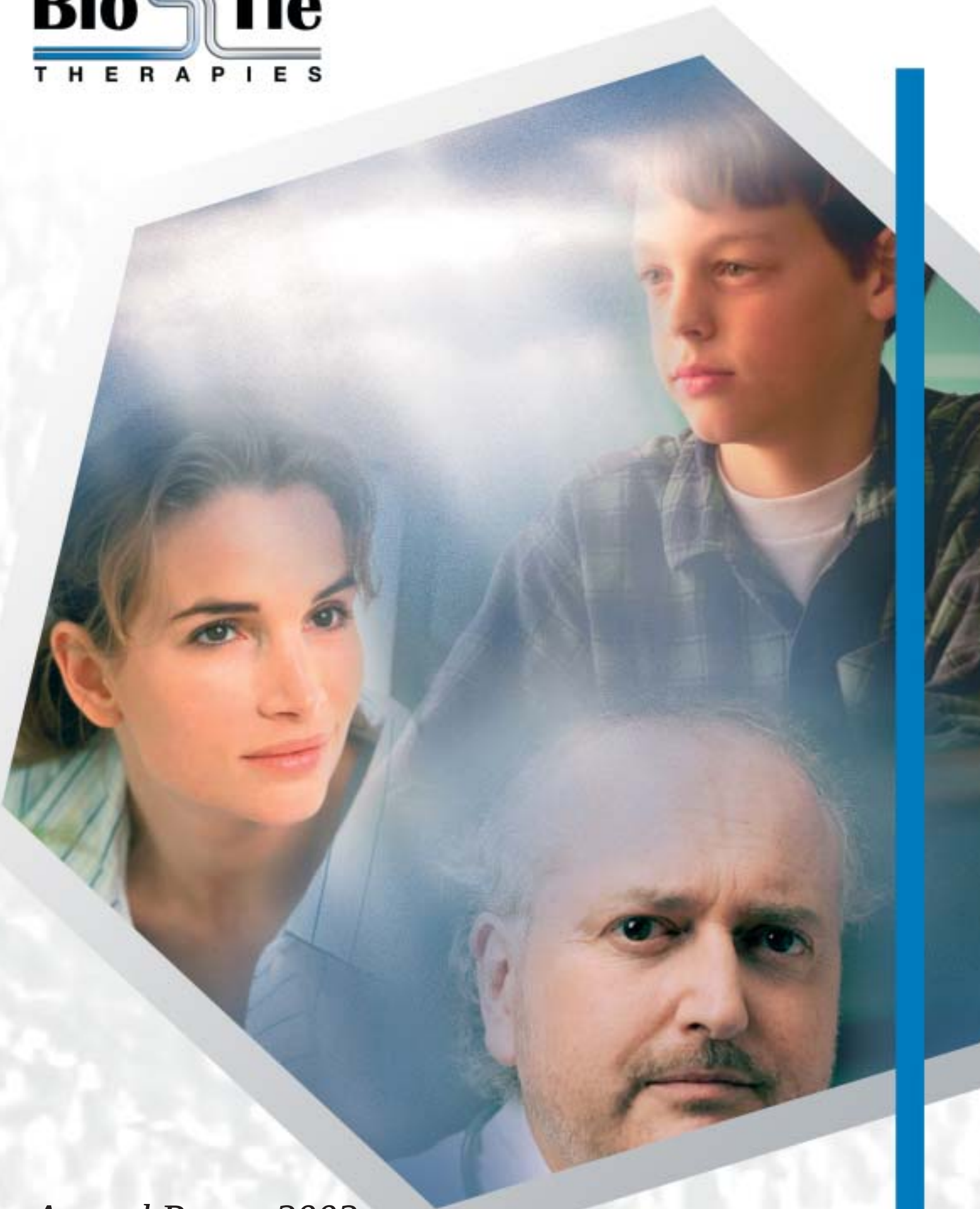
Bio Tie
THERAPIES



Annual Report 2002

Information for shareholders

ANNUAL GENERAL MEETING

The Annual General Meeting of BioTie Therapies Corp. will be held on Tuesday April 29, 2003, commencing at 13.00 (1.00 p.m.), at the Mauno Koivisto Center in Turku (Tykistökatu 6).

Shareholders are entitled to participate in the Annual General Meeting if they are registered in the Company's register of shareholders maintained by the Finnish Central Securities Depository Ltd no later than April 19, 2003.

Shareholders wishing to participate in the Annual General Meeting must notify the Company thereof no later than April 25, 2003 at 16.00 (4.00 p.m.) either in writing to BioTie Therapies Corp., Ms Virve Nurmi, Tykistökatu 6, FIN-20520 Turku, Finland, or by telephone at +358 2 274 8911 during office hours (9.00–16.00 (4.00 p.m.)) from Monday to Friday. The letter of participation must arrive at the Company before the expiry of the period for notification.

FINANCIAL PUBLICATIONS

This annual report and the Company's interim reports are published in Finnish and English. In 2003, the interim reports will be published as follows:

- January – March,
  on Monday April 28, 2003
- January – June,
  on Thursday August 7, 2003
- January – September,
  on Thursday October 23, 2003

To order these publications, please address your request to BioTie Therapies Corp., Ms Virve Nurmi, Tykistökatu 6, FIN-20520 Turku, Finland, or call her at +358 2 274 8911. These publications can also be ordered at our website www.biotie.com.

INVESTOR RELATIONS

BioTie's investor relations are the responsibility of
Jari Saarinen, President and CEO
Tel. +358 2 274 8954 or
jari.saarinen@biotie.com

BioTie's annual report and the Company's interim reports and the website at www.biotie.com contain further information on BioTie.

President's Review

The past year was a challenging one for us. General uncertainty in economy increased in 2002 despite the contrary expectations. The positive outlook early in the year turned more unstable in the spring, and there was no change during the rest of the year. The share prices in the biotechnology sector also fell following the downward trend of the whole stock market.

As a whole, the global pharmaceutical markets continued to grow during the year under review. According to the IMS statistics, the global pharmaceutical markets grew by 8 per cent to USD 430.3 billion in 2002. North America, Europe and Japan accounted for 85 per cent of the total. The growth was fastest in the United States, 12 per cent, and its share of the global pharmaceutical markets stood at 50 per cent. The growth was 8 per cent in Europe, but only 1 per cent in Japan.

The United States Food and Drug Administration FDA granted a sales permit to nine new biotechnological drugs in 2002. The sales of biotechnological products has increased from USD 7 million to USD 31 billion in ten years. The best-selling biotechnology products in 2002 were erythropoietin (USD 8.2 billion), immunoglobulins and serums (USD 6 billion), proteins and polypeptides (USD 4 billion), and insulins and other hormones (USD 3.8 billion). New products worth mentioning are the TNF alfa inhibitors that are used for the treatment of inflammatory diseases. Their sales exceeded USD 2 billion in 2002. Within five years, as much as one third of the new, international products of pharmaceutical companies will probably originate from small biotechnology companies such as BioTie that have licensed their products to global pharmaceutical companies.

The difficult financing situation of biotechnology companies was manifested in vigorous tendency towards consolidation in the field, as biotechnology companies aimed at forming larger and stronger entities. BioTie was also involved in this trend, as three drug development and biotechnology companies, Contral Pharma, Biotie Therapies and Carbion, announced their merger. The merger created a biotechnology and drug development company with one of the most significant product portfolios in the Nordic countries. Our company has products in all phases of drug development and a strong discovery research.

The product development portfolio of Biotie Therapies formed through the merger is based on opioid and VAP-1 receptor technologies, sulfated polysaccharides technology, multivalent technology and integrin technology. Our drug development focuses on dependence disorders, inflammatory diseases and glycomics. The company's spearhead products in the research projects concerning dependence disorders and inflammatory diseases focus on disorders for which there is no effective treatment and which tens of millions of patients suffer from globally. Similarly, our research in glycomics, i.e. drugs and indications based on sugar structures may offer new kinds of drug therapies and diagnostic methods for many different diseases in the future.

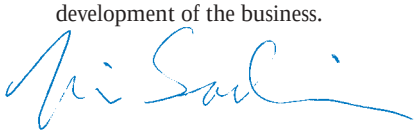
The new BioTie forms a stronger entity. We have broad experience from different sectors of pharmaceutical industry, as well as proof of efficiency in the scientific world and operating in research networks. Furthermore, our drug development organization has experience in all the different stages of drug development, ranging from the optimization of lead compounds at the discovery and preclinical stage to taking the candidate drug to large-scale, phase III studies. During the year 2002, the company had over 800 patients in clinical studies.

My belief is that due to the product portfolio we will also have a better opportunity to acquire financing for the growth, to recruit experienced, professional personnel, and to participate in research projects of high scientific standard.

Our clinical drug development projects have proceeded as planned. During the year, our company commenced phase III clinical studies of the nalmefene product (SOBERAL) intended for alcoholism and alcohol abuse in Finland and in Great Britain. The nalmefene product for impulse control disorders entered phase II clinical studies in March 2002; the study is performed in the United States. Decisions on further development and commercialization of the nalmefene projects can be made after we have obtained the results of preliminary phase III and II studies during the second quarter of 2003. Humanized (chimeric) VAP 1 antibody HUVAP (vapaliximab) entered phase I clinical studies in fall 2002, and the decision on entering phase II clinical studies will be made at the end of 2003.

We were forced to make some difficult decisions during the companies' integration process. As a result of implementation of cost savings and prioritization of research projects we implemented a demanding adaptation program. Following the co-determination procedure at BioTie in the fall, a notice was given to 16 permanent employees. Furthermore, the company cut many other expenses. At the end of the year, we gave up the ContrAl Clinics business, and in January 2003, the process development and manufacturing unit business were transferred to the operative management.

I wish to thank all our shareholders and collaboration partners. My special thanks go to the personnel of BioTie for the year 2002, which has been a challenging year for us in many ways. We have built a basis for the future, and I believe that our company will have better opportunities for growth and development of the business.



