

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements have been prepared by the Company in accordance with accounting principles generally accepted in Canada for interim financial information and reflect, in the opinion of management, all adjustments (which include reclassifications and normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at December 31, 2000 and for all periods presented.

The accounting policies and methods of computation adopted in these financial statements are the same as those of the audited financial statements for the year ended September 30, 2000.

Certain information and note disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in Canada have been omitted. It is suggested that the present financial statements and notes should be read in conjunction with the audited financial statements for the year ended September 30, 2000 included in the Angiotech Pharmaceuticals, Inc. Annual Report filed with the appropriate securities commissions. The results of operations for the three-month period ended December 31, 2000 are not necessarily indicative of the results for the full year.

2. LOSS PER SHARE

Loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Fully-diluted loss per share has not been presented as the outstanding options and warrants are anti-dilutive.

3. SHARE CAPITAL

a). Authorized and Issued Share Capital

The authorized common share capital of the Company is 200,000,000 common shares and 50,000,000 Class I Preference shares. The common shares issued and outstanding as of January 31, 2001 were 15,380,805 for a total of \$193,693,282. There are no Class I Preference shares currently issued and outstanding.

b). Stock Options and Warrants

During the quarter ended December 31, 2000, the Company issued 121,208 common shares pursuant to the exercise of stock options for gross proceeds of \$704,100. At December 31, 2000 the Company had 2,016,935 stock options outstanding with a weighted average exercise price of \$34.63 per share expiring at various dates from January 31, 2006 to November 30, 2010. As of December 31, 2000 and January 31, 2001 the Company had 30,000 common share purchase warrants exercisable at \$11.54 per share which are exercisable after November 2, 2002 until November 2, 2003.

As of January 31, 2001, the Company had 2,015,735 stock options outstanding with a weighted average price of \$34.70 per share expiring at various dates from January 31, 2006 to January 10, 2011.

4. RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which, as applied in these financial statements, conform in all material respects to those accounting principles generally accepted in the United States ("U.S. GAAP"), except as more fully described in Note 11 to the Company's financial statements for the year ended September 30, 2000 and as summarized:

If U.S. GAAP were followed:

The effect on the Statements of Loss and Deficit would be:

(in thousands, except per share data)	Three Months Ended December 31,	
	2000	1999
	\$	\$
Loss for the period, Canadian GAAP	(2,653)	(27)
Adjustment for stock based compensation to non-employees	(11)	(54)
Adjustment for medical technology expense amortization	383	174
Income (loss) and comprehensive income (loss) for the period, U.S. GAAP	(2,281)	93
Basic income (loss) per share, U.S. GAAP	(0.15)	0.01
Weighted average number of shares, U.S. GAAP	15,326	13,288

Balance Sheet items which would vary under U.S. GAAP are as follows:

(in thousands)	Dec. 31, 2000	Sept. 30, 2000
	\$	\$
Total assets	160,502	161,671
Deficit	(38,441)	(36,160)
Share capital	196,091	195,376

5. RECENT PRONOUNCEMENTS

The SEC has issued Staff Accounting Bulletin 101 "Revenue Recognition in Financial statements". This pronouncement is effective for the Company's fourth quarter commencing July 1, 2001. The Company has not yet determined the impact of SAB 101 on its financial statements and its current revenue recognition policies.

Statements contained herein that are not based on historical fact, including without limitation statements containing the words "believes," "may," "will," "estimate," "continue," "anticipates," "intends," "expects" and words of similar import, constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; technology changes; competition; changes in business strategy or development plans; the ability to attract and retain qualified personnel; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; and other factors referenced in the Company's filings with the Securities and Exchange Commission. **Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.** The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Financial Statements for the First Quarter
Ended December 31st, 2000

ANGIOTECH PHARMACEUTICALS, INC.

