Interim Consolidated Financial Statements
(Expressed in United States dollars)

CRH MEDICAL CORPORATION

Three months ended March 31, 2009 and 2008

(Unaudited)

NOTICE TO READERS OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim financial statements of CRH Medical Corporation and the accompanying interim consolidated balance sheet as at March 31, 2009 and the interim consolidated statements of operations, operations and deficit and cash flows for the three month periods ended March 31, 2008 and 2009 are the responsibility of the Company's management.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare the financial statements in accordance with Canadian generally accepted accounting principles.

/s/Edward Wright
Chief Executive Officer

May 29, 2009

/s/Richard Bear
Chief Financial Officer

May 29, 2009

CRH MEDICAL CORPORATION

Interim Consolidated Balance Sheets
(Unaudited)
(Expressed in United States dollars)

	March 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 104,982	$ 239,337
Accounts receivable, less allowance for doubtful accounts of $537,923 (2008 - $481,363)	1,545,028	1,505,353
Inventory	100,373	49,490
Prepaid expenses and deposits	193,699	234,984
	1,944,082	2,029,164
Property and equipment	813,391	813,806
Intellectual property	586,921	671,354
	$ 3,344,394	$ 3,514,324
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 416,827	$ 257,265
Loan payable (note 11)	50,000	125,000
Deferred leasehold inducements	41,426	41,426
	808,253	423,691
Deferred leasehold inducements	46,946	57,303
Shareholders' equity:		
Share capital (note 6)	15,111,103	15,022,822
Contributed surplus (note 6)	3,475,617	3,336,160
Accumulated other comprehensive loss	(66,772)	(66,772)
Deficit	(16,030,353)	(15,258,880)
	2,489,195	3,033,330
Going concern (note 2)		
Commitments and contingencies (note 9)		
Subsequent event (note 11)		
	$ 3,344,394	$ 3,514,324

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

Edward Wright, Director

Anthony Holler, Director

CRH MEDICAL CORPORATION

Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit
(Unaudited)
(Expressed in United States dollars)

Three months ended March 31, 2009 and 2008

	2009	2008
Revenue:		
Center operations	$ 1,407,197	$ 1,293,568
Product sales	328,693	53,874
	1,735,890	1,347,442
Expenses:		
Center operations and development	1,660,480	1,545,417
Medical products	254,386	71,596
Corporate and other	430,576	613,632
Depreciation and amortization	55,508	87,267
	2,400,950	1,738,435
Operating loss	(665,060)	(970,470)
Other items:		
Interest income	-	20,798
Foreign exchange gain (loss)	(43,528)	(9,686)
Other income	3,580	620
	(39,948)	55,342
Net loss and comprehensive loss	(705,008)	(958,738)
Deficit, beginning of period	(15,258,880)	(11,322,275)
Changes in accounting policy	(66,865)	-
Deficit, end of period	$ (16,030,753)	$ (12,281,013)
Basic and diluted loss per share	$ (0.02)	$ (0.02)
Weighted average shares outstanding	44,995,768	44,724,251

See accompanying notes to interim consolidated financial statements.

CRH MEDICAL CORPORATION

Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in United States dollars)

Three months ended March 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Net loss	$ (705,008)	$ (958,738)
Items not involving cash:		
Depreciation and amortization	55,508	87,267
Foreign exchange loss (gain)	(2,182)	(418)
Amortization of deferred leasehold inducements	(10,357)	(9,079)
Stock-based compensation (note 6(c))	178,430	261,880
Adjustments to reconcile net loss to net cash used in operating activities:		
Accounts receivable	(39,675)	(155,440)
Inventory	(50,883)	(18,434)
Prepaid expenses and deposits	41,285	123,897
Accounts payable and accrued liabilities	159,562	125,117
	(373,320)	(543,948)
Financing:		
Proceeds from loan	225,000	-
Exercise of stock options	49,309	-
	274,309	-
Investments:		
Purchase of property and equipment	(37,526)	(87,412)
Foreign exchange gain (loss) on cash and cash equivalents	2,182	418
Decrease in cash and cash equivalents	(134,355)	(630,942)
Cash and cash equivalents, beginning of period	239,337	3,531,818
Cash and cash equivalents, end of period	$ 104,982	$ 2,900,876
Supplementary cash flow information:		
Interest received	$ -	$ 15,977

See accompanying notes to interim consolidated financial statements.