Jari Saarinen
President and CEO

BioTie in Brief

Biotie Therapies is a drug development company with a focus on dependence disorders, inflammatory diseases and glycomics. The company has an extensive product portfolio with products in all phases of clinical development.

The Company's product portfolio is based on opioid and VAP-1 (Vascular Adhesion Protein-1) receptor technologies, integrin technology, as well as sulphated polysaccharide and multivalent technologies. BioTie was formed through the merger of three drug development and biotechnology companies Biotie Therapies, Contral Pharma and Carbion in October 2002. BioTie's shares are quoted in the Helsinki Stock Exchange.

BioTie's History

1992: BioTie was founded.

1996: BioTie received its first seeding funds and commenced drug development activities.

1998: Contral Pharma was founded.

1999: Carbion was founded.

2000: BioTie's Initial Public Offering and listing at the Helsinki Stock Exchange in June 2000.

2001: Contral Pharma acquired 50.1% of the stock of shares of Carbion

2002: BioTie, Contral Pharma and Carbion merged in October 2002.

The new BioTie's listing at the Helsinki Stock Exchange in October 2002.

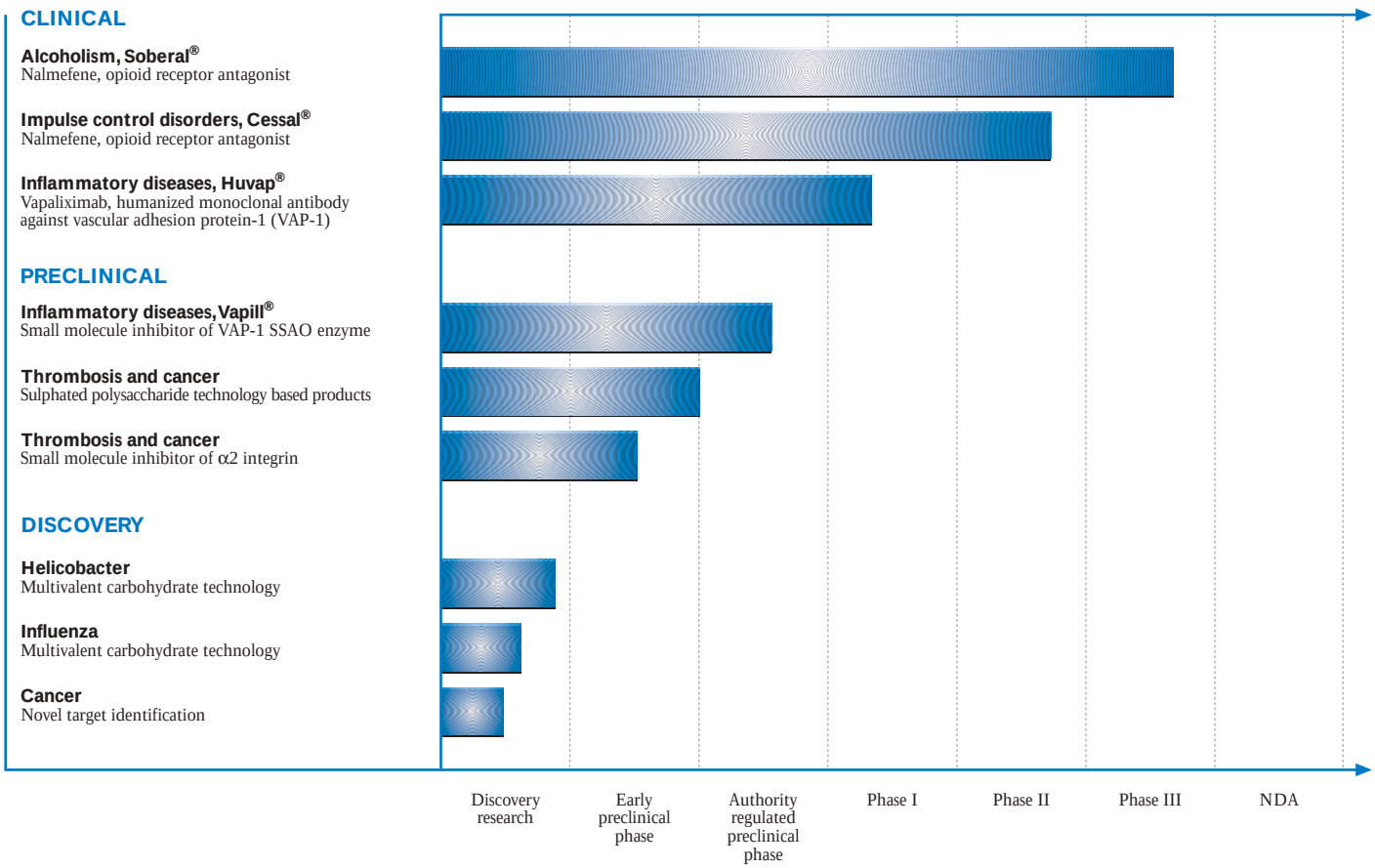
Key Figures

1,000 EUR	2002	Pro forma 2001
Research and development expences	21,541	16,021
Operating profit (loss)	-26,256	-16,927
Cash flow before financing activities	-25,712	-17,223
Cash and cash equivalents	8,691	15,757
Personnel at the end of the period	112	115

The Year 2002 in Brief

- On April 15, 2002, the Boards of Directors of Biotie Therapies Corp., Oy Contral Pharma Ltd and its subsidiary Carbion Inc. signed an agreement on the merger of the companies. The general meetings of the companies approved the merger on June 17, 2002. The merger was implemented on October 31, 2002.
- Phase III clinical studies of the nalmefene product (SOBERAL) intended for the treatment of alcoholism and alcohol abuse commenced in January 2002, and the recruitment of patients was completed during the second quarter of the year.
- The nalmefene product intended for impulse control disorders proceeded to phase II clinical studies in March 2002, and the recruitment of patients was completed during the fourth quarter of the year.
- Humanized (chimeric) VAP-1 antibody HUVAP (vapaliximab) entered phase I clinical studies in September 2002.
- The National Technology Agency (Tekes) granted an additional funding of EUR 4.6 million for the research and drug development programs of the company.
- The operating profit (loss) for the year 2002 stood at EUR –26.3 million (EUR –16.9 million in 2001 pro forma).
- Research and development expenses increased by 34.5%.
- The company's liquid assets amounted to EUR 8.7 million as at December 31, 2002.

BioTie's Product Pipeline



SoberaL® Life in Balance CessaL® HuVAP® VAPill®

Board of Directors

Hannu Hanhijärvi
Chairman of the Board of Directors of BioTie
D.D.S., Ph.D., born 1947. Member of the Board of Directors since 1998. He has served as the Director of the Venture Capital Life Sciences Unit of the Finnish National Fund for Research and Development (Sitra) since 1998. Before joining Sitra, he served in several management positions within the Finnish pharmaceutical and health care industry, i.a. as Deputy Managing Director of Leaf Group and as Research and Development Manager of Leiras Oy. Mr Hanhijärvi has also acted as professor of pharmacology and toxicology at the University of Kuopio. He is a member and chairman of the Board of Directors in many companies in Finland and abroad.

Juha Jouhki
M.Sc. (Eng.), born 1966. Mr Jouhki is one of the co-founders of ContrAl Clinics and Contral Pharma. In 1996–1999, he served as Managing Director of ContrAl Clinics. He is currently holding a similar position in Thominvest Oy.

Kalevi Kurkijärvi
Ph.D. (Biochemistry), born 1952. Member of the Board of Directors of Biotie since 1995, Chairman of the Board of Directors in 1995–2000. Mr Kurkijärvi is a co-founder and Chairman of the Board of Directors of Bio Fund Management Oy. He also acts as the Chairman and CEO of his family company Biketex Oy. Mr Kurkijärvi has worked as the Director of Venture Capital Life Sciences Unit at the Finnish National Fund for Research and Development, Sitra, and as the Executive Vice President of Wallac Oy and as the President of Pharmacia Diagnostics Production Oy. He is a Member of the Board of Directors in several companies.

Management Team

Jari Saarinen
President and CEO
M.Sc. (Econ.), born 1959. Employed by BioTie since 2000. Prior to BioTie, he was Deputy General Manager, Global Services Division of MacGREGOR Group in 1999–2000 and Senior Vice President, Finance of MacGREGOR Group in 1992–1998. In 1983–1992 he held various Controller positions in the KONE Corporation in Finland and North America.

Kai Lähdesmäki
Vice President, Business Development
M.Sc. (Pol. Sc.), born 1945. Employed by BioTie since 1999. Prior to BioTie, he was President and Member of the Board of Directors of Medi-Net International Ltd in 1990–1999. In the years 1973–1990, he was employed by Farmos Group ending up as Vice President of International Division and member of the internal Board of the Farmos Group.

Erkki Tenhunen
Director
Born 1966. Employed by Biotie Therapies since 2002. One of the co-founders of Contral Pharma and ContrAl Clinics. In the years 1995-2002 Mr Tenhunen served as Financial Director of ContrAl Clinics and Investor Relations Director of Contral Pharma. Member of the Board of Directors of Carbion Inc. in 2000–2002. Additionally, Mr Tenhunen is a Member of the Board and shareholder of some small and medium-sized companies.

Timo Veromaa
Vice President, Research and Development
M.D., Ph.D., Special Competence in Pharmaceutical Medicine, born 1960. Employed by BioTie since 1998. Previously Medical Director of Schering Oy 1996–1998 and Senior Scientist and Project Director of Collagen Corporation (California, USA) in 1994–1996. Postdoctoral Fellow at Stanford University (California, USA) in 1990–1993, Researcher at the University of Turku in 1985–1990.

