CRH Medical Corporation

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March, 2010
Financial Report

Trading Information:	The TSX Venture Exchange (symbol "CRM")
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For further information about CRH Medical Corporation, please visit the Company website at www.crhmedcorp.com or www.sedar.com, or email us at info@crhmedcorp.com.

CRH MEDICAL CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2010

The following discussion and analysis should be read in conjunction with CRH Medical Corporation's (the "Company" or "CRH") unaudited consolidated financial statements as at and for the three month period ended March 31, 2010 and 2009 and the audited annual consolidated financial statements and the corresponding notes thereto for the year ended December 31, 2009. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Unless otherwise specified, all financial data is presented in United States dollars. This management discussion and analysis is as of April 29, 2010.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Readers are cautioned regarding statements discussing profitability; growth strategies; anticipated trends in our industry; our future financing plans; and our anticipated needs for working capital. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements contained in this report will in fact occur. The Company bases its forward-looking statements on information currently available to it, and assumes no obligation to update them.

While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include:

- We may need to raise additional capital to fund future operations.
- The policies of health insurance carriers in the United States may affect the amount of revenue the Company receives.
- The Company may not successfully market its products.
- Changes in United States federal or state laws, rules, and regulations, including those governing the corporate practice of medicine, and fee splitting.
- Changes in the United States Anti-Kickback Statute and Stark Law and/or similar state laws, rules, and regulations.
- If we are unable to manage growth, we may be unable to achieve our expansion strategy.
- Our senior management has been key to our growth, and we may be adversely affected if we lose any member of our senior management.
- Economic dependence on suppliers and our contract manufacturer.
- Changes in the industry and the economy may affect the Company's business.
- Evolving regulation of corporate governance and public disclosure may result in additional corporate expenses.
- We may not be able to attract Gastroenterologists and other licensed providers to purchase and use the CRH O'Regan System.
- We may be subject to competition and technological risk which may impact the price and amount of product we can sell.
- We may not be able to retain sufficient qualified physicians to operate our Centers.

- We may be subject to product liability and medical malpractice claims, which may adversely affect our operations.
- Our business may be impacted by health care reform in the United States.
- We may not have the expertise required to expand internationally.

OVERVIEW

CRH Medical Corporation specializes in the treatment of hemorrhoids utilizing its proven treatment protocol and patented proprietary technology. CRH's single use, disposable, hemorrhoid technology is safe and highly effective in treating hemorrhoid grades I – IV. CRH employs two commercialization strategies: first, it operates Centers for Colorectal Health facilities in the United States specializing in the treatment of hemorrhoids, fissures, and colon cancer screening. The Company currently operates ten Centers geographically dispersed through the U.S. In addition, CRH distributes its hemorrhoid banding technology, treatment protocols, operational and marketing expertise as a complete, turn key package directly to its partner physicians ("Partnership Program"). The Company's goal is to establish the CRH O'Regan System as the standard for hemorrhoid treatment.

The Company has financed its cash requirements primarily from revenues generated from its Centers, sales of products under its Partnership Program, a line of credit against certain of our receivables, and share issuances. The Company's ability to realize the carrying value of its assets is dependent on successfully managing its Centers, marketing its products and services to participants in its Partnership Program, and achieving future profitable operations, the outcome of which cannot be predicted at this time. It may be necessary for the Company to raise additional funds for the continuing development of its business plan.

As a result of the current economic conditions we have experienced slower than expected growth in some of our Centers for Colorectal Health. We closed two underperforming Centers in December 2008, an additional three underperforming Centers in April 2009 and two more in May 2009. In addition, the Company has reduced fixed operating costs at its remaining Centers. The Company has increased its financial support for its Partnership Program as this program potentially presents a significant growth and profitability opportunity for the Company. All of these actions are consistent with the Company's stated goal of achieving cash flow positive operations as soon as practical.

FUTURE CHANGES IN ACCOUNTING POLICIES

(a) International Financial Reporting Standards (IFRS):

The Canadian Accounting Standards Board has announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will adopt IFRS as the basis of preparation for its interim and annual financial statements for periods beginning on January 1, 2011 with a transition date of January 1, 2010 to allow for comparative financial information.