1. Nature of operations and future operations:

CRH Medical Corporation (CRH or the Company) was incorporated on April 21, 2001 under the Company Act of the Province of British Columbia and specializes in the treatment of hemorrhoids utilizing its treatment protocol and patented proprietary technology.

2. Going concern:

The Company has financed its cash requirements primarily from share issuances. The Company's ability to realize the carrying value of its assets is dependent on successfully marketing its products and achieving future profitable operations, the outcome of which cannot be predicted at this time.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has sustained continuing losses since its formation and at March 31, 2009 had a deficit of $16,030,753. On April 7, 2009, the Company closed a private placement financing with net proceeds totaling approximately $1.7 million (note 11). The Company is reducing expenditures by closing under performing Centers and reducing fixed operating costs at its remaining Centers. Additional financing may be required in the future to fund operations until the Company is profitable. There is no assurance that such funding will be available or obtained on favorable terms. If the Company is unable to become profitable and additional funding was not available there would be substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

3. Basis of presentation:

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) for interim financial information and follow the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company for the year ended December 31, 2008. These interim consolidated financial statements do not include all the information and note disclosures required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2008. In management's opinion, all adjustments considered necessary for fair presentation have been included in these financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period's presentation.

(Expressed in United States dollars)

4. Adoption of new accounting standards:

(a) Change in Accounting Policy

(i) Goodwill and intangible assets:

On January 1, 2009, the Company retrospectively adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new standard, which applies to fiscal years beginning on or after October 1, 2008, clarifies the recognition of intangible assets, including internally generated assets. The standard reinforces the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition. The standard also provides guidance on the recognition and measurement of internally generated assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed.

Upon adoption of this new standard, patent costs previously capitalized did not meet the new criteria for capitalization. The impact on the financial position of the Company was a decrease in intangible assets and an increase in deficit at December 31, 2008 and 2007 of $66,865 and $59,530, respectively, relating to patent costs capitalized in prior periods. The impact on the consolidated statements of operations and comprehensive loss for the three months ended March 31, 2008, would be a decrease in amortization of $1,209, resulting in an overall increase in net loss of $1,209.

(b) Future changes in accounting policies:

(i) International Financial Reporting Standards:

On February 13, 2008, the Accounting Standards Board confirmed that the use of International Financial Reporting Standards (IFRS) will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

5. Inventories:

	March 31, 2009	December 31, 2008
Finished goods	$ 100,373	$49,490
Provision for obsolescence	-	-
	$ 100,373	$49,490

(Expressed in United States dollars)

5. Inventories (continued):

During the three months ended March 31, 2009, the write-down of inventories to net realizable value amounted to nil (2008 - nil). During the three months ended March 31, 2009 the reversal of write-downs amounted to nil (2008 - nil).

6. Share capital:

(a) Authorized:
100,000,000 common shares without par value

(b) Issued:

	Shares	Amount	Contributed surplus
Balance, December 31, 2008	44,939,251	$ 15,022,822	$ 3,134,820
Issued on options exercised	145,000	88,281	(38,973)
Stock-based compensation	-	-	178,430
Balance, March 31, 2009	45,084,251	$ 15,111,104	$ 3,475,617

(c) Stock option plan:

Changes during the three month period ended March 31, 2009 are as follows:

	Number of options	Weighted average exercise price CAD	Weighted average exercise price USD
Outstanding, December 31, 2008	2,900,000	$ 1.93	$ 1.59
Granted	1,275,000	0.65	0.51
Exercised	(145,000)	0.42	0.33
Forfeited and expired	(4,000)	0.93	0.73
Outstanding, March 31, 2009	4,026,000	$ 1.59	$ 1.25

The following table summarizes information about the stock options outstanding at March 31, 2009:

Exercise price		Options outstanding				Options exercisable		
USD	CAD	Number of options	Weighted average remaining life in years	Weighted exercise price USD	Weighted exercise price CAD	Number of options	Weighted average exercise price USD	Weighted average exercise price CAD
$0.29 - $0.51	$0.37 - $0.65	1,700,000	3.90	$ 0.42	$ 0.60	401,575	$ 0.33	$ 0.42
$1.18 - $1.69	$1.50 - $2.14	976,000	2.67	1.65	2.10	589,943	1.66	2.11
$1.70 - $2.60	$2.15 - $3.30	1,350,000	2.86	1.94	2.47	730,637	2.07	2.62
		4,026,000	3.25	$ 1.25	$ 1.59	1,722,155	$ 1.52	$ 1.94

(Expressed in United States dollars)

6. Share capital (continued):

(c) Stock option plan (continued):

For the three months ended March 31, 2009, the Company recognized $178,430 (2008 - $261,880) in compensation expense as a result of stock options awarded and vested. Compensation expense is recorded in the consolidated statement of operations and was allocated as $52,770 (2008 - $89,455) to Center operations and development, $32,403 (2008 - $27,699) to medical products, and $93,257 (2008 - $144,726) to corporate expenses on the same basis as the allocations of cash compensation.

The weighted average fair value of stock options granted during the periods ended March 31, 2008 and 2007 was $0.33 and $1.43 per share respectively. The estimated fair value of the stock options granted was determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2009	2008
Expected life of options	4 years	4 years
Risk-free interest rate	1.6%	3.3%
Dividend yield	0%	0%
Volatility	91%	91%

7. Capital disclosures:

The Company’s objective in managing capital is to safeguard its ability to continue as a going concern and to sustain future development of the business. In the management of capital, the Company includes shareholders’ equity, excluding accumulated other comprehensive income. The Company’s objective is met by retaining adequate equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. In order to maintain or adjust its capital structure, the Company may issue new shares. At this time the Company has not paid dividends to its shareholders. The Board of Directors does not establish quantitative return on capital criteria for management. The Company is not subject to any externally imposed capital requirements and the Company’s overall strategy with respect to capital management remains unchanged from the year ended December 31, 2008.

8. **Financial instruments:**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate carrying value because of their short-term nature.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, and accounts receivable. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash and cash equivalents by placing these financial instruments with high-credit quality financial institutions and only investing in liquid, investment grade securities.

The Company has a number of individual customers and no one customer represents a concentration of credit risk.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement within operating expenses. When a receivable balance is considered uncollectible it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Although no single patient or physician accounts for more than 10% of the Company's consolidated revenue, 70% of the Company's revenue is ultimately collected from five of the largest U.S. healthcare insurance companies, including Medicare, who insure our patients. Credit risk associated with the collection of receivables from these insurance companies is considered low.

The following table sets forth details of the age of receivables that are not overdue as well as an analysis of overdue amounts and related allowance for the doubtful accounts.

Total accounts receivable	$ 2,082,951
Less: allowance for doubtful accounts	537,923
Total accounts receivable, net	$ 1,545,028

8. **Financial instruments (continued):**

(a) Credit rate risk (continued):

Of which:	
Current	$ 407,279
Less than 60 days	258,278
Less than 90 days	154,452
Less than 120 days	149,374
120 days or greater	1,113,568
Total accounts receivable	$ 2,082,951

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. The majority of the Company's financial liabilities are due within ninety days. The Company does not have long-term financial liabilities.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign currency exchange rates and interest rates will affect the Company's income or the value of the financial instruments held.

(i) Foreign currency risk:

The majority of the Company's sales and purchases are made in U.S. dollars. However, certain of the Company's revenues and expenses are denominated in Canadian dollars. Foreign currency risk reflects the risk that the Company's earnings will be impacted by fluctuations in exchange rates. During the three months ended March 31, 2009 approximately 1% of the Company's sales were made in Canadian dollars and approximately 16% of expenses were incurred in Canadian dollars. With all other variables held constant, a one percentage point increase in the value of the Canadian dollar relative to the U.S. dollar would have reduced net loss by approximately $32,000 for the three months ended March 31, 2009.