Shares and Shareholders

SHARE CAPITAL AND SHARES

The shares of Biotie Therapies Corporation are traded in the Pre list of the Helsinki Exchanges (HEX). The company has one series of shares and all shares have identical voting and dividend rights.

The registered share capital of Biotie Therapies Corporation is EUR 349,191.18, consisting of a total of 17,459,559 shares with an accounting equivalent value of EUR 0.02 per share. According to the Articles of Association, the minimum number of shares is 10,000,000 and the maximum 100,000,000 shares.

LISTING AND TICKER CODE

The share of Biotie Therapies Corporation is traded in the Pre list of the Helsinki Exchanges as of October 31, 2002. The share's ticker code is BTH1V and the lot size in HEX is 100 shares.

BIOTIE'S SHARE PRICE DEVELOPMENT

In connection with the merger, the share of the new BioTie (BTH1V) was quoted in the Pre list of the Helsinki Exchanges (HEX) as of October 31, 2002. At the same time, quoting of the share of the old Biotie (BTT1V) in the NM list was ended.

In the targeted issue in connection with the merger on June 17, 2002, the price of Contral Pharma Corp's share was EUR 5.60.

When the quoting of the share of the new BioTie commenced on October 31, 2002, the price was EUR 2.60.

At the end of the financial year, the price was EUR 0.67, i.e. 74% lower. During the same period the HEX portfolio index rose by 2% and the Nasdaq Biotech index fell by 3%. The highest price for BioTie's share in the period from October 31 – December 31, 2002, was EUR 2.66 and the lowest EUR 0.67. BioTie's market capitalization at the end of the financial year was EUR 11.7 million.

The average monthly trading in the period from October 31 – December 31, 2002, was 253,043 shares. The value of shares traded in the period from October 31 – December 31, 2002, was EUR 0.5 million. The lot size of BioTie's share in HEX is 100 shares.

The Finnish taxation value of of BioTie's shares in 2002 was EUR 0.52 per share.

THE BOARD'S AUTHORITY TO RAISE SHARE CAPITAL

The Board of Directors has no currently valid authorization to raise the share capital. The Board of Directors has no outstanding authorization to acquire the company's own shares. The parent company of the group possesses 819,000 own shares.

SHAREHOLDERS

At the end of the financial year, BioTie's shareholders numbered 2,746. The ten largest shareholders owned 65.2% of the shares. The number of nominee-registered and foreign-registered shares was 44,329 shares, i.e. 0.3% of the shares.

BOARD OF DIRECTORS' AND PRESIDENT'S HOLDINGS

The Members of the Board of Directors and the President own altogether 642,960 shares of BioTie, i.e. 3.68% of the total number of shares. Furthermore, the Members of the Board of Directors and the President hold altogether 75,048 option rights. Based on these option rights, they may subscribe for at the most 85,728 shares, which would represent 0.49% of the shares. The Members of the Board of Directors and the President would jointly hold 4.17% of the shares if their option rights were exercised.

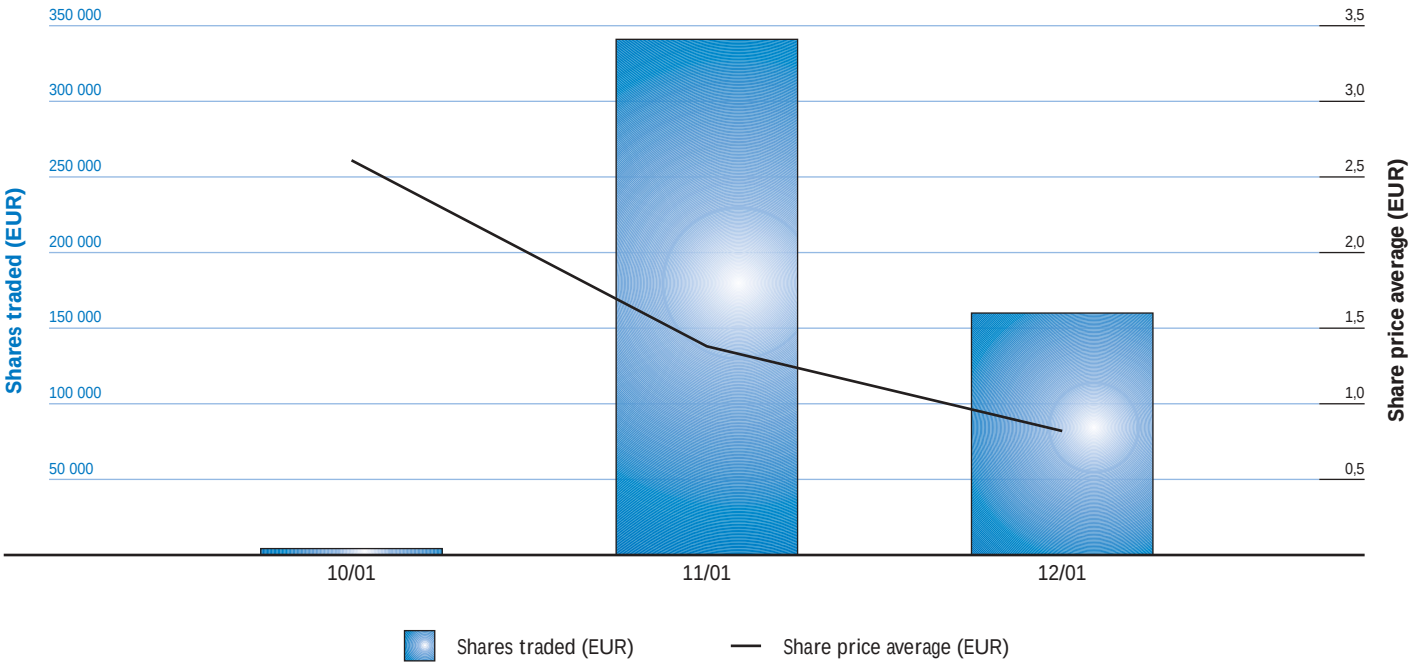
OPTION SCHEMES

The company has a total of six option programs. As a consequence of share subscriptions pursuant to the Company's option programs, the share capital of the Company may be increased by up to EUR 18,830.54, corresponding to 941,527 new shares. If all the option rights are exercised, this would represent 5.39% of the total number of shares and votes.

INSIDERS

The company follows the insider directives of the Helsinki Exchanges that entered into force on March 1, 2000.

TRADING PRICE AND VOLUME OF BIOTIE'S SHARES OCTOBER 31, 2002 – DECEMBER 30, 2002



THE TEN LARGEST SHAREHOLDERS OF BIOTIE (AS AT JANUARY 20, 2003)

Shareholders	Number of shares	% of shares and voting rights
Finnish Fund for Research and Development (Sitra)	3,969,827	23.8
Funds managed by Bio Fund Management Oy:		
Bio Fund Ventures I Ky	1,440,983	8.7
Bio Fund Ventures III Ky	714,286	4.3
Funds managed by Aboa Venture:		
Aboa Venture KY I	639,942	3.9
Aboa Venture KY II	134,699	0.8
Vakka-Suomen Pääomarahasto	7,978	0.1
Ganal Venture Ky	7,906	0.1
Karhu Pääomarahasto Ky	7,871	0.1
Markku Jalkanen	761,158	4.6
Sirpa Jalkanen	699,122	4.2
Juha Jouhki	642,960	3.9
Erkki Tenhunen	508,644	3.0
Kauko Kurkela	480,476	2.9
David Sinclair	430,809	2.6
Dreadnought Finance Oy	396,927	2.4
TEN LARGEST SHAREHOLDERS, TOTAL	10,843,588	65.2
Total shares issued	16,640,559	100.0

The number of the company's own shares held by Biotie Therapies Corp. is 819,000.

DISTRIBUTION OF SHAREHOLDERS, DECEMBER 30, 2002

Number of shares	Shareholders	% of shares
1–500	2,415	1.86
501–1000	127	0.53
1001–10 000	137	2.32
10 001–100 000	39	9.50
100 001–500 000	19	26.77
500 001–	9	58.66
Total	2,746	99.65
In joint account	61,736	0.35

TYPE OF SHAREHOLDERS, DECEMBER 30, 2002

	% of shares
Business corporations	28.18 %
Financial and insurance institutions	8.83 %
Public corporations	3.72 %
Non-profit organizations	25.47 %
Households	33.39 %
Foreign	0.06 %
Nominee registered	0.25 %

REVIEW OF THE FINANCIAL YEAR

Merger of Biotie Therapies (merged into Contral Pharma, hereinafter "old BioTie"), Contral Pharma and Carbion

On April 15, 2002, the Boards of Directors of the old Biotie Therapies Corp., Contral Pharma Corporation and its subsidiary Carbion Inc. signed merger plans for combining the companies. The extraordinary general meetings of the companies held on June 17, 2002, approved the merger plans according to which the old BioTie and Carbion Inc. will merge into Contral Pharma Corporation. The merger entered into force and was registered in the Trade Register on October 31, 2002. The merged company was named Biotie Therapies Corp. in accordance with the merger plan. The company's shares were taken on the Pre-list of HEX, Helsinki Exchanges as of October 31, 2002.

The merger was implemented so that the old BioTie and Carbion merged into Contral Pharma and the shareholders of the old BioTie and Carbion received new shares of Contral Pharma as a merger compensation. After the implementation of the merger (before the diluting effect of the share issue realized in connection with the merger) the shareholders of the old BioTie received approximately 43.7 per cent, the shareholders of Contral Pharma approximately 53.5 per cent and the minority shareholders of Carbion approximately 2.8 per cent of the shares and votes of the combined company.

Old Biotie and Carbion Inc. shareholders have as consideration been given shares in Contral Pharma Corporation according to the exchange ratio approved in the merger plan, so that for each old Biotie share they have received 0.3568 Contral Pharma Corporation shares and for each Carbion Inc. share they have received 53.2282 shares. Accordingly, one share of new BioTie (Contral Pharma Corporation) represents approximately 2.80 shares of old Biotie.