Although IFRS employs a conceptual framework that is similar to Canadian GAAP, differences in accounting policies will have to be addressed. In order to meet the requirement to transition to IFRS, the Company is undertaking a project to ensure compliance with the new standards by the adoption date. The Company's IFRS project plan comprises four stages: awareness, assessment, design and implementation. The assessment stage includes a detailed analysis of the differences between IFRS and Canadian GAAP and includes an assessment of the potential impact on financial reporting, accounting policies, systems, internal controls over financial reporting and financial covenants. The design phase includes the development of a transition plan and revised accounting policies. The implementation phase includes the Company-wide distribution of the revised accounting policies, training and implementation of dual reporting systems. The current focus of the project is the identification of impacts for the opening balance sheet of the Company's operations, and finalization of the IFRS 1 transitional exemptions to be taken. The transition project is on schedule, and a timetable for developing the opening balance sheet and comparative information preparation is in place for 2010.The following list is not exhaustive and should not be regarded as complete as it is only intended to highlight areas that may have the most significant impact on the financial statements of the Company:

- Presentation of Financial Statements
- Property Plant and Equipment
- Impairment of Long Lived Assets
- Revenue Recognition
- Provisions
- Related Parties
- Leases
- Stock Based Compensation

The quantification of the impact from differences that may arise will be addressed as part of the Company's phases 2 and 3, which are ongoing. During these phases the Company will select its IFRS accounting policies, will determine which transitional exemptions will be applied, will quantify financial statement impacts and will culminate with the preparation of shell financial statements. Phase 3 also includes ongoing training, testing of the internal control environment and updated processes for controls and procedures. Phase 4 will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond.

The International Accounting Standards Board continues to amend and add to current IFRS standards with several projects currently underway. The Company's conversion process includes monitoring actual and anticipated changes to IFRS standards and related rules and regulations and assessing the impacts of these changes on the Company and its reporting, including expected dates of when such impacts are effective.

(b) Consolidations:

In January 2009, the CICA issued Section 1582, "Business Combinations", which will replace the former guidance on business combinations. Under the new standard, the purchase price used in a business combination is based on the fair value of consideration exchanged at the date of exchange. Currently the purchase price used is based on the fair value of the consideration for a reasonable period before and after the date of acquisition is agreed upon and announced. The new standard generally requires that acquisition costs be expensed, which are currently capitalized as part of the purchase price. In addition, the new standard modified the accounting for contingent consideration and negative goodwill. Section 1582 is effective for the Company on January 1, 2011 with prospective application and early adoption permitted. Once adopted, this standard will impact the accounting treatment of future business combinations.

In January 2009, the CICA issued Sections 1601, "Consolidated Financial Statements", and 1602, "Noncontrolling Interests", which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary subsequent to a business combination. These sections are effective for the Company on January 1, 2011 with prospective application and early adoption permitted. The adoption of these standards is not expected to have a material impact on the Company's consolidated financial statements.

RESULTS OF OPERATIONS

Revenue

For the three months ended March 31, 2010, revenues were $1,951,590 compared to $1,739,470 for the three months ended March 31, 2009.

Revenues from product sales for the three months ended March 31, 2010 were $715,622 compared to $332,273 for the three months ended March 31, 2009. The increase in product sales is the result of the Company's Partnership Program. In January of 2008, the Company initiated its Partnership Program that provides physicians not associated with our Centers with the ability to purchase our hemorrhoid banding technology, treatment protocols, marketing and operational experience. For the three months ended March 31, 2010 the Company sold 10,080 units of its CRH O'Regan System compared to 4,240 for the three months ended March 31, 2009. The Company trained 80 physicians in its Partnership Program for the three months ended March 31, 2010, versus 65 physicians for the three months ended March 31, 2009. A transfer of product to the Company's owned and operated Centers is not recognized as revenue. In the future the Company expects revenue from product sales to continue to increase as more physicians are trained.