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www.angiotech.com

Angiotech Pharmaceuticals, Inc. (NASDAQ: ANPI; TSE: ANP) is a Canadian pharmaceutical company dedicated to the development of medical device coatings and treatments for chronic inflammatory diseases through reformulation of the anticancer drug, paclitaxel. Three pharmaceutical therapies are in clinical development: systemic Micellar Paclitaxel for secondary progressive multiple sclerosis (Phase II), systemic Micellar Paclitaxel for rheumatoid arthritis (Phase I) and Topical Paclitaxel Gel for psoriasis (Phase I and Phase I/II). The paclitaxel-coated coronary stent program has also entered human studies. Other medical device programs include paclitaxel-loaded surgical implants for the treatment of restenosis associated with peripheral vascular surgery.

ADVANCING THE POTENTIAL OF PROVEN MEDICINES

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STOCK LISTINGS

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TO OUR SHAREHOLDERS

The first quarter of fiscal 2001 was one of substantial clinical growth. The quarter was punctuated by the long anticipated entry of the Boston Scientific (BSC) paclitaxel-coated stent into clinical studies in Europe, while significant progress was made in our clinical studies for secondary progressive multiple sclerosis (SPMS), rheumatoid arthritis (RA) and psoriasis.

In October, our stent partner, BSC, began a 60-patient safety study in Germany with a paclitaxel-coated NIR[®] coronary stent (our other partner, Cook, Inc., started its stent study in January). This study is designed to establish the safety and tolerability of both the drug and the drug-delivery coating. BSC will also enter into larger scale clinical studies later in 2001.

Earlier in 2000, we reported favourable results from the first treatment extension of the Phase 1/2 SPMS study. Based on these encouraging results and for ethical and compassionate reasons, patients were given the option to continue long-term treatment assessing the safety and clinical benefits of Micellar Paclitaxel. In September, we received clearance from Therapeutic Products Programme, Health Canada, to continue long-term treatment in these patients.

Angiotech also completed a Phase 1 rheumatoid arthritis (RA) study in September 2000. Micellar Paclitaxel was demonstrated to be safe and well-tolerated in all patients treated, while 25% of those that completed the study met the American College of Rheumatology (ACR) 20% improvement criteria. Given the safety profile of the treatment, the Company is planning a Phase 2 study in a larger number of patients to assess efficacy. This study is scheduled to begin by the end of 2001.

The Company's psoriasis program advanced clinically on two fronts. In October, Angiotech announced results from two Phase 1 studies using Topical Paclitaxel Gel to treat patients with psoriasis. The formulation was considered safe, well-tolerated, and did not result in significant systemic absorption (*i.e.*, into the bloodstream) of paclitaxel. The Company plans to further develop this program in association with a dermatology company. Angiotech is also evaluating intravenous Micellar Paclitaxel for the treatment of patients with severe psoriasis. This study, being conducted at the National Cancer Institute, began in November.

Angiotech also added substantial expertise to its management team this quarter. David McMasters, the Company's Intellectual Property Attorney since its inception, joined us as Angiotech's Vice President, Intellectual Property & General Counsel. Mr. McMasters joins Angiotech from one of the leading U.S. intellectual property law firms, Seed Intellectual Property Law Group (previously Seed and Berry), where he most recently served as the firm's Managing Director and CEO. For over a decade with Seed, Mr. McMasters specialized in biotechnology and chemical patent matters as well as related litigation.

Thank you again for your support and we look forward to another successful quarter.

Yours very truly,

ANGIOTECH PHARMACEUTICALS, INC.



William L. Hunter, MD, MSc
Chairman and CEO

Donald E. Longenecker, PhD
President and COO

February 13, 2001

BALANCE SHEETS

As at (in thousands)	(Unaudited)	
	(CDN Dollars)	
	December 31, 2000	September 30, 2000
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	27,446	4,109
Short term investments	131,392	156,186
Amounts receivable	55	56
Prepaid expenses and deposits	414	127
Total current assets	159,307	160,478
Capital assets	1,195	1,192
Medical technology	3,875	4,259
	164,377	165,929