THE STRATEGY OF THE NEW BIOTIE

BioTie is a drug development company concentrating its research and drug development operations on dependence disorders, inflammatory diseases and glycobiology. Research and product development is carried out in cooperation with academic research groups, clinical research organizations and contract manufacturers.

The merger offers significant synergy benefits; as a result of the focusing of research and product development programs and rationalization of costs the company expects to achieve approximately 35% cost savings in 2003 compared with the 2002 costs.

In the short term, the company will focus on the following projects:

- Nalmefene (SOBERAL) for the treatment of alcoholism
- Nalmefene for the treatment of impulse control disorders
- Vapaliximab (HUVAP) for the treatment of inflammatory diseases
- Glycobiology

A decision was made to carry on with the optimization of Vapill lead compounds (VAP-1 SSAO inhibitor) in 2003. Large-scale further development of the Bioheparin and alfa2beta1 integrin projects is dependent on the participation of development partners in research and development activities in the future. The development of murine antibody Vapantix was terminated.

Commenced in September, the cooperation procedure negotiations concerning the personnel of the old BioTie, Contral Pharma Corp. and Carbion Inc. were completed in November. All personnel groups were included in the negotiations. As a result of the cooperation procedure negotiations, the new BioTie, formed in the merger on November 1, 2002, gave notice to 16 persons. As a result of the sale of the ContrAl Clinics business on January 1, 2003, four employees were transferred to the new company. The transaction has no significant financial impact.

DRUG DEVELOPMENT PROJECTS AT THE CLINICAL PHASE

Nalmefene (SOBERAL) for the treatment of alcoholism

The company is developing a nalmefene product (SOBERAL) intended for the treatment of alcoholism and alcohol abuse as an alternative in the treatment of alcoholism. Nalmefene is particularly developed for those persons with a drinking problem who have a family history of alcoholism.

Nalmefene is a selective and effective opioid antagonist. The alcohol dependence disorder is related to mechanisms that are mediated through opioid receptors. Drinking alcohol increases the amount of endorphins that affect the opioid receptors in the central nervous system and the binding of endorphins to opioid receptors gives a feeling of reward and pleasure that further increases the need to drink alcohol (reinforcement). It has been suggested that the first doses of alcohol cause a so-called priming effect which increases the desire to drink. This reaction caused by the initial dose often leads to obsessive drinking, and the control of drinking disappears, which is a central symptom of alcohol dependence. As dependence of alcohol increases, a strong craving for alcohol will develop.

By using opioid receptor inhibitors the reinforcing effect and the abovementioned priming effect as well as losing control can be prevented. Alcoholics who have an inherited tendency towards alcohol abuse seem to benefit most from opioid antagonist treatment. It has been observed that the release of endorphin caused by alcohol is in these individuals stronger than usual. It is possible that the effect of endorphins on the drinking habits is stronger in alcoholics with an inherited tendency towards drinking than in other alcoholics.

The nalmefene product for the treatment of alcoholism and alcohol abuse entered phase III clinical studies in January 2002. During the second quarter, the company completed the recruitment of patients for two phase III clinical trials. The number of patients participating in the study in Finland is 400, and in the study in Great Britain there are approximately 170 patients.

Multi-center studies primarily follow the patients' alcohol consumption and the changes it causes in the patients' health (e.g. liver enzyme levels). Additionally, the studies follow the problems related to alcohol use and its consequences, such as lost working days. The preliminary results of both studies are estimated to be available in the second quarter of the year 2003.

Nalmefene for the treatment of impulse control disorders

The company is developing another nalmefene product for the treatment of impulse control disorders (ICD). Impulse control disorders include, for example, pathological gambling, compulsive shopping, kleptomania and pyromania. The product entered phase II clinical studies in March 2002.

Approximately 200 patients suffering from pathological gambling participate in a multi-center study commenced in the United States; the recruitment of patients for this study was completed during the fourth quarter. Preliminary results are estimated to be available during the second quarter of 2003.

There is presently no drug therapy approved by pharmaceutical authorities for the treatment of impulse control disorders, and the company's clinical product development project is the first to focus on developing a drug for this indication. Investigator-sponsored, small-scale studies have shown opioid antagonism to be effective in the treatment of these disorders. Furthermore, it has been suggested that different dependence disorders result from the same kind of neurobiological mediation and a vicious circle of reward and enforcement as alcoholism.

Drug development project for VAP-1 monoclonal antibodies

BioTie's third phase I/II clinical study included in the VAP-1 antibody therapy program was completed during the first quarter of the financial year. The study examined the safety, tolerability and effects of the murine monoclonal antibody VAPANTIX (vepalimomab) blocking the function of VAP-1 inflammation receptor in eight patients suffering from psoriasis. VAPANTIX proved to be well-tolerated, and blocking of VAP-1 receptor proved to be safe as shown in previous studies.

Furthermore, the study provided evidence of the efficacy of VAP-1 antibody therapy. In seven patient out of eight, the activity index of psoriasis reduced by 6-33% during one month's follow-up period.

During the financial year BioTie decided to focus its antibody program on the drug development of HUVAP alone. The development of the murine antibody VAPANTIX was terminated. HUVAP (vapaliximab) is a second-generation drug included in BioTie's VAP-1 antibody therapy program, and it can be used for all indications designed for VAPANTIX.

HUVAP is a humanized (chimeric) IgG2 antibody. It has been developed in collaboration with Cambridge University, the University of Turku and Boehringer Ingelheim. HUVAP is primarily intended for the treatment of chronic inflammatory diseases such as rheumatoid arthritis. Animal tests on the efficacy show that VAP-1 antibodies alleviate the symptoms of the disease. The patent protection of HUVAP has been further strengthened during the review period.

Clinical studies with HUVAP commenced in September 2002. In phase I trials on healthy volunteers the tolerability, safety and pharmacokinetics of HUVAP is studied.

GLYCOBIOLOGY AND OTHER RESEARCH ACTIVITIES

Significant investments in glycobiological research continued. The development of Bioheparin intended for the hemodialysis markets continued in accordance with the research collaboration agreement with Shimizu Pharmaceuticals. BioHeparin represents a new type of drug molecule with sugar structure, and it has been produced in cooperation with the Italian company Inalco SpA by using the technology patented by the companies.

With glycomics technology, the company has identified new cancer-cell-specific sugar structures and continued the application of polyvalence technology in the research and development of drugs with sugar structures.

As for VAP-1 inflammation receptor study and polysaccharide technology, BioTie continued operations in two research consortiums financed by the European Union that study new applications for VAP-1 SSAO enzyme inhibitors and modified polysaccharide compounds. In these consortiums, BioTie has the primary rights to commercial utilization of the research results.

The development of VAP-1 SSAO enzyme inhibitors continued. Screening and characterization of new VAP-1 SSAO enzyme inhibitors and optimization and preclinical study of VAPILL lead compound has continued. The patent protection of SSAO inhibitors has been strengthened during the review period.

The screening and preclinical study of new alfa2beta1 integrin inhibitors continued in a comprehensive research program concentrating on alfa2beta1 integrin in cooperation with the University of Turku, Åbo Akademi University and the University of Jyväskylä. Alfa2beta1 integrin inhibitors provide new methods for preventing thromboses caused by vascular damage and spreading of cancer cells.

THE CONTRAL CLINICS BUSINESS

ContrAl Clinics offers treatment programs based on psycho-social therapy and the use of opioid inhibitors to persons with a drinking problem. At the end of the review period, the company sold the unprofitable clinic business by an MBO deal, to a separate company established by the key persons of the clinic.

FINANCIAL RESULTS

Revenues for the reporting period consisted of the signing fee of the collaboration agreement with Shimizu Pharmaceutical Co., 57 thousand euros and revenues from the clinics business.

Operating profit (loss) for the financial year stood at EUR –26.3 million. The corresponding figure was EUR –16.9 (Pro Forma) million in the previous year. Research and development costs of the financial year amounted to EUR 21.5 million (in 2001 EUR 16.0 million, Pro Forma) and increased by 34.5% from the previous year. The increase was mainly due to the Nalmefene project proceeding to phase III (Soberal) and phase II (Impulse control disorders).

As a result of cost reduction actions, a cost provision of EUR 0.2 million was entered in the fourth quarter.

As a result of a change in the accounting principles, costs of EUR 0.6 million activated in the balance sheet of Contral Pharma's subsidiary Carbion were entered as expenses in the fourth quarter.

As a result of the merger, the group goodwill created by Carbion's minority holding (49,9 percent) will be depreciated over a period of three years. During the period goodwill depreciation was EUR 0.2 million.

The costs resulting from the merger totaled EUR 2.1 million.

The interest of Contral Pharma's convertible bonds, EUR 0.3 million have been entered in Extraordinary items.

FINANCING

Contral Pharma organized a share issue targeted at institutional investors in connection with the merger in April-October 2002. The amount of new capital raised totaled EUR 15.1 million.

The National Technology Agency (Tekes) granted an additional funding of EUR 4.6 million for the drug development programs of BioTie. The product development subsidies and loans granted covered certain drug development costs of the company from October 2001 to the end of the financial year. The funding granted for the development projects by Tekes varied by project and covered 50-60 per cent of the costs of the projects. The share of loan funding is EUR 3.9 million. The period covered by these grants ended on December 31, 2002. The company has applied for further funding.

BioTie's equity ratio was –19.1% on December 31, 2002 (2001: 36.2%). Cash and cash equivalents totaled EUR 8.7 million December 31, 2002 (2001: EUR 15.8 million, Pro Forma). Cash and cash equivalents are sufficient to finance the operations of the company for about 6-7 months without income from commercialization of products.

At the end of the financial year the company's capital loans amounted to EUR 8.3 million and loans EUR 5.1 million.

INVESTMENTS

The company's investments in the financial year amounted to EUR 1.1 million (2001: EUR 0.9 million, Pro Forma). The investments mainly comprised of payments to Inalco, the technology partner in the Bioheparin project and equipment purchased for research and development operations.

