 1.1 million.

Shareholder's equity:

The shareholders' equity of the group amounted to EUR 86.5 million (IFRS) on 30 June 2011. Biotie's equity ratio was 63.5% on 30 June 2011 (-67.2% on 30 June 2010). Equity was strengthened by the share issues related to Synosia acquisition as well as the private placement executed in Q1 2011.

Investments and cash flow:

Cash flow from operating activities in January - June amounted to EUR -10.5 million for continuing operations (EUR -5.5 million in the same period in 2010) and EUR -2.4 million for discontinued operations (EUR -2.6 million in Q2 2010). Operating cash outflow for continuing operations was EUR 5.0 million higher than in the same period in 2010 mainly due to the acquisition of Synosia. Cash flow for discontinued operations related to the restructuring plan and spin-off of Biotie's operations in Radebeul, Germany (now Biocrea GmbH) initiated in October 2010. No further cash out-flow related to the Biocrea spin-off is expected in the future.

The group's investments during the reporting period amounted to EUR 34 thousand (EUR 180 thousand in the same period in 2010).

Personnel

During the reporting period January - June 2011, the average number of employees amounted to 41 (82 during January - June 2010) and at the end of the reporting period, after the restructuring in Q4 2010 and acquisition of Synosia in Q1 2011, Biotie employed 39 people (80 on 30 June 2010).

Option rights

Biotie has issued option rights to certain of its employees and managers pursuant to two different option programs in 2006 and 2009. Each option right granted based on these two option programs entitle to subscribe one share in the company.

The Swiss company Synosia Therapeutics Holding AG (currently Biotie Therapies Holding AG) acquired by Biotie in February 2011 also has a stock option plan based on which stock options have been granted to employees, directors and consultants.

The Swiss subsidiary of Biotie Therapies Corp. Biotie Therapies Holding AG (previously Synosia Therapeutics Holding AG) conveyed 2,132,860 (reported in 6 June, 2011) and conveyed 899,071 (reported in 5 July, 2011) of Biotie shares (a total of 3,031,931 Biotie shares) against consideration pursuant to the option programs.

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 by 3,031,931 votes to 375,714,233 votes. The conveyance does not affect the number of registered shares (total of 387,594,457 shares) but the number of the Company's shares held by the Biotie Therapies group is reduced to 11,880,224 shares. The parent company Biotie does not own any treasury shares.

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). Since July, 2011 Biotie has been classified as Biotechnology (GICS - Global Industry Classification Standard) by MSCI (Morgan Stanley Capital International).

On 30 June 2011 the registered number of shares in Biotie Therapies Corp. was 387,594,457. Of these shares 11,880,224 were held by the company or its group companies (in 5 July 2011). The registered share capital of Biotie was EUR 165,919,181.95

Market capitalization and trading

At the end of the reporting period the share price was EUR 0.54 the highest price during the reporting period January – June 2011 was EUR 0.82, the lowest was EUR 0.49, and the average price was EUR 0.62. Biotie's market capitalization at the end of the reporting period was EUR 209.3 million.

The trading volume on NASDAQ OMX Helsinki during the reporting period January – June was 174 383 076 shares, corresponding to a turnover of EUR 107,038,351.

Shareholders' meetings

Extraordinary General meeting held on 1 February:

The stock exchange release regarding the resolutions of the Extraordinary General Meeting of Biotie Therapies Corp. was published on 1 February 2011.

Annual General Meeting was held on 6 May

The stock exchange release regarding the resolutions of the Annual General Meeting of Biotie Therapies Corp. was published on 6 May 2011.

Short-term risks and uncertainties

Biotie's strategic risks are predominantly related to the technical success of the drug development programs, regulatory issues, strategic decisions of its commercial partners, ability to obtain and maintain intellectual property rights for its products, launch of competitive products and the development of the sales of its products. The development and success of Biotie's products depends to a large extent on third parties. Any adverse circumstance in relation to any of its R&D programs might impair the value of the asset and thus, represent a severe risk to the company. Such adverse events could happen on a short term notice and are not possible to foresee.

The key operational risks of Biotie’s activities include the dependency on key personnel, assets (especially in relation to intellectual property rights) and dependency on its license partners' decisions.

