Interim Consolidated Financial Statements
(Expressed in United States dollars)

CRH MEDICAL CORPORATION

Three and six months ended June 30, 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 June 30, 2010 and the interim consolidated statements of operations, comprehensive loss and deficit, and consolidate statement of cash flows for the three and six month periods ended June 30, 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

__________________, 2010

/s/Richard Bear
Chief Financial Officer

________________, 2010

CRH MEDICAL CORPORATION

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

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 1,616,477	$ 1,672,512
Accounts receivable, less allowance for doubtful accounts of $221,148 (2009 - $349,827) (note 8)	834,769	1,042,091
Inventory (note 5)	152,939	78,275
Prepaid expenses and deposits	164,536	165,466
	2,768,721	2,958,344
Property and equipment	444,391	597,264
Intellectual property	263,203	268,367
	$ 3,476,315	$ 3,823,975
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 631,538	$ 677,189
Deferred leasehold inducements	33,482	41,426
	665,020	718,615
Deferred leasehold inducements	2,072	15,878
Shareholders’ equity:		
Share capital (note 6)	17,010,457	16,873,657
Contributed surplus (note 6)	4,442,003	4,093,824
Accumulated other comprehensive loss	(66,772)	(66,772)
Deficit	(18,576,465)	(17,811,227)
	2,809,223	3,089,482
Going concern (note 2)		
Commitments and contingencies (note 9)		
	$ 3,476,315	$ 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		Six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenue:				
Center operations	$ 896,554	$ 1,366,378	$ 2,132,522	$ 2,773,575
Product sales	864,611	492,847	1,580,233	825,120
	1,761,165	1,859,225	3,712,755	3,598,695
Expenses:				
Center operations and development	1,175,785	1,432,468	2,451,038	3,092,948
Medical products	471,062	279,090	891,370	533,476
Corporate and other	498,243	506,273	965,473	936,849
Depreciation and amortization	62,174	62,545	136,306	118,053
	2,207,264	2,280,376	4,444,187	4,681,326
Operating loss	(446,099)	(421,151)	(731,432)	(1,082,631)
Other items:				
Impairment of assets, net	(28,371)		(28,371)	
Foreign exchange	-	-	-	
gain (loss)	10,114	57,365	(5,435)	13,837
	(18,257)	57,365	(33,806)	13,837
Net loss and comprehensive loss	(464,356)	(363,786)	(765,238)	(1,068,794)
Deficit, beginning of period	(18,112,109)	(16,030,753)	(17,811,227)	(15,325,745)
Deficit, end of period	$ (18,576,465)	(16,394,539)	$ (18,576,465)	$ (16,394,539)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average shares outstanding	48,525,276	48,090,867	48,473,849	44,801,334

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		Six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash provided by (used in):				
Operations:				
Net loss	$ (464,356)	$ (363,786)	$ (765,238)	$ (1,068,794)
Items not involving cash:		-		
Depreciation and amortization	62,174	62,545	136,306	118,053
Foreign exchange (gain) loss	(2,128)	9,217	(578)	7,035
Asset impairment	33,925		33,925	
Amortization of deferred leasehold inducements	(11,392)	(10,356)	(21,750)	(20,713)
Stock-based compensation	181,771	230,906	348,257	409,336
Adjustment to reconcile net loss to net cash used in operating activities:				
Accounts receivable	275,260	(55,356)	207,322	(95,031)
Inventory	11,624	12,462	(74,664)	(38,421)
Prepaid expenses and deposits	15,708	(6,488)	930	34,797
Accounts payable and accrued liabilities	(70,381)	158,970	(45,651)	318,532
	32,205	38,114	(181,140)	(335,206)
Financing:				
Proceeds from loan		-		225,000
Repayment of loan		(350,000)		(350,000)
Proceeds from issuance of common share and warrants net of issue cost		1,763,923		1,763,923
Exercise of agent warrants	58,983	-	136,576	-
Exercise of stock options	145	65,260	145	114,569
	59,128	1,479,183	136,721	1,753,492
Investments:				
Purchase of property and equipment Intellectual Property	-	(4,045)	(12,195)	(41,571)
Foreign exchange gain (loss) on cash and cash equivalents	2,128	(9,217)	578	(7,035)
Increase (decrease) in cash and cash equivalents	93,461	1,504,035	(56,035)	1,369,680
Cash and cash equivalents, beginning of period	1,523,016	104,982	1,672,512	239,337
Cash and cash equivalents, end of period	1,616,477	1,609,017	1,616,477	1,609,017

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 June 30, 2010 had a deficit of $18,576,465. 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:

	June 30, 2010	December 31, 2009
Finished goods	$ 152,939	$78,275
Provision for obsolescence	-	-
	$ 164,563	$78,275