Revenues from Center operations were $1,235,968 for the three months ended March 31, 2010 compared to $1,407,197 for the three months ended March 31, 2009. For the three months ended March 31, 2010, the Company had 5,089 patient visits at its Centers for Colorectal Health compared to 5,610 for the three months ended March 31, 2009. As a result of the economic conditions in 2009 we experienced slower than expected growth in our Centers for Colorectal Health. These difficult economic conditions coincided with a very poor financing environment throughout 2008 and into the first part of 2009. As a result, the Company did not believe it could rely on the capital markets to finance its growth and, therefore, set a goal of achieving cash flow positive operations as soon as possible. This led to the Company eliminating plans to open new Centers, and shutting down Centers that were not on a fast track toward stand-alone profitability. The Company had 10 Centers at March 31, 2010 compared to 15 at March 31, 2009. In the future the Company expects Center revenue to remain at similar levels.

Expenses

Medical product expenses for the three months ended March 31, 2010 were $420,308 compared to $254,386 for the three months ended March 31, 2009. The increase in medical product expenses is a result of the Company's Partnership Program initiated in January of 2008. Medical product expenses primarily include physician wages and travel associated with training, cost of product sales, cost of quality systems and programs, consulting expenses, marketing, business development and legal expenses. Medical product expenses include non-cash stock based compensation totaling $47,027 and for the three months ended March 31, 2010 compared to $32,403 for the three months ended March 31, 2009.

Center operations and development expenses for the three months ended March 31, 2010 were $1,275,253 compared to $1,660,480 for the three months ended March 31, 2009. The decrease in Center operations and development expenses for three months ended March 31, 2010 is the result of closing underperforming centers and reducing fixed operating costs at its remaining Centers. Center operations and development expenses primarily consist of the cost of operating Centers including but not limited to rent, physician salaries, staff salaries, supplies, marketing, and advertising. Center operations and development expenses also include non-cash stock based compensation totaling $23,175 for the three months ended March 31, 2010 compared to $52,770 for the three months ended March 31, 2009.

Corporate and other expenses for the three months ended March 31, 2010 were $467,230 compared to $430,576 for the three months ended March 31, 2009. The 9% increase in corporate and other expenses relate to the addition of a new director, annual increases in corporate staff payroll and related expenses, and small increases in other corporate related expenses. Corporate and other expenses include non-cash stock based compensation totaling $96,283 for the three months ended March 31, 2010 compared to $93,257 for the three months ended March 31, 2009.

Operating income and loss

For the three months ended March 31, 2010 loss from operations was $285,333 compared to $661,480 for the three months ended March 31, 2009.

For the three months ended March 31, 2010 the sale of medical products generated operating income of $279,949 compared to a gain of $70,561 for the three months ended March 31, 2009. The increase in medical product operating income is a direct result of increased product sales. As products sales continue to increase the Company expects medical product operating income to increase both in terms of total dollars and percentage of product revenue.

Operating losses from Center operations for the three months ended March 31, 2010 were $92,458 compared to $272,010 for the three months ended March 31, 2009. The Company's expense management strategies and closure of underperforming Centers have provided larger decreases in Center related expenses compared to decreases in Center revenue, significantly reducing Center operating loss. In the future, the Company expects Center operating losses to continue to decrease.

Other items

For the three months ended March 31, 2010, the Company recognized a foreign exchange loss of $15,549 compared to a foreign exchange loss of $43,528 for the three months ended March 31, 2009. The foreign exchange loss is a direct result of the decrease in the U.S. dollar value of the Company's Canadian dollar investments as a result of changes in the exchange rate. The exchange rate at March 31, 2010 is $1.0158 Canadian dollars to U.S. dollars compared to an exchange rate of $1.051 at December 31, 2009. The Company maintains a small percentage of funds in Canadian dollars as some of its corporate and other expenses are incurred in Canadian dollars.

Net Loss

For the three months ended March 31, 2010, the Company incurred a net loss of $300,882 ($0.01 per share) compared to a loss of $705,008 ($0.02 per share) for the three months ended March 31, 2009.

SUMMARY OF QUARTERLY RESULTS

With the exception of the quarters ending March 31, 2008 and June 30, 2008 the quarterly results below were not reviewed by the Company's auditors.