Furthermore, significant financial resources are required to advance the drug development programs into commercialized pharmaceutical products. To fund the operations, Biotie relies on financing from two major sources: income from its license partners and raising equity financing in the capital markets.

The company relies on capital markets to raise equity financing from time to time. There can be no assurance that sufficient funds can be secured in order to permit the company to carry out its planned activities. Current capital market conditions are very volatile. While in March 2011 the company was able to raise a significant amount of cash 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 it.

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

The group can influence the amount of capital used in its operations by adapting its cost base according to the financing available. The restructuring measures announced in Q4 2010 highlight such an approach. Management monitors the capital and liquidity on the basis of the amount of equity and cash funds. These are reported to the Board on a monthly basis.

IFRS and accounting principles

This interim financial report has been prepared in accordance with IFRS recognition and measurement principles, and applying the same accounting policies as for the 2010 financial statements. The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

In addition, as a result of the acquisition of Synosia Therapeutics, Biotie has applied the following principle in its Q2 2011 financial statements:

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

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

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

c) All resulting exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

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

This interim report is unaudited.

Turku, 5 August 2011

Biotie Therapies Corp.
Board of Directors

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR 1,000	1.4.-30.6.2011 3 months	1.4.-30.6.2010 3 months	1.1.-30.6.2011 6 months	1.1.-30.6.2010 6 months	1.1.-31.12.2010 12 months
Continuing operations					
Revenue	473	473	946	1,009	1,955
Research and development expenses	-4,418	-1,474	-9,346	-3,418	-5,538
General and administrative expenses	-1,667	-1,027	-4,739	-1,927	-4,216
Other operating income	248	41	506	83	166
Operating profit/loss	-5,364	-1,986	-12,633	-4,253	-7,633
Financial income	129	21	147	66	101
Financial expenses	-1,556	-204	-2,016	-409	-930
Profit/loss before taxes	-6,791	-2,169	-14,502	-4,597	-8,462
Taxes	2,181	0	2,181	0	0
Net income/loss, continuing operations	-4,610	-2,169	-12,320	-4,597	-8,462
Net income/loss, discontinued operations	0	-1,238	0	-2,496	-13,111
Net income/loss	-4,610	-3,407	-12,320	-7,093	-21,573
Other comprehensive income:					
Currency translation differences	2,430	0	599	0	0
Total comprehensive income of the period	-2,180	-3,407	-11,721	-7,093	-21,573
Net income/loss attributable to					

Parent company shareholders	-4,610	-3,407	-12,320	-7,093	-21,573
Total comprehensive income attributable to:					
Parent company shareholders	-2,180	-3,407	-11,721	-7,093	-21,573
Earnings per share (EPS) basic & diluted, EUR, continuing operations	-0.01	-0.01	-0.04	-0.03	-0.06
Earnings per share (EPS) basic & diluted, EUR, discontinued operations	-	-0.01	-	-0.02	-0.09

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

	30.6.2011	30.6.2010	31.12.2010
Assets			
Non-current assets			
Intangible assets	86,364	7,169	4,042
Goodwill	5,203	379	0
Property, plant and equipment	371	2,502	365
Investment property	1,430	0	1,468
Other shares	10	10	10
	93,377	**10,060**	**5,885**
Current assets			
Available for sale investment	0	34	0
Investments held to maturity	19,000	3,000	0
Accounts receivables and other receivables	1,934	1,997	1,261
Financial assets at fair value through profit or loss	4,267	0	0
Cash and cash equivalents	17,615	8,638	4,059
	42,816	**13,669**	**5,320**
Total	**136,193**	**23,729**	**11,205**
Equity and liabilities			
Shareholders' equity			
Share capital	166,451	43,057	43,378
Share issue	0	0	500
Reserve for invested unrestricted equity	4,359	1,180	1,180