DECISIONS OF THE GENERAL MEETINGS

The Annual General Meeting of the shareholders of Oy Contral Pharma Ltd was held in Espoo on April 29, 2002. The meeting dealt with issues attributed to the Annual General Meeting of the shareholders in accordance with the Companies Act and the Articles of Association.

The Annual General Meeting decided to enter the company's shares into the book-entry system. Furthermore, in order to make the counter book value of the share a round figure, it was decided to change the share capital into euro, give up the nominal value of the share, and increase the share capital by a bonus issue. In addition, it was decided to change the number of shares in such a way that each share was split into nine shares (split).

The extraordinary general meeting of Oy Contral Pharma Ltd on June 17, 2002, made the following decisions:

It was decided that the loss from previous financial years and from the financial year under review, a total of EUR 10,164,630.39, in accordance with the balance sheet consolidated on December 31, 2001, for covering confirmed losses will be covered by the above par fund.

It was decided to change item 1 of the Articles of Association as follows:

"1 § Company name and domicile
The name of the company is Contral Pharma Oyj, in English Contral Pharma Corporation, and its domicile is Espoo."

It was decided to change item 8 of the Articles of Association as follows:

"8 § Auditors
The company shall have no less than one (1) and no more than two (2) auditors. At least one of the auditors must be an auditing company approved by the Central Chamber of Commerce. An auditor's term shall end at the closing of the ordinary general meeting following the election."

It was decided to change item 9 of the Articles of Association as follows:

"9 § Notice of the meeting
Notice of the general meeting shall be delivered to the shareholders by publishing the notice in no less than two (2) national newspapers as ordered by the Board of Directors or by sending the notice as a registered letter or in another verifiable way to the shareholders' registered addresses as entered in the share register no earlier than two (2) months before the last day of registration ordered in the notice of the meeting and no later than seventeen (17) days before the general meeting of shareholders.

In order to be able to participate in the general meeting, a shareholder must register to the company before the expiration of the period of registration as given in the notice of the meeting. The time for registration can be ordered to terminate no earlier than ten (10) days before the meeting."

It was decided to approve the merger plans approved and signed by the Boards of Directors of Oy Contral Pharma Ltd, the old BioTie and Carbion Inc. on April 15, 2002. According to the plans, the old BioTie and Carbion Inc. will merge into Oy Contral Pharma Ltd.

THE SHARE ISSUES DECIDED ON DURING THE FINANCIAL YEAR

In order to pay the merger consideration, the shareholders' meeting of Contral Pharma Corporation decided on June 17, 2002 to increase the share capital of Contral Pharma Corporation by a minimum of one and a maximum of 7,595,840 shares, i.e., a minimum of EUR 0.02 and a maximum of EUR 151,917 by issuing a maximum of 7,170,000 shares to the shareholders of old Biotie Therapies Corp. and a maximum of 425,840 shares, book value EUR 0.02 each, to the shareholders of Carbion Inc., who are entitled to merger consideration as described in more detail in the merger plans.

Furthermore, the shareholders' meeting of Contral Pharma Corporation on June 17, 2002 also decided on increasing the share capital by a minimum of EUR 0.02 and a maximum of EUR 100,000 by issuing through a private placement of a minimum of one and a maximum of 5,000,000 new shares, book value EUR 0.02 each. The new shares will be offered for subscription, in deviation from the shareholders' pre-emptive subscription rights, to the shareholders of the company and institutional investors. The minimum subscription price was set at EUR 5.60 per share.

In addition, the shareholder´s meeting decided on increasing the share capital by a minimum of EUR 0.02 and a maximum of EUR 1,145.48 by issuing a minimum of one and a maximum of 57,274 new shares, book value EUR 0.02 each. The new shares will be offered for subscription, in deviation from the shareholders' pre-emptive subscription rights, to those shareholders of the

company who have interest receivables from the company related to the convertible bonds issued by ContrAl Clinics Ltd and transferred to the company in connection with the merger of ContrAl Clinics Ltd. The total amount of interest receivables is EUR 320,736.96. The minimum subscription price was set at EUR 5.60 per share.

In the private placement to institutional investors decided by the extraordinary general meeting of Contral Pharma Corporation on June 17, 2002, a total of 2.697.827 shares (EUR 15.1 million) was subscribed at the subscription price of EUR 5.60 per share.

The following inventors subscribed shares in the private placement: Aboa Venture II Ky, Pohjola Non-Life Insurance Company Ltd, Suomi Insurance Company Ltd, Suomi Mutual Life Assurance Company, the Finnish Cultural Foundation, Support Association of the Foundation for Economic Education, Thomproperties Oy, Dreadnought Finance Oy, Finnish Fund for Research and Development Sitra, Tapiola Mutual Pension Insurance Company, Tapiola General Mutual Insurance Company, and Bio Fund Ventures III Ky.

In addition, according to the resolution of the Extraordinary General Meeting of shareholders on June 17, 2002, a total of 55,373 shares were subscribed with a subscription price of 5,60 euro per share in connection with the share issue directed to the shareholders of the company having interest receivables from the company. Shares were subscribed for by The Finnish National Fund for Research and Development (Sitra), Bio Fund Ventures I Ky, Dreadnought Finance Oy, Innoventure Oy, Mutual Insurance Company Tapiola, Mutual Pension Insurance Company Tapiola, Kauko Kurkela and Petteri Hirvonen.

The board of directors of Contral Pharma Corporation has approved the subscriptions in full. As a result of the subscriptions, the share capital of the company was increased with a total of 2,753,200 shares or a total of 55,064 euro. The increase in the share capital was registered in the trade register on October 8, 2002.

CONVERTIBLE BONDS

On December 31, 2002, the company had a convertible bond of approximately EUR 1,513,691 (original capital FIM 9,000,000) that entitles to subscribe a total number of 810,000 shares of the company, and a convertible bond of approximately EUR 672,752 (original capital FIM 4,000,000) that entitles to subscribe a total of 288,000 shares of the company. Based on the loans the share capital of the company can increase by a maximum of 1,278,000 shares and the share capital by at most EUR 21,960. The subscription period of shares for both began on June 1, 2000, and will end on December 31, 2003.

AUTHORIZATION OF THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL

The Board of Directors does not have a valid authorization for increasing the share capital. The Board of Directors does not have an authorization to acquire own shares. The parent company of the group possesses 819,000 own shares.

OPTION PROGRAMS

The shareholders' meeting decided on April 29, 2002, to give option rights, deviating from the shareholders' pre-emptive subscription rights, to one key person of Contral Pharma. On the basis of the option program, 38,736 options were given, entitling to subscribe a total of 38,736 shares of Contral Pharma. As a result of the subscriptions the share capital of Contral Pharma may increase by a maximum of 38,736 shares and EUR 774.72. The period for subscription begins on January 1, 2003 and ends on March 31, 2006. The subscription price for each share is EUR 0.52.

The shareholders' meeting of Contral Pharma Corporation also decided on June 17, 2002, to issue a minimum of one and a maximum of 475,291 stock options, in deviation from the shareholders' pre-emptive subscription rights, to those key employees, members of the Board of Directors and the CEO of old Biotie Therapies Corp. designated in the merger agreement signed by Contral Pharma Corporation and Biotie Therapies Corp. on April 15, 2002, and to Biotie Therapies International Ltd. The stock options entitle to subscribe a maximum of 475,291 shares of the company (EUR 9,505.82). The subscription prices for shares under the stock option plan are based on the subscription prices for shares under the stock option plans of old BioTie converted with the conversion rate to be applied in the merger.

Biotie Therapies Corp. has issued option rights in terms of a total of six different option programs. As a result of these option rights the share capital of BioTie can increase by a maximum of 941 527 shares i.e. EUR 18,830.54.

BOARD OF DIRECTORS

The ordinary general meeting of shareholders of Oy Contral Pharma Ltd held on April 29, 2002, confirmed that the Board of Directors shall consist of five members, and consequently, the following members were re-elected: Juha Jouhki, Chairman, Kauko Kurkela, Pauli Marttila, Erkki Tenhunen and Keijo Väkiparta.

In connection with approving the merger plan on June 17, 2002, the extraordinary general meeting of shareholders elected the following persons as members of the Board of Directors of the new Biotie Therapies Corp., after implementation of the merger: Hannu Hanhijärvi, Chairman, Markku Jalkanen, Juha Jouhki, Kauko Kurkela and Kalevi Kurkijärvi.

Kauko Kurkela and Markku Jalkanen resigned from the Board of Directors on November 13, 2002.

AUDITORS

The ordinary general meeting of shareholders of Oy Contral Pharma Ltd held on April 29, 2002, elected PricewaterhouseCoopers Oy as the auditor of Contral Pharma; the auditor with main responsibility is Jyri Heikkinen, Authorized Public Accountant and the deputy auditor is Jarkko Arjatsalo.

According to the merger plan approved by the extraordinary general meeting of shareholders held on June 17, 2002, the following auditors were elected for the company after implementation of the merger: Johan Kronberg, Authorized Public Accountant and PricewaterhouseCoopers Oy, with Tomi Moisio, Authorized Public Accountant as the main responsible auditor.

MANAGEMENT

According to the merger plan approved by the extraordinary general meeting of shareholders held on June 17, 2002, Kauko Kurkela, President and CEO of Contral Pharma, was elected CEO of the company and Markku Jalkanen, President and CEO of the old BioTie, was elected Deputy CEO of the company after implementation of the merger.

Kauko Kurkela, President and CEO and Markku Jalkanen, Deputy CEO of Biotie Therapies Corp. gave up their positions in the management and the Board of Directors of the company on November 13, 2002.

The Board of Directors of the company appointed Jari Saarinen, Vice President and Chief Financial Officer, to act as President and CEO of Biotie Therapies as of November 13, 2002. Mr Saarinen has acted as Chief Financial Officer of the company since the year 2000.