Quarter ending	Center operations revenue	Product sales revenue	Total revenue	Total expenses and other items	Loss for the period	Net loss per share (basic & diluted)
June 30, 2008	$1,504,072	$ 149,819	$1,653,891	$ 2,751,864	$ (1,097,973)	$ (0.03)
Sept. 30, 2008	$1,789,970	$ 167,672	$1,957,642	$ 2,950,853	$ (993,211)	$ (0.02)
Dec. 31, 2008	$1,459,980	$ 243,714	$1,703,694	$ 2,590,377	$ (888,682)	$ (0.02)
Mar. 31, 2009	$1,407,197	$ 332,273	$1,739,470	$ 2,444,478	$ (705,008)	$ (0.02)
June 30, 2009	$1,366,378	$ 486,971	$1,853,349	$ 2,217,135	$ (363,786)	$ (0.00)
Sept. 30, 2009	$1,281,376	$ 473,985	$1,755,361	$ 2,185,220	$ (429,859)	$ (0.01)

Dec. 31, 2009	$1,145,179	$ 575,079	$ 1,720,258	$ 2,773,952	$ (1,053,694)	$ (0.02)
Mar. 31, 2010	$1,235,968	$ 715,622	$1,951,590	$ 2,252,472	$ (300,882)	$ (0.01)

Quarter-to-quarter variability and the trends in revenue are driven primarily by the following factors:

- Second quarter of 2008, the Company opened four additional Centers in Chicago, New York, Dallas and San Diego.
- Third quarter of 2008, the Company opened two additional Centers in New Orleans and Virginia.
- Fourth quarter of 2008, the Company closed two Centers, one in Chicago and one in Atlanta. Additionally the Company determined that certain contractual adjustments with third party payers were not properly realized during 2008 resulting in a one-time adjustment decreasing revenue by $160,000.
- First quarter of 2009, the Company announced the closure of three underperforming Centers in Miami Beach, FL, New Orleans, LA, and Bayshore, NY. The Company discontinued advertising in these markets in mid – February 2009 and closed the Centers in mid-April 2009.
- Second quarter of 2009, the Company closed two underperforming Centers in Falls Church, Virginia and San Diego, California.
- Third quarter of 2009, the Company experienced seasonality in its product sales revenue which we believe is a result of partner physicians taking summer vacations.
- During the fourth quarter of 2009 the Company recorded an impairment of asset charge totaling $322,462 related to Fecal Occult Blood Test intellectual property and approximately $200,000 in additional operating expenses related to adjustments to depreciation, bad debt, and the Company’s vacation accrual.

The losses reported are primarily the result of the cost to operate the Centers in addition to corporate and other expenses. The Company expects losses to continue to decrease as product sales increase as a result of our Partnership Program, Center related operational fixed expense reduction programs, closing underperforming Centers, and other expense reduction initiatives.

LIQUIDITY

As at March 31, 2010, the Company had $1,523,016 in cash and cash equivalents compared to $1,672,512 at the end of 2009. At March 31, 2010, working capital was $2,238,131 compared to working capital of $2,239,729 as at December 31, 2008.

The Company has financed its operations primarily from revenues generated from its Centers, sales of products under its Partner Program, a line of credit against certain of our account receivables, and though equity financings. As of March 31, 2010, the Company has raised approximately $17 million from the sale and issuance of equity securities. The Company has incurred losses to date and as at March 31, 2010 had an accumulated deficit of $18,112,109.

As at March 31, 2010, the Company had the following material contractual obligations:

2010	$	383,918
2011		248,421
2012		77,555
2013		5,400
	$	715,294

CAPITAL RESOURCES

During the three months ended March 31, 2010, the Company issued 79,573 common shares on the exercise of 79,573 common share purchase warrants for gross proceeds of $77,593.