Cumulative translation adjustment	599	0	0
Retained earnings	-72,546	-53,093	-52,951
Net income/loss	-12,320	-7,093	-21,573
Shareholders' equity total	**86,543**	**-15,949**	**-29,466**
Non-current liabilities			
Provisions	0	143	0
Non-current financial liabilities	25,830	25,714	25,640
Pension benefit obligation	430	554	430
Other non-current liabilities	9,829	7,095	7,442
Non-current deferred revenues	307	429	368
Deferred tax liabilities	7,930	0	0
	44,325	**33,935**	**33,880**
Current liabilities			
Provisions	576	597	589
Pension benefit obligation	16	16	16
Current financial liabilities	110	199	144
Current deferred revenues	120	1,891	1,006
Accounts payable and other current liabilities	4,502	3,040	2,637
Liability related to discontinued operations	0	0	2,400
	5,325	**5,743**	**6,791**
Liabilities total	**49,650**	**39,678**	**40,671**
Total	**136,193**	**23,729**	**11,205**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Attributable to equity holders of the parent company

EUR 1,000	Shares (1000 pcs)	Share Capital	Share issue	Reserve for invested un-restricted equity	Own Shares	Retained Earnings	Share-holders' equity total
BALANCE AT 1.1.2010	158,753	43,057	0	1,180	-15	-53,160	-8,938
Total comprehensive income for the period						-21,573	-21,573
Options granted						108	108
SEDA costs						116	116
Share issue to the company itself without consideration	17,251						0
Directed issue of treasury shares		550	500				1,050
Cost of share issue		-229					-229
	17,251	321	500	0	0	-21,349	-20,528
BALANCE AT 31.12.2010	176,004	43,378	500	1,180	-15	-74,509	-29,466
Total comprehensive income for the period						-11,721	-11,721
Options granted				2,662		1,979	4,641
Options exercised				517			517
Directed issue of treasury shares		500	-500				0
Directed issues of new shares	211,590	115,893					115,893
Directed offer of treasury shares		7,964					7,964
Cost of share issue		-1,284					-1,284
	211,590	123,073	-500	3,179	0	-9,742	116,010
BALANCE AT 30.6.2011	387,594	166,451	0	4,359	-15	-84,251	86,543

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-30.6.2011 6 months	1.1.-30.6.2010 6 months	1.1.-31.12.2010 12 months
Cash flow from operating activities			
Continuing operations			
Net income/loss	-12,320	-4,597	-8,462
Adjustments:			
Non-cash transactions	3,173	-756	-1,287
Acquisition related costs	759	0	0
Interest and other financial expenses	405	409	930
Interest income	-141	-127	-101
Foreign exchange losses/gains on operating activities	-166	0	0
Taxes	-2,181	0	0
Change in working capital:			
Change in accounts receivables and other receivables	559	-54	626
Change in accounts payable and other liabilities	-590	-359	436
Change in mandatory provisions	-12	-12	-25
Interests paid	-42	-21	-42
Interests received	32	32	68
Taxes paid	6	0	0
Net cash from operating activities, continuing operations	**-10,520**	**-5,485**	**-7,856**
Net cash from operating activities, discontinued operations	**-2,400**	**-2,574**	**-7,011**
Net cash from operating activities	**-12,920**	**-8,059**	**-14,867**
Cash flow from investing activities			
Continuing operations			
Acquisition of subsidiary, net of cash acquired	15,489	0	0

Change in financial assets at fair value through profit or loss			
Additions	0	0	0
Disposals	2,454	-8,886	8,886
Change in investments held to maturity			
Additions	-19,000	-3,000	0
Disposals	0	0	0
Investments to tangible assets	-34	-46	-54
Net cash used in investing activities, continuing operations	**-1,091**	**5,841**	**8,832**
Net cash used in investing activities, discontinued operations	**0**	**-134**	**-1,587**
Net cash used in investing activities	**-1,091**	**5,707**	**7,245**
Cash flow from financing activities			
Continuing operations			
Payments from share issue	27,492	0	1,050
Share issue costs	-1,185	0	-229
Proceeds from borrowings	226	186	6
Repayment of loans	0	0	-40
Repayment of lease commitments	-69	-87	-177
Net cash from financing activities, continuing operations	**26,464**	**99**	**610**
Net cash from financing activities, discontinued operations	**0**	**0**	**180**
Net cash from financing activities	**26,464**	**99**	**791**
Net increase (+) or decrease (-) in cash and cash equivalents	12,453	-2,253	-6,832
Effect on changes in exchange rates on cash and cash equivalents	1,103	0	0