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	2,778	2,381
Total current liabilities	2,778	2,381
Shareholders' equity		
Share capital		
Common shares:		
December 31, 2000 - 15,377,805		
September 30, 2000 - 15,256,597	193,685	192,981
Contributed surplus	74	74
Deficit	(32,160)	(29,507)
Total shareholders' equity	161,599	163,548
	164,377	165,929

See accompanying notes

On behalf of the Board:



William L. Hunter, MD, MSc
Director

Donald E. Longenecker, PhD
Director

STATEMENTS OF LOSS AND DEFICIT

Three Months Ended December 31 (Unaudited)

(in thousands, except per share data)	(CDN dollars)	
	2000	1999
	\$	\$
REVENUE		
License and research contract fees	-	2,260
	-	2,260
EXPENSES		
Research and development	3,467	1,523
General and administration	1,035	831
Amortization	513	282
	5,015	2,636
Operating loss	5,015	376
OTHER (INCOME) EXPENSE:		
Foreign exchange loss	200	26
Interest income	(2,562)	(375)
Total other income	(2,362)	(349)
Net loss for the period	2,653	27
Deficit, beginning of period	29,507	27,589
Deficit, end of period	32,160	27,616
Loss per share	(0.17)	-
Weighted average number of shares outstanding	15,326	13,288

See accompanying notes

STATEMENTS OF CASH FLOWS

Three Months Ended December 31 (Unaudited)

(in thousands)	(CDN dollars)	
	2000	1999
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(2,653)	(27)
Add items not involving cash:		
Unrealized foreign exchange loss	389	63
Amortization	513	281
Net change in non-cash working capital items related to operations:		
Accrued interest on investments	3,300	(18)
Amounts receivable	1	(1,833)
Prepaid expenses and deposits	(287)	(237)
Accounts payable & accrued liabilities	397	(355)
Cash (used in) operating activities	1,660	(2,126)
INVESTING ACTIVITIES		
Proceeds (purchase) of short term investments	21,105	(566)
Purchase of capital assets	(132)	(169)
Cash provided by (used in) investing activities	20,973	(735)

FINANCING ACTIVITIES

Proceeds from stock options exercised	704	3
Cash provided by financing activities	704	3
Net increase (decrease) in cash & cash equivalents during the period		
	23,337	(2,858)
Cash and cash equivalents, beg. of period	4,109	6,087
Cash and cash equivalents, end of period	27,446	3,229

See accompanying notes

FINANCIAL REVIEW

RESULTS OF OPERATIONS

The Company recorded a net loss of approximately \$2.7 million (\$0.17 per share) for the three months ended December 31, 2000 as compared to a net loss of approximately \$0.03 million (\$0.00 per share) for the same period in 1999.

No license and research contract fees were received during the three months ended December 31, 2000, as compared to approximately \$2.3 million received during the same period in 1999. Interest income during the quarter increased by approximately \$2.2 million as compared to the same period in 1999 due to the significant increase in cash, cash equivalents and short-term investment balances that arose from proceeds of the U.S. common share offering in March 2000. The foreign exchange losses of approximately \$0.2 million during the quarter is mainly due to realized and unrealized loss arising from foreign currency rate fluctuations on the short-term investments denominated in U.S. dollars.

Research and development expenses increased by 128% to approximately \$3.5 million as compared to approximately \$1.5 million in 1999. The increase was primarily due to costs associated with the ongoing Phase 1 extension and Phase 2 Multiple Sclerosis clinical trials. The Phase 2 Multiple Sclerosis clinical trial was initiated in the same period in 1999. General and administrative expenses increased by 25% to approximately \$1.0 million from the approximately \$0.8 million incurred in the same period in 1999. An increase in corporate development activities contributed mainly to the increase in costs during the period. The increase in amortization expense primarily relates to the incremental amortization of capitalized medical technology resulting from the exercise of a licensor's common share purchase warrants and rights in February 2000.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2000 the Company had working capital of approximately \$156.5 million. Cash and cash equivalents and short-term investments totaled approximately \$158.8 million. The Company has approximately \$118.8 million of cash and cash equivalents and short-term investments denominated in U.S. dollars (US\$79.2 million).