The Company's annual consolidated financial statements were prepared assuming that the Company will continue as a going concern. The Company has sustained continuing losses since its formation and at March 31, 2010, had a deficit of $18,112,109 and incurred negative cash flows from operations of $213,343 and $373,320 for the three months ended March 31, 2010 and 2009, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. On April 7, 2009, the Company closed a private placement financing with net proceeds totaling approximately $1.8 million. 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. The Company's annual consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

OUTSTANDING SHARE CAPITAL

As at March 31, 2010, there were 48,485,540 common shares issued and outstanding for a total of $16,951,249 in share capital.

As at March 31, 2010, there were 4,451,000 options outstanding (of which 2,312,902 were exercisable) into common shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $1.87 per share, and 489,800 common shares reserved for future grant or issuance under the Company's stock option plan.

As at April 29, 2010 there were 48,505,540 common shares issued and outstanding for a total of $16,971,923 in share capital, there are 4,451,000 options outstanding (of which 2,388,530 were exercisable) into common shares issuable upon the exercise of outstanding stock options at a weighted-average exercise price of $1.86 per share and 489,800 common shares reserved for future grant or issuance under the Company's stock option plan.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

TRANSACTIONS WITH RELATED PARTIES

The Company paid or accrued fees of $20,554 (2009 - $14,733) to Directors of the Company. Additionally the Company made product sales totaling $32,291 (2009 - $13,564) to two companies owned or controlled by two of the Company's Directors. These transactions are measured at the exchange amount being the amount of consideration established and agreed to by the related parties.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements. We constantly evaluate these estimates and assumptions.

We base our estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the financial statements could prove to be inaccurate in the future.

We consider the estimates and assumptions described in this section to be an important part in understanding the financial statements. These estimates and assumptions are subject to change, as they rely heavily on management's judgment and are based on factors that are inherently uncertain.

(a) Revenue recognition – Center operations:

Center operations revenue consists primarily of patient revenues and is recognized as services are rendered. Patient service revenue is reported net of provisions for contractual allowances from third party payers and patients. The Company has agreements with third-party payers that provide for payments to the Company at amounts different from its established billing rates. The differences between the estimated program reimbursement rates and the standard billing rates are accounted for as contractual adjustments, which are deducted from gross revenues to arrive at net operating revenues. Retroactive adjustments, if any, are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Accounts receivable resulting from such payment arrangements are recorded net of contractual allowances.

(b) Accounts receivable and allowance for doubtful accounts:

The Company's accounts receivable are related to providing healthcare services to patients and the sale of product directly to physicians. Collection of these accounts receivable is the Company's primary source of cash and is critical to its operating performance. The Company's primary collection risks relate patient deductibles, co-payments and self-insured amounts owed by the patient. The Company's general policy is to verify insurance coverage prior to treatment of a patient at the Company's centers. The Company's estimate for the allowance for doubtful accounts is calculated historical experiences collection experience.

The Company believes that it collects substantially all of its receivables related to providing healthcare to patients, net of contractual allowances and from the sale of product directly to physicians. To date, the Company believes there has not been a material difference between bad debt allowances and the ultimate historical collection rates on accounts receivables.

The Company reviews its overall bad debts reserve for adequacy by monitoring historical cash collections as a percentage of net revenue.

Uncollected accounts are written off when management determines that the balance is uncollectible.

(c) Impairment of long-lived assets**:**

The Company monitors the recoverability of long-lived assets based on estimates using factors such as expected future asset utilization, economic outlook and future cash flows expected to result from the use of the related assets or be realized on sale. The Company recognizes an impairment loss if the projected undiscounted aggregate future cash flows are less than the carrying amount. The amount of impairment charge, if any, is defined as the excess of the carrying value of the asset over its fair value.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities.

It is management's opinion that the Company is not exposed to significant interest or currency risk arising from these financial instruments. Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is exposed to credit risk only with respect to uncertainties as to the timing and amount of collectability of accounts receivable. Please see previous section for a more detailed discussion of our accounts receivable. The Company mitigates credit risk through standard credit and reference checks. The fair value of these financial instruments approximates their carrying values.

LEGAL PROCEEDINGS

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.