GROUP STRUCTURE

The parent company of the group is Biotie Therapies Corp. The group has a subsidiary named Biotie International Oy, which was not operational during the financial year.

PERSONNEL AND ORGANIZATION

The number of employees at the end of the financial year was 112 (115 at the end of 2001, Pro Forma). Out of these 24 persons employment contract had been terminated or the employment had ended on 31.12.2002. Additionally 4 persons were transferred to a new company in connection of the clinics MBO as of 1.1.2003. The company had an average of 115 employees during the financial year (2001: 100, Pro Forma).

OUTLOOK FOR THE YEAR 2003

The preliminary results for phase III clinical studies on the nalmefene product (SOBERAL) for the treatment of alcoholism and alcohol abuse will be available in the second quarter of 2003. The preliminary results for phase II clinical studies of the nalmefene product for the treatment of impulse control disorders will also be available in the second quarter of 2003. The decision on entering phase II clinical studies on vapaliximab (HUVAP) will be made in the second half of the year 2003 once the results of phase I studies are available.

The company will continue ongoing negotiations on licensing its products to international pharmaceutical companies.

In order to improve its financial position, the company is working on the strategic alternatives for financing and structural arrangements that are planned to be implemented during the first quarter of 2003.

Furthermore, BioTie negotiates on the MBO arrangement of its process development and production unit. The new company is planned to commence operations on February 1, 2003.

THE BOARD OF DIRECTORS' PROPOSAL CONCERNING DISTRIBUTION OF DIVIDENDS

The Board of Directors proposes that the Company shall not distribute dividend from the financial period, and that the loss of the parent company EUR –14,869,530 of the period will be transferred to Company's equity.

Furthermore, the Board of Directors proposes that the accumulated losses will be covered from the share premium fund by EUR 11,938,076.03, and that the rest will remain in retained earnings.

Five Years in Figures

1,000 EUR	1.1.–31.12.2002 12 months	1.1.–31.12.2001 12 months	1.1.–31.12.2000 12 months	1.1.–31.12.1999 12 months	16.4.–31.12.1998 9 months
Business development					
Personnel on average	115	32	9	6	3
Personnel at end of period	112	44	10	7	3
Research and development expences	21,541	6,333	3,478	1,532	223
Capital expenditure	1,090	729	10	206	937
Profitability					
Revenues	153	173	0	0	0
Operating profit (loss)	-26,256	-6,684	-3,059	-1,612	-244
as percentage of revenues, %	-17,177.50	-3,863.60	-	-	-
Profit (loss) before extraordinary items	-25,916	-6,497	-3,088	-1,595	-242
as percentage of revenues, %	-16,954.80	-3,755.50	-	-	-
Profit (loss) before taxes	-26,236	-6,497	-3,088	-1,595	-242
as percentage of revenues, %	-17,164.70	-3,755.50	-	-	-
Balance sheet					
Cash and cash equivalents	8,691	6,276	2,013	1,336	51
Shareholders' equity	5,706	6,951	299	2,169	2,090
Balance sheet total	13,520	7,934	2,684	2,324	2,156
Financial rations					
Return on equity, %	-	-	-	-	-
Return on capital employed, %	-288.5	-174.1	-245.8	-73.9	-22.8
Equity ratio, %	-19.1	22.0	-163.1	-55.9	7.5
Gearing, %	-181.0	-57.4	-60.8	-164.1	383.0
Per share data					
Earnings per share (EPS), EUR	-2.76	-0.99	-1.12	-0.67	-0.17
Shareholders' equity per share, EUR	-0.15	0.24	-1.41	-0.53	0.07
Dividend per share, EUR	-	-	-	-	-
Pay-out ratio	-	-	-	-	-
Effecting dividend yield, %	-	-	-	-	-
P/E ratio	-	-	-	-	-
Share price					
- Lowest share price, EUR	0.67				
- Highest share price, EUR	2.66				
- Average share price, EUR	1.13				
- 31.12. share price, EUR	0.67				
Market capitalization, Mill. EUR	11.7				
Trading of shares					
- Number of shares traded	446,478				
- As percentage of all shares, %	2.6				
Adjusted weighted average number of shares during the period	9,338,897	6,541,592	2,755,105	2,379,082	1,457,137
Adjusted number of shares at the end of the period	17,459,559	7,217,802	3,113,000	2,439,000	2,295,000
Adjusted weighted average number of shares during the period, fully diluted	8,617,389				
Adjusted number of shares at the end of the period, fully diluted	15,803,615				

Income Statement

1,000 EUR	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2001 Pro forma	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Revenues	153	173	249	91	155
Cost of sales	0	0	0	0	0
Gross profit	153	173	249	91	155
Research and development expenses	-21,541	-6,333	-16,021	-9,892	-5,215
Sales and marketing expenses	-178	-175	-175	-178	-175
General and administrative expenses	-3,197	-974	-3,056	-1,517	-901
Merger goodwill depreciation	0	0	0	-2,828	0
Consolidation goodwill depreciation	-189	-139	-139	0	0
Other operating income	824	764	2,214	86	229
Other operating expenses	-2,128	0	0	-428	0
Operating profit (loss)	-26,256	-6,684	-16,927	-14,667	-5,907
Financial income and expenses	340	186	734	118	189
Profit (loss) before extraordinary items	-25,916	-6,497	-16,193	-14,549	-5,718
Extraordinary items +/-	-321	0	-58	-321	0
Profit (loss) before appropriations and taxes	-26,236	-6,497	-16,251	-14,870	-5,718
Minority interest	103	320	320	0	0
Taxes	0	0	0	0	0
Net income (loss)	-26,133	-6,178	-15,931	-14,870	-5,718

Balance Sheet

1,000 EUR	31.12.2002 Group	31.12.2001 Group	31.12.2001 Pro forma	31.12.2002 Parent company	31.12.2001 Parent company
ASSETS					
Fixed assets and other long term investments					
Intangible assets	2,053	694	2,346	2,053	357
Merger goodwill	0	0	0	1,103	0
Consolidation goodwill	1,103	278	278	0	0
Tangible assets	386	280	459	386	48
Investments	0	0	0	9	841
	3,542	1,251	3,083	3,551	1,246
Current assets					
Long term receivables	0	0	0	0	841
Current receivables	1,287	407	1,305	1,287	266
Securities	6,343	5,087	11,863	6,343	5,087
Cash in hand and at banks	2,347	1,189	3,894	2,339	539
	9,978	6,682	17,062	9,969	6,733
Total	13,520	7,934	20,145	13,520	7,979
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	349	128	261	349	128
Share issue	0	4,000	4,000	0	4,000
Share premium fund	23,661	8,241	32,984	11,938	8,241
Retained earnings	-460	-4,447	-14,029	0	-4,447
Net income for the period	-26,133	-6,178	-15,931	-14,870	-5,718
Capital loans	8,288	5,206	8,238	8,288	5,004
	5,706	6,951	15,524	5,706	7,209
Minority interest	0	103	103	0	0
Mandatory provisions	27	0	138	27	0
Liabilities					
Long term debt	5,251	244	1,906	5,251	242
Current liabilities	2,536	636	2,474	2,536	529
	7,787	880	4,380	7,787	771
Total	13,520	7,934	20,145	13,520	7,979

Cash Flow

1,000 EUR	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2001 Pro forma	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Cash flow from operating activities					
Operating profit	-26,256	-6,684	-16,927	-14,667	-5,907
Depreciation	1,645	453	971	3,147	234
Extraordinary items +/-	-321	0	-58	-321	0
Change in mandatory provisions	-111	0	-97	27	0
Change in working capital	80	-1,971	-937	1,827	-2,786
Financial income and expenses	340	186	734	118	189
Net cash from operating activities	-24,622	-8,016	-16,314	-9,868	-8,270
Cash flow from investing activities					
Capital expenditure	-1,090	-729	-909	-5,447	-921
Net cash used in investing activities	-1,090	-729	-909	-5,447	-921
Cash flow before financing activities	-25,712	-8,745	-17,223	-15,315	-9,191
Cash flow from financing activities					
Change in long term debt	3,219	693	2,662	8,293	489
Carbion merger compensation	0	0	0	1,014	0
Share issue	15,426	12,315	12,349	15,426	12,315
Net cash from financing activities	18,645	13,008	15,011	24,734	12,804
Net increase (+) or decrease (-) in cash and cash equivalents	-7,067	4,263	-2,212	9,419	3,613
Cash and cash equivalents in the beginning of the period	6,276	2,013	17,969	5,626	2,013
Impact of changes in group structure	9,481	0	0	-6,363	0
Cash and cash equivalents at the end of the period	8,691	6,276	15,757	8,682	5,626

ACCOUNTING PRINCIPLES

Biotie Therapies Corporation's financial statements have been prepared in accordance with Finnish legislation, which in all material respects is based on the provisions of EU Directives 4 and 7.

The Scope of consolidated financial statements

The financial statements of the year 2001 include the subsidiary Carbion Inc (50.1% holding), acquired by targeted share issue during the financial year. The acquisition cost method has been applied.

The financial statements of the year 2002 covers the operations of the companies merged on October 30, 2002: the old Biotie Therapies Corp, Carbion Inc and Contral Pharma Ltd, throughout the calendar year 2002. The old Biotie's Income Statement has been consolidated to group accounts with direct consolidating method. The acquisition cost of the shares has been first eliminated from the restricted equity of the subsidiary and after that from the share premium fund resulting from the targeted issue and from the other share premium fund. Consequently, no group assets were formed. Furthermore, the financial statement of the year 2002 includes the old BioTie's subsidiary Biotie Therapies International Ltd., which has been consolidated by using the acquisition cost method. The intra-group transactions have been eliminated.

Research and development costs

Research and development costs are charged as expenses during the year in which they occur.