Cash and cash equivalents in the beginning of the period	4,059	10,891	10,891
Cash and cash equivalents in the end of the period	17,615	8,638	4,059

ACQUISITION OF SYNOSIA THERAPEUTICS HOLDING AG

Biotie acquired Synosia Therapeutics Holding AG (”Synosia”) on February 2011. Today, Synosia is a wholly-owned subsidiary of Biotie and is consolidated into Biotie’s consolidated financial statements from the acquisition date onwards. Notes required by IFRS3 Business combinations have been presented in Q1 2011 interim report released May 13, 2011.

SYNOSIA OPTION PLAN

As a result of the combination agreement signed with Synosia Therapeutics Holding AG Biotie Therapies Corp. has issued 14,912,155 shares as a bonus issue to its subsidiary Biotie Therapies Holding AG to be held in treasury and to be used to satisfy exercise of Biotie Therapies Holding AG (formerly Synosia Therapeutics Holding AG) options in accordance with the existing Biotie Therapies Holding AG option plans.

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

The following table provides information on the number and pricing of options at June 30, 2011

	Amount	Weighted average exercise price
Options exercised	3,031,931	0.17
Options outstanding	11,678,560	0.22
Options exercisable	8,913,853	0.17

CONTINGENT LIABILITIES

EUR 1,000	**30.6.2011**	**30.6.2010**	**31.12.2010**
Operating lease commitments	**129**	**111**	**159**
Due within a year	76	78	70
Due later	53	33	88
Rent commitments	**307**	**303**	**243**
Due within a year	254	237	243
Due later	53	66	0

Total	**436**	**414**	**402**

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

Commitments

On 30 June 2011 Biotie had purchase commitments, primarily for contract research work services, totaling EUR 11.1 million.

TRANSACTIONS WITH RELATED PARTIES

There have not been major changes within the related party transactions in 2011.

KEY FIGURES

The formulas for the calculation of the key figures are presented in the notes of the consolidated financial statements 2010

Incl. both continuing and discontinued operations	**1.1.-30.6.2011**	**1.1.-30.6.2010**	**1.1.-31.12.2010**
EUR 1,000	**6 months**	**6 months**	**12 months**
Business development			
Revenues	946	2,455	2,928
Personnel on average	41	82	70
Personnel at the end of period	39	80	23
Research and development costs	9,346	7,292	12,229
Capital expenditure	34	180	270
Profitability			
Operating profit/loss	-12,633	-6,734	-20,720
as percentage of revenues, %	-1,335.4	-274.3	-707.65
Profit/loss before taxes	-14,502	-7,093	-21,573
as percentage of revenues, %	-1,533.0	-288.9	-736.78
Balance sheet			
Liquid assets	40,882	11,638	4,059
Shareholders' equity	86,543	-15,949	-29,466
Balance sheet total	136,193	23,729	11,205
Financial ratios			
Return on equity, %	-	-	-
Return on capital employed, %	-30.4	-56.0	-341.5

Equity ratio, %	63.5	-67.2	-263.0
Gearing, %	-12.3	-89.5	-73.7
Per share data			
Earnings per share (EPS) basic, EUR	-0.04	-0.04	-0.15
Earnings per share (EPS) diluted, EUR	-0.04	-0.04	-0.15
Shareholders' equity per share,€	0.22	-0.10	-0.17
Dividend per share, EUR	-	-	-
Pay-out ratio, %	-	-	-
Effective dividend yield, %	-	-	-
P/E-ratio	-	-	-
Share price			
Lowest share price, EUR	0.49	0.45	0.30
Highest share price, EUR	0.82	0.65	0.65
Average share price, EUR	0.62	0.55	0.48
End of period share price, EUR	0.54	0.47	0.50
Market capitalization at the end of period MEUR	209.3	74.6	88.0
Trading of shares			
Number of shares traded	174,383,076	39,220,905	90,049,678
As percentage of all	45.0	24.7	51.2
Adjusted weighted average number of shares during the period	342,346,366	158,752,560	161,919,250
Adjusted number of shares at the end of the period	387,594,457	158,752,560	176,003,931