Interim Consolidated Financial Statements
(Expressed in United States dollars)

CRH MEDICAL CORPORATION

Three months ended March 31, 2010 and 2009

(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, 2010 and the interim consolidated statements of operations, comprehensive loss and deficit, and consolidate statement of cash flows for the three month periods ended March 31, 2010 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	/s/Richard Bear Chief Financial Officer
_________________, 2010	_______________, 2010

CRH MEDICAL CORPORATION

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

		March 31, 2010		December 31, 2009
Assets				
Current assets:				
Cash and cash equivalents	$	1,523,016	$	1,672,512
Accounts receivable, less allowance for doubtful accounts of $170,289 (2009 - $349,827)		1,110,029		1,042,091
Inventory		164,563		78,275
Prepaid expenses and deposits		180,244		165,466
		2,977,852		2,958,344
Property and equipment		531,924		597,264
Intellectual property		271,770		268,367
	$	3,781,546	$	3,823,975
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	701,921	$	677,189
Loan payable		-		-
Deferred leasehold inducements		37,799		41,426
		739,720		718,615
Deferred leasehold inducements		9,148		15,878
Shareholders' equity:				
Share capital (note 6)		16,951,250		16,873,657
Contributed surplus (note 6)		4,260,309		4,093,824
Accumulated other comprehensive loss		(66,772)		(66,772)
Deficit		(18,112,109)		(17,811,227)
		3,032,678		3,089,482
Going concern (note 2)				
Commitments and contingencies (note 9)				
	$	3,781,546	$	3,823,975

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, 2010 and 2009

	2010	2009
Revenue:		
Center operations	$ 1,235,968	$ 1,407,197
Product sales	715,622	332,273
	1,951,590	1,739,470
Expenses:		
Center operations and development	1,275,253	1,660,480
Medical products	420,308	254,386
Corporate and other	467,230	430,576
Depreciation and amortization	74,132	55,508
	2,236,923	2,400,950
Operating loss	(285,333)	(661,480)
Other items:		
Foreign exchange	-	-
gain (loss)	(15,549)	(43,528)
	(15,549)	(43,528)
Net loss and comprehensive loss	(300,882)	(705,008)
Deficit, beginning of period	(17,811,227)	(15,528,880)
Changes in accounting policy		
Deficit, end of period	$ (18,112,109)	$ (16,233,888)
Basic and diluted loss per share	$ (0.01)	$ (0.02)
Weighted average shares outstanding	48,421,266	44,995,768

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, 2010 and 2009

		2010		2009
Cash provided by (used in):				
Operations:				
Net loss	$	(300,882)	$	(705,008)
Items not involving cash:		-		
Depreciation and amortization		74,132		55,508
Foreign exchange (gain) loss		1,550		(2,182)
Amortization of deferred leasehold inducements		(10,358)		(10,357)
Stock-based compensation		166,486		178,430
Adjustment to reconcile net loss to		-		
net cash used in		-		
operating activities:		-		
Accounts receivable		(67,938)		(39,675)
Inventory		(86,288)		(50,883)
Prepaid expenses and deposits		(14,778)		41,285
Accounts payable and accrued		-		
liabilities		24,732		159,562
		(213,344)		(373,320)
Financing:				
Proceeds from loan		-		225,000
Exercise of agent warrants		77,593		
Exercise of stock options		-		49,309
		77,593		274,309
Investments:				
Purchase of property and equipment		(12,196)		(37,526)
Intellectual Property				
Foreign exchange gain (loss) on cash and cash equivalents		(1,550)		2,182
Decrease in cash and cash equivalents		(149,497)		(134,355)
Cash and cash equivalents, beginning of period		1,672,512		239,337
Cash and cash equivalents, end of period	$	1,523,015	$	104,982

See accompanying notes to interim consolidated financial statements.

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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, 2010 had a deficit of $18,112,109, and used cash in operations of $213,843 and $373,320 for the quarters ended March 31, 2010 and 2009, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. On April 7, 2009, the Company closed a private placement financing with net proceeds totaling approximately $1.8 million. 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. 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, 2009. 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, 2009. 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. Future changes in accounting policies:

(a) 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.