Fixed assets

Fixed assets have been recorded in the balance sheet at their direct acquisition cost, allowing for depreciation according to plan. Depreciation is based on estimated useful life of various assets as follows:

	Useful life (years)	Depreciation method
Machinery and equipment	4	Straight-line depreciation
Computer programs	4	Straight-line depreciation
Patents	10	Straight-line depreciation
Consolidation goodwill	3	Straight-line depreciation

Computer programs and equipment used in R&D are fully depreciated during the year they are acquired in accordance with the Act on Taxation of Business income.

Leasing

Leasing payments are charged to rental expense. The company has no significant lease contracts. Leasing commitments are disclosed in the Notes to the financial statements.

Mandatory provisions

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

Pension liabilities

The pension plan has been arranged with external insurance companies. Pension costs are included in personnel costs.

Subsidies

R&D subsidies are presented in other operating income or in the balance sheet.

Foreign currency

Receivables and liabilities in foreign currencies have been valued at the closing rate of the balance sheet date as deduction of fixed assets.

Pro-Forma accounting principles

The combined companies have prepared the pro forma financial statements for the financial year ended December 31, 2001 with the intention of illustrating the financial effects of the merger and the results and the financial position of the combined company assuming that the Merger was completed on January 1, 2001. This information is presented only to illustrate the effects of the Merger and it cannot, as such, be regarded as reflecting the results of the combined company or its financial position in the future.

The pro forma financial information is based on the audited financial statements of Contral Pharma, Carbion and the old Biotie for the financial year ended December 31, 2001.

The companies' income statements are directly consolidated into the pro forma income statement and eliminations are made using the pooling of interest method. In addition, the income statement of ContrAl Clinics Ltd., (ContrAl Clinics) that merged into Oy Contral Pharma Ltd. on February 21, 2001, is consolidated into the income statement.

The pro forma balance sheet is prepared by directly consolidating the companies' balance sheets, and eliminations are made using the pooling of interest method. The companies' assets and liabilities are valued at their book values. The shareholders' equity items reflect the situation after the merger. The share capital consists of Contral Pharma's share capital and of the nominal value (estimate) of the new shares issued to BioTie's shareholders as merger consideration. Carbion is consolidated using the acquisition cost method. In order to illustrate the consolidation method, ContrAl Clinics' restricted equity at the time of merger and the retained earnings are separately consolidated to the pro forma balance sheet.

The principles that the companies use when registering/entering the interests of capital loans differ from each others as follows: the interests of non-convertible capital loans from Tekes (National Technology Agency) are recorded in Control Pharma's and Carbion's audited financial statements, despite the fact that the companies do not have distributable funds whereas in BioTie's financial statements, the corresponding interest is not recorded, due to the fact that the company does not have distributable funds. The principles of carrying interests have been harmonized, and since the beginning of the year 2002, the interest is carried only within the distributable funds of the companies.

1,000 EUR	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
1. Revenue				
ContrAl Clinics business	91	173	91	155
Shimizu Pharmaceutical -collaboration agreement	57	0	0	0
Other revenue	5	0	0	0
Total	153	173	91	155
2. Personnel costs				
Wages and salaries	4,953	1,406	2,146	972
Pension expenses	822	278	335	201
Other personnel expenses	379	71	88	53
Total	6,153	1,755	2,570	1,226
Salaries to president and remuneration of board members	363	137	190	
The average number of personnel	115	32	78	22
Personnel at the end of period	112	44	112	29
3. Depreciation				
Intangible rights	541	405	277	218
Merger goodwill	0	0	2,828	0
Consolidation goodwill	189	139	0	0
Intangible rights, R&D	716	0	0	0
Machinery and equipment	196	48	42	15
Machinery and equipment, R&D	3	0	0	0
Total *)	1,645	592	3,147	234
*) of which related to R&D computer programs and equipment	719	48	0	0
4. Other operating income				
Research and development subsidies of Technology Development Centre	387	764	45	229
Research and development subsidies of EU	116	0	-14	0
Ministry of Trade and Industry	19	0	19	0
Rents	210	0	23	0
Other	92	0	12	0
Total	824	764	86	229
5. Other operating expenses				
Costs from the merger	2,128	0	428	0
Total	2,128	0	428	0
6. Financial income and expenses				
Interest income	43	283	16	284
Other financial income	342	0	120	0
Interest expenses	-40	-97	-13	-95
Other financial expenses	-5	0	-4	0
Total	340	186	118	189
7. Extraordinary items				
Interest of Contral Pharma's convertible bonds	321	0	321	0

8. Fixed assets and other long term investments

Group	Other long-term investments	Intangible Assets	Intangible Assets R&D	Machinery and equipment
Historical cost on 1.1.2002	1,098	44	384	357
Impact of changes in group structure	0	2,430	61	382
Capital expenditure 1.1.–31.12.	0	584	379	123
Historical cost on 31.12.2002	1,098	3,058	825	862
Accumulated depreciation	-778	-784	-109	-281
Total before depreciation	319	2,274	716	582
Depreciation	-218	-322	-716	-196
Net book value on 31.12.2002	101	1,952	0	386

1,000 EUR	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Group	Machinery and equipment R&D	Consolidation goodwill	Total	
Historical cost on 1.1.2002	0	416	2,299	
Impact of changes in group structure	1,276	0	4,150	
Capital expenditure 1.1.–31.12.	3	1,014	2,104	
Historical cost on 31.12.2002	1,279	1,431	8,553	
Accumulated depreciation	-1,276	-139	-3,367	
Total before depreciation	3	1,292	5,186	
Depreciation	-3	-189	-1,645	
Net book value on 31.12.2002	0	1,103	3,542	
Parent company	Other long-term investments	Intangible Assets	Intangible Assets R&D	Machinery and equipment
Historical cost on 1.1.2002	1,098	44	0	92
Impact of changes in group structure	0	3,014	825	776
Capital expenditure 1.1.–31.12.	0	0	0	3
Historical cost on 31.12.2002	1,098	3,058	825	872
Accumulated depreciation	-778	-1,047	-825	-444
Total before depreciation	319	2,011	0	428
Depreciation	-218	-59	0	-42
Net book value on 31.12.2002	101	1,952	0	386
Parent company	Machinery and equipment R&D	Consolidation goodwill	Total	
Historical cost on 1.1.2002	0	0	1,234	
Impact of changes in group structure	1,279	0	5,895	
Capital expenditure 1.1.–31.12.	0	3,931	3,934	
Historical cost on 31.12.2002	1,279	3,931	11,062	
Accumulated depreciation	-1,279	0	-4,374	
Total before depreciation	0	3,931	6,689	
Depreciation	0	-2,828	-3,147	
Net book value on 31.12.2002	0	1,103	3,542	

9. Group companies

	Book value	Group holding 2002	Group holding 2001
Biotie Therapies International Ltd, Turku	9	100 %	-
Carbion Ltd, Helsinki		-	50 %
Ownership in partner companies			
Contral America Inc., USA		25 %	25 %

10. Current receivables

Trade receivables	32	5	45	5
Loan receivables	1	1	0	1
VAT-receivables	743	248	743	203
Other receivables	114	11	102	11
Receivables from group companies	0	0	0	17
Prepaid expenses and accrued income *)	396	142	396	29
Total	1,287	407	1,287	266
*) of which R&D subsidy	242		242	

11. Short term investments

Market value	6,567	5,100	6,567	5,100
Book value	6,343	5,087	6,343	5,087
Difference	224	13	224	13

1,000 EUR	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
12. Shareholders' equity				
Share capital in the beginning of period	128	54	128	54
New issue 21.2.2001		62		62
New issue 29.5.2001		13		13
Transfer from share issue 10.1.2002	7		7	
Bonus issue	9		9	
Share subscription with option rights	9		9	
Merger compensation of BioTie	133		133	
Merger compensation of Carbion	9		9	
Convertion of interest debt	1		1	
Institutional Offering	54		54	
Share capital at the end of period	349	128	349	128
Share premium fund in the beginning of period	8,241	0	8,241	0
Merger of Contral Clinics		754		754
New issue 2001		7,487		7,487
Transfer from share issue 10.1.2002	3,993		3,993	
Bonus issue	-9		-9	
Convertion of interest debt	309		309	
Institutional Offering	15,054		15,054	
Merger compensation of Carbion	1,006		1,006	
Consolidation of old BioTie	5,232		-6,491	
Transfer from retained earnings 10.1.2002	-10,165		-10,165	
Share premium fund at the end of period	23,661	8,241	11,938	8 241
Share issue in the beginning of period	4,000	0	4,000	0
Transfer from share issue 10.1.2002	-4,000		-4,000	
Increase		7,500		7,500
Decrease		-7,500		-7,500
Increase		4,000		4,000
Share issue at the end of period	0	4,000	0	4,000
Retained earnings in the beginning of period	-10,624	-4,431	-10,165	-4,431
Covering own shares		-15		-15
Consolidation of subsidiaries	-1			
Trasfer from share premium fund	10,165		10,165	
Retained earning at the end of period	-460	-4,447	0	-4,447
Net income (loss) for period	-26,133	-6,178	-14,870	-5,718
Capital loans in the beginning of period	5,206	4,676	5,004	4,676
Change during period	50	530		328
Consolidation of BioTie	3,032		3,032	
Consolidation of Carbion			252	
Capital loans at the end of period	8,288	5,206	8,288	5,004
Shareholders' equity, total	5,705	6,951	5,706	7,209
Distributable funds at the end of period	-26,593	-10,624	-14,870	-10,165