8. **Financial instruments (continued):**

(c) Market risk (continued):

(i) Foreign currency risk (continued):

At March 31, 2009, the Company has Canadian dollar denominated accounts receivable which is offset by Canadian dollar denominated accounts payable. Foreign exchange gains and losses arising from the revaluation of these balances are included in earnings. With all other variables held constant, a one percentage point increase in the value of the Canadian dollar relative to the U.S. dollar would have increased net income by approximately $22,361 at March 31, 2009.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures and the resulting volatility of the Company's earnings. The Company manages this risk by pricing sales in U.S. dollars or the currency of the expenses being incurred, and by reducing the exposure of liabilities denominated in Canadian dollars with Canadian dollar denominated assets. The Company has not entered into any forward foreign exchange contracts.

The Company is exposed to the following currency risk at March 31, 2009:

(Expressed in US dollar equivalent)	CAD
Cash and cash equivalents	$ 30,247
Accounts receivable	24,489
Accounts payable and other liabilities	308,533

(Expressed in United States dollars)

9. Contingencies:

The Company is a party to a variety of agreements in the ordinary course of business under which it may be obligated to indemnify third parties with respect to certain matters. These obligations include, but are not limited to contracts entered into with physicians where the Company agrees, under certain circumstances, to indemnify a third party, against losses arising from matters including but not limited to medical malpractice and product liability. The impact of any such future claims, if made, on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to final outcome of these potential claims.

10. Segmented information:

The Company organizes its business into three operating segments: sales of medical products, Center operations, and other activities related to the public parent corporation. Transactions between reportable segments have been eliminated. The business segments are presented as follows:

March 31, 2009	Medical products	Center operations and development	Corporate and other	Total
Sales	$ 328,693	$ 1,407,197	$ -	$ 1,735,890
Depreciation and amortization	(7,326)	(18,727)	(29,455)	(55,508)
Stock-based compensation	(32,403)	(52,770)	(93,257)	(178,430)
Expenses	(221,983)	(1,607,710)	(337,319)	(2,167,012)
Other	-	-	(39,949)	(39,949)
Net loss	$ 66,981	$ (272,010)	$ (499,980)	$ (705,008)
Capital expenditures	$ -	$ 35,598	1,927	$ 37,525
Intellectual property	$ 228,546	$ -	$ 358,375	$ 586,921
Property and equipment	$ 140,882	$ 657,395	$ 15,114	$ 813,391
Total assets	$ 695,048	$ 2,203,706	$ 445,642	$ 3,344,396

(Expressed in United States dollars)

10. Segmented information (continued):

March 31, 2008	Medical products	Center operations and development	Corporate and other	Total
Sales	$ 53,874	$ 1,293,568	$ -	$ 1,347,442
Depreciation and amortization	(3,098)	(64,210)	(19,959)	(87,267)
Stock-based compensation	(27,699)	(89,455)	(144,726)	(261,880)
Expenses	(43,897)	(1,455,962)	(468,906)	(1,968,765)
Interest income	-	-	20,798	20,798
Foreign exchange gain (loss) and other income	-	-	(9,066)	(9,066)
Net loss	$ (20,820)	$ (316,059)	$ (621,859)	$ (958,738)
Capital expenditures	$ 55,324	$ 32,088	$ -	$ 87,412
Intellectual property	$ 255,911	$ -	$ 401,284	$ 657,195
Property and equipment	$ 93,531	$ 790,202	$ 14,583	$ 898,316
Total assets	$ 422,459	$ 2,033,303	$ 3,377,013	$ 5,832,775

For the three month period ended March 31, 2009 and 2008, substantially all of the Company's revenues were generated in the United States and no customers accounted for 10% or more of total sales.

At March 31, 2009 and 2008, substantially all of the Company's property and equipment were located in the United States.

11 Subsequent Event:

(a) On April 7, 2009, the Company closed a private placement financing for gross proceeds of $1.86 million, consisting of 2,948,719 units at a price of CAD$0.78 for each unit, before share issuance costs of approximately $90,000, for net proceeds of approximately $1.77 million. Each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable for one common share at a price of CAD$1.00 per share. The warrants may be exercised through April 6, 2012, except that if over a period of 20 consecutive trading days between August 7, 2009 and April 6, 2012, the daily average trading price of the common shares exceeds $2.50 on each of those 20 consecutive days, the Company may give notice in writing to the Warrant holders that the Warrants shall expire on the 20th day following the giving of such notice unless exercised by the holders prior to such date.

(b) On April 20, 2009 the Company paid off its revolving line in the amount of $350,000.