(b) Consolidations:

In January 2009, the CICA issued Section 1582, *Business Combinations*, which will replace the former guidance on business combinations. Under the new standard, the purchase price used in a business combination is based on the fair value of consideration exchanged at the date of exchange. Currently the purchase price used is based on the fair value of the consideration for a reasonable period before and after the date of acquisition is agreed upon and announced. The new standard generally requires that acquisition costs be expensed, which are currently capitalized as part of the purchase price. In addition, the new standard modified the accounting for contingent consideration and negative goodwill. Section 1582 is effective for the Company on January 1, 2011 with prospective application and early adoption permitted. Once adopted, this standard will impact the accounting treatment of future business combinations.

In January 2009, the CICA issued Sections 1601, *Consolidated Financial Statement*, and 1602, *Non-controlling Interests*, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary subsequent to a business combination. These sections are effective for the Company on January 1, 2011 with prospective application and early adoption permitted. The adoption of these standards is not expected to have a material impact on the Company's consolidated financial statements.

5. Inventories:

	March 31, 2010	December 31, 2009
Finished goods	$ 164,563	$78,275
Provision for obsolescence	-	-
	$ 164,563	$78,275

During the three months ended March 31, 2010, the write-down of inventories to net realizable value amounted to nil (2008 - nil). During the three months ended March 31, 2010 the reversal of write-downs amounted to nil (2008 - nil).

(Expressed in United States dollars)

6. Share capital:

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

(b) Issued:

	Shares	Amount	Contributed surplus
Balance, December 31, 2009	48,405,967	$ 16,873,657	$ 4,093,824
Issued on warrants exercised	79,573	77,593	-
Stock-based compensation	-	-	166,485
Balance, March 31, 2010	45,485,540	$ 16,951,250	$ 4,260,309

(c) Stock option plan:

Changes during the three month period ended March 31, 2010 are as follows (USD amounts calculated using exchange rate at March 31, 2010):

	Number of options	Weighted average exercise price CAD	Weighted average exercise price USD
Outstanding, December 31, 2009	4,376,188	$ 1.61	$ 1.54
Granted	75,000	1.65	1.62
Exercised	-	-	-
Forfeited and expired	(188)	0.59	0.58
Outstanding, March 31, 2010	4,451,000	$ 1.61	$ 1.59

The following table summarizes information about the stock options outstanding at March 31, 2010 (USD amounts calculated using exchange rate at March 31, 2010):

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
$0.44 - $0.64	$0.45 - $0.65	1,491,000	3.36	$ 0.61	$ 0.61	580,008	$ 0.57	$ 0.58
$1.19 - $1.69	$1.21 - $2.14	1,714,000	2.90	1.85	1.88	794,509	2.06	2.09
$2.12 - $3.25	$2.15 - $3.30	1,246,000	1.83	2.43	2.46	938,385	2.50	2.54
		4,451,000	2.75	$ 1.60	$ 1.62	2,312,902	$ 1.87	$ 1.90

(Expressed in United States dollars)

6. Share capital (continued):

(c) Stock option plan (continued):

For the three months ended March 31, 2010, the Company recognized $166,485 (2009 - $178,430) 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 $23,175 (2009 - $52,770) to Center operations and development, $47,027 (2009 - $32,403) to medical products, and $96,283 (2009 - $93,257) 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, 2010 and 2009 was $0.90 and $0.33 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:

	2010	2009
Expected life of options	4 years	4 years
Risk-free interest rate	2.3%	1.6%
Dividend yield	0%	0%
Volatility	75%	91%

There is no dividend yield because the Company does not pay, and does not plan to pay cash dividends on its common shares. The expected stock price volatility is based on the historical volatility of the Company's average monthly stock closing prices over a period equal to the expected life of each option grant. The risk-free interest rate is based on yields from Canadian Government Bond yields with a term equal to the expected term of the options being valued. The expected life of options represents the period of time that the options are expected to be outstanding based on historical data of option holder exercise and termination behavior. The Company's stock-based compensation expense is reduced by actual forfeitures when they occur.

(d) Common Share Purchase Warrants:

USD amounts calculated using exchange rate at March 31, 2010.