Change in numbers of shares and share capital

Measure	Par value/ Accounting equivalent value (EUR)	Subscription price (EUR)	Number of shares before	Number of shares after	Change in share capital (EUR)	New share capital (EUR)	Registered [1)]
Foundation	1.68	1.68	0	20,000	33,638	33,638	11.5.1998
New issue	1.68	67.28	20,000	25,500	9,250	42,888	6.5.1999
New issue	1.68	84.10	25,500	27,100	2,691	45,579	8.10.1999
Split 1:10	0.17	–	27,100	271,000	–	45,579	12.6.2000
Share subscription with option rights	0.17	0.17	271,000	320,600	8,342	53,921	15.8.2000
Merger compensation	0.17	0.17	320,600	686,755	61,583	115,504	21.2.2001
New issue	0.17	100.00	686,755	761,755	12,614	128,118	29.5.2001
Share subscription with option rights	0.17	0.17	761,755	762,375	104	128,222	29.5.2001
New issue	0.17	101.00	762,375	801,978	6,661	134,883	10.1.2002
Bonus issue	0.18	–	801,978	801,978	9,473	144,356	3.6.2002
Split 1:9	0.02	–	801,978	7,217,802	–	144 356	3.6.2002
Share subscription with option rights	0.02	0.02	7,217,802	7,648,722	8,618	152,974	3.6.2002
Convertion of interest debt	0.02	5.60	7,648,722	7,704,072	1,107	154,082	8.10.2002
New issue, Institutional Offering	0.02	5.60	7,704,072	10,401,922	53,957	208,038	8.10.2002
Consolidation of BioTie	0.02	2.38	10,401,922	17,033,722	132,636	340,675	31.10.2002
Consolidation of Carbion	0.02	2.38	17,033,722	17,459,559	8,517	349,191	31.10.2002

1) Date refers to date of registrationin the Trade Register maintained by the National Board of Patents and Registration.

Non-convertible capital loans

Technology Development Centre (TEKES) has granted capital loans of EUR 7,086,897.40. EUR 6,132,615.51 have been paid to the company by the end of the financial year. EUR 5,765,340.34 have been recorded as capital loans and EUR 367,275.17 as long term liabilities. The amount recorded as long term liabilities will be booked as capital loans as soon as the approved expenses are accrued and settlement concerning expenses has been approved.

The loan period is 8 years. The interest rate is the base rate set by the Ministry of Finance minus 1%, however, at least 3%. The loans are instalment free for 4 or 5 years, after that loans will be paid in equal shares. Accumulated interest on capital loans are recorded as expenses in financial statement and as increase of long term liabilities in the balance sheet until end of the year 2001 (parent company EUR 174,468.93, group EUR 176,250.85). Accumulated interest is not recorded in the old BioTie.

Convertible bonds

The company had a convertible bond of EUR 2,522,818.90. The subscription period of EUR 1,850,067.19, that entitles to subscride a total of 990,000 shares of the company, began on June 1, 2000, and will end on December 31, 2003. Par value of the shares is total EUR 19,800. The interest rate is 10% pa. The subscription period is June 1,2000–December 31,2003 of EUR 672,751.71, that entitles to subscribe a total of 288,000 shares, par value EUR 5,760. The interest rate is 10% pa. Accumulated interest of convertible bonds, EUR 780,731.13, is not recorded to financial statement.

	31.12.2002 group	31.12.2001 group	31.12.2002 parent company	31.12.2001 parent company
Accumulated interest on capital loans	1,262	528	1,262	528
Recorded as expenses	176	176	176	174
Total	1,438	705	1,438	703

13. Options

1. 1998 Options

Number of option rights, total	12,000
Subscribed	12,000
Shares subscribed	9,810
Option rights remaining	2,190
Entitling to subscribe a total of 197,100 shares	
Subscription period	1.1.2000-31.12.2004
Subscription terms	90 shares for one option right 1 share for EUR 0.02.

2. 2000 I Options

Number of option rights, total	560
Subscribed	560
Shares subscribed	0
Option rights remaining	560
Entitling to subscribe a total of 50,400 shares	
Subscription period	31.8.2003-31.12.2004
Subscription terms	90 shares for one option right 1 share for EUR 9.34.

3. 2000 II Options

Number of option rights, total	1,100
Subscribed	1,100
Shares subscribed	0
Option rights remaining	1,100
Entitling to subscribe a total of 99,000 shares	
Subscription period	A-series (550): 31.8.2002-31.12.2004 B-series (550): 1.9.2003-31.12.2004
Subscription terms	90 shares for one option right 1 share for EUR 9.34.

4. 2002 I Options

Number of option rights, total	12,000
Subscribed	12,000, of which 3,000 cancelled
Shares subscribed	0
Option rights remaining	9,000
Entitling to subscribe a total of 81,000 shares	
Subscription period	C-series (4,500): 1.5.2004-1.5.2005 D-series (4,500): 1.10.2005-1.10.2006
Subscription terms	9 shares for one option right 1 share for EUR 10.

5. 2002 II Options

Number of option rights, total	38,736
Subscribed	38,736
Shares subscribed	0
Option rights remaining	38,376
Entitling to subscribe a total of 38,736 shares	
Subscription period	1.1.2003-31.3.2006
Subscription terms	1 share for one option right 1 share for EUR 0.52.

6. 2002 III Options

Number of option rights, total	475,291
Subscribed	475,291
Shares subscribed	0
Option rights remaining	475,291
Entitling to subscribe a total of 475,291 shares	
Subscription period	A-series (178,721): 1.11.2002–31.12.2005 B-series (170,087): 1.1.2003–31.12.2005 C-series (63,241): 1.1.2003–31.12.2005 D-series (63,242): 1.1.2004–31.12.2005
Subscription terms	1 share for one option right A and B series: 1 share for EUR 6,264. C and D series: 1 share for EUR 15,839.

14. Mandatory provisions	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Rents for unutilized premises	27	0	27	0
Total	27	0	27	0

15. Patent dispute with Orion

On May 6, 2002 the District Court of Helsinki with its verdict dismissed the action brought by Orion Corporation. Orion's claim was directed at the patens and/or patent applications relating to VAP-1 molecule, VAP-1 enzyme, CD-44, SYN-1, SYN-Therapy, SYN-Ecto and SYN-Fire inventions granted or pending at the European Patent Office. The District Court of Helsinki's verdict also cancelled the decision on precautionary measure and obliged Orion Corporation to pay the litigation costs of the old BioTie, Markku Jalkanen, and Sirpa Jalkanen. The old BioTie and Orion Corporation agreed on May 29, 2002 that Orion will not appeal the District Court of Helsinki's ruling, and that Orion Corporation will immediately pay the litigation cost of the old BioTie, Markku Jalkanen, and Sirpa Jalkanen. The old BioTie, Markku Jalkanen, and Sirpa Jalkanen will not on their part present Orion Corporation any claims for compensation based on Orion's claim or the precautionary measure.

16. Long term liabilities	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Loans from Technology Development Centre	5,075	67	5,075	67
Interest of Capital loans	176	176	176	174
	5,251	244	5,251	242

17. Instalments of Capital loans and Long term liabilities

	Capital loans	Long term liabilities	
Due next year	3,037	0	
Due next 2-5 years	4,718	610	
Due after 5 years	533	4,641	
Total	8,288	5,251	13,539

18. Current liabilities	1.1.–31.12.2002 Group	1.1.–31.12.2001 Group	1.1.–31.12.2002 Parent company	1.1.–31.12.2001 Parent company
Accounts payable	988	208	988	189
Other debts	453	142	453	104
Accrued expenses and prepaid income*)	1,095	286	1,095	236
Total	2,536	636	2,536	529
*) of which accrued vacation pay	629	159	629	109

19. Contingent liabilities

Lease commitments				
Due next year	377	300	377	164
Due later on	291	479	291	302
Total	667	779	667	466

20. Deferred tax receivables

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

21. Own shares

The parent company of the group possesses 819,000 own shares at EUR 0.67 per share, the market value of the shares was EUR 548,730 at 31 December. The par value per share is EUR 0.02. The company has received the shares in the merger with ContrAl Clinics.
The shares are not recorded in the balance sheet.

PROPOSAL TO THE ANNUAL GENERAL MEETING

The Board of Directors proposes to transfer the loss EUR –14,869,530.00 of the period to retained earnings.

Helsinki, January 24, 2003

Hannu Hanhijärvi
Chairman of the Board

Jari Saarinen
President and CEO

NOTE TO FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. Based on an audit an opinion is expressed on these financial statements and on corporate governance on this date.

In Turku, February 10, 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Jouhki

Kalevi Kurkijärvi

Johan Kronberg
APA

Tomi Moisio
APA

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 %

$$\frac{\text{Profit (loss) before extraordinary items – taxes}}{\text{Shareholders' equity – capital loan}} \times 100$$

Return on capital employed %

$$\frac{\text{Profit (loss) before taxes + interest expenses and other financial expenses}}{\text{Balance sheet total – non interest bearing liabilities}} \times 100$$

Equity ratio

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}}$$

Gearing %

$$\frac{\text{Interest bearing liabilities – cash and cash equivalents}}{\text{Shareholders' equity}}$$

Earnings per share (EPS)

$$\frac{\text{Profit before extraordinary items, appropriations and taxes – minority interest – taxes}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share

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

Dividend per share

$$\frac{\text{Dividends paid for the fiscal year}}{\text{Adjusted number of shares at the end of the period}}$$

Pay-out ratio

$$\frac{\text{Dividends paid for the fiscal year}}{\text{Profit before taxation – income taxes – minority interests}} \times 100$$

Effective dividend yield

$$\frac{\text{Dividend per share}}{\text{Average share price at the end of the period}} \times 100$$

P/E Ratio

$$\frac{\text{Average share price at the end of the period}}{\text{Earnings per share (EPS)}}$$

Auditor's Report

TO THE SHAREHOLDERS OF BIOTIE THERAPIES CORP. (FORMER CONTRAL PHARMA OYJ)

We have audited the accounting, the financial statements and the corporate governance of Biotie Therapies Corp. (former Contral Pharma Oyj) for the period 1.1.–31.12.2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President and CEO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President and CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Turku February 10, 2003

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Kronberg
APA

Tomi Moisio
APA

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