	Number of warrants	Weighted average exercise price CAD	USD
Outstanding, December 31, 2009	2,948,719	$ 1.00	$ 0 .95
Issued	-	-	-
Exercised	(79,573)	1.00	0.98
Outstanding, March 31, 2010	2,869,146	$ 1.00	$ 0.98

6. Share capital (continued):

(d) Common Share Purchase Warrants (continued):

The Common Share Purchase Warrants were issued as part of the financing completed in 2009. All warrants are granted in Canadian dollars and have been translated to U.S. dollars at the period end exchange rate.

(e) Agent Warrants

	Number of warrants	Weighted average exercise price CAD	USD
Outstanding, December 31, 2009	109,149	$ 0.78	$ 0.74
Issued	-	-	-
Exercised	-	-	-
Outstanding, March 31, 2010	109,149	$ 0.78	$ 0.77

These Agent Warrants were filed as part of the financial in 2009 and were valued based on the Black-Scholes option pricing model.. All warrants are granted in Canadian dollars and have been translated to U.S. dollars at the period end exchange rate.

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, 2009.

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 counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s cash and

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

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, approximately 48% of the Company's revenue is ultimately collected from 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. A portion of our receivables is ultimately collected from individual patients who are subject to deductibles and co-insurance or where the patient has no insurance coverage. Our receivables from individual patients represent a more significant credit risk and we monitor individual patient amounts and follow up regularly with delinquent accounts. The Company's estimate for the allowance for doubtful accounts is based on historical collections as a percentage of net revenues.

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	$ 1,280,318
Less: allowance for doubtful accounts	170,289
Total accounts receivable, net	$ 1,110,029

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

(a) Credit rate risk (continued):

Of which:		
Current	$	542,604
Less than 60 days		202,587
Less than 90 days		126,460
Less than 120 days		102,277
120 days or greater		306,390
Total accounts receivable	$	1,280,318

(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, 2010, approximately 1.5% of the Company's sales were made in Canadian dollars and approximately 17% of expenses were incurred in Canadian dollars. With all other variables held constant, a ten percentage point increase in the value of the Canadian dollar relative to the U.S. dollar would have reduced net loss by approximately $32,512 for the three months ended March 31, 2010.

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

(c) Market risk (continued):

(i) Foreign currency risk (continued):

At March 31, 2010, 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 ten percentage point increase in the value of the Canadian dollar relative to the U.S. dollar would have increased net income by approximately $14,162 at March 31, 2010.

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, 2010:

(Expressed in US dollar equivalent)	CAD
Cash and cash equivalents	$ 10,047
Accounts receivable	27,071
Accounts payable and other liabilities	168,694

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.

(Expressed in United States dollars)

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, 2010	Medical products	Center operations and development	Corporate and other	Total
Sales	$ 715,622	$ 1,235,968	$ -	$ 1,951,590
Depreciation and amortization	(15,365)	(53,173)	(5,594)	(74,132)
Stock-based compensation	(47,027)	(23,175)	(96,283)	(166,485)
Expenses	(373,281)	(1,252,078)	(370,947)	(1,996,306)
Other	-	-	(15,549)	(15,549)
Net income (loss)	$ 279,949	$ (92,458)	$ (488,373)	$ (300,882)
Capital expenditures	$ 12,196	$ -	-	$ 12,196
Intellectual property	$ 271,770	$ -	$ -	$ 271,770
Property and equipment	$ 104,615	$ 414,492	$ 12,817	$ 531,924
Total assets	$ 944,575	$ 1,252,311	$ 1,584,660	$ 3,781,546

(Expressed in United States dollars)

10. Segmented information (continued):

March 31, 2009	Medical products	Center operations and development	Corporate and other	Total
Sales	$ 332,273	$ 1,407,197	$ -	$ 1,739,470
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	-	-	(43,527)	(43,527)
Net income (loss)	$ 70,561	$ (272,010)	$ (503,558)	$ (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

For the three month period ended March 31, 2010 and 2009, 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, 2010 and 2009, substantially all of the Company's property and equipment were located in the United States.

At March 31, 2010 and 2009, substantially all of the Company's intellectual property was located in Canada.

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