During the three and six months ended June 30, 2010, the write-down of inventories to net realizable value amounted to nil (2009 - nil). During the three and six months ended June 30, 2010 the reversal of write-downs amounted to nil (2009 - 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	139,573	136,576	-
Issued on stock options exercised	250	224	(78)
Stock-based compensation	-	-	348,257
Balance, June 30, 2010	48,545,790	$ 17,010,457	$ 4,442,003

(c) Stock option plan:

Changes during the six month period ended June 30, 2010 are as follows (USD amounts calculated using exchange rate at June 30, 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	375,000	1.49	1.40
Exercised	(250)	0.59	0.55
Forfeited and expired	(17,938)	2.56	2.41
Outstanding, June 30, 2010	4,733,000	$ 1.60	$ 1.50

The following table summarizes information about the stock options outstanding at June 30, 2010 (USD amounts calculated using exchange rate at June 30, 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
$0.42 - $0.61	$0.45 - $0.65	1,490,000	3.11	$ 0.58	$ 0.62	655,628	$ 0.55	$ 0.59
$1.14 - $1.83	$1.21 - $1.95	1,113,000	4.31	1.47	1.56	82,022	1.50	1.60
$1.97 - $3.10	$2.12 - $3.30	2,130,000	1.49	2.18	2.32	1,765,314	2.20	2.35
		4,733,000	2.66	$ 1.50	$ 1.60	2,502,944	$ 1.75	$ 1.86

(Expressed in United States dollars)

6. Share capital (continued):

(c) Stock option plan (continued):

For the six months ended June 30, 2010, the Company recognized $348,257 (2009 - $409,336) 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 $46,069 (2009 - $97,354) to Center operations and development, $106,132 (2009 - $70,098) to medical products, and $196,056 (2009 - $241,884) 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 June 30, 2010 and 2009 was $0.87 and $0.46 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	2.24 – 2.44%	1.5 -1.6%
Dividend yield	0%	0%
Volatility	74 -75%	86 -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 June 30, 2010.

	Number of warrants	Weighted average exercise price CAD	USD
Outstanding, December 31, 2009	2,948,719	$ 1.00	$ 0 .95
Issued	-	-	-
Exercised	(139,573)	1.00	0.94
Outstanding, June 30, 2010	2,809,146	$ 1.00	$ 0.94

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, June 30, 2010	109,149	$ 0.78	$ 0.73

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 42% 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	$ 1,055,917
Less: allowance for doubtful accounts	221,148
Total accounts receivable, net	$ 834,769

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

(a) Credit rate risk (continued):

Of which:		
Current	$	557,265
Less than 60 days		121,164
Less than 90 days		63,992
Less than 120 days		98,513
120 days or greater		214,983
Total accounts receivable	$	1,055,917

(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 six months ended June 30, 2010, approximately 1.3% of the Company's sales were made in Canadian dollars and approximately 18% 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 $43,239 for the six months ended June 30, 2010.

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

(c) Market risk (continued):

(i) Foreign currency risk (continued):

At June 30, 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 $452 for the six months ended June 30, 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 June 30, 2010:

(Expressed in US dollar equivalent)	CAD
Cash and cash equivalents	$ 4,608
Accounts receivable	12,607
Accounts payable and other liabilities	248,363

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:

Six months ended June 30, 2010

	Medical products	Center operations and development	Corporate and other	Total
Sales	1,580,233	2,132,522	-	3,712,755
Depreciation and amortization	(13,935)	(19,184)	(103,188)	(136,306)
Stock-based compensation	(106,132)	(46,069)	(196,056)	(348,257)
Expenses	(785,238)	(2,404,969)	(769,417)	(3,959,624)
Other	-	(28,371)	(5,435)	(33,806)
Net income (loss)	674,928	(366,071)	(1,074,096)	(765,238)
Capital expenditures	12,196	-	-	12,196
Intellectual property	263,203	-	-	263,203
Property and equipment	98,042	334,338	12,011	444,391
Total assets	957,897	832,556	1,685,862	3,476,315

Six months ended June 30, 2009

	Medical products	Center operations and development	Corporate and other	Total
Sales	825,120	2,773,575	-	3,598,695
Depreciation and amortization	(21,660)	(71,908)	(24,485)	(118,053)
Stock-based compensation	(70,098)	(98,035)	(241,203)	(409,336)
Expenses	(463,378)	(2,994,913)	(695,646)	(4,153,937)
Other			13,837	13,837
Net income (loss)	269,984	(391,281)	(947,497)	(1,068,794)
Capital expenditures	38,607	844	2,089	41,540
Intellectual property	221,847		347,293	569,140
Property and equipment	138,553	621,063	14,071	773,687
Total assets	650,386	2,168,936	2,019,960	4,839,282

(Expressed in United States dollars)

10. Segmented information (continued):

Three months ended June 30, 2010

	Medical products	Center operations and development	Corporate and other	Total
Sales	864,611	896,554	-	1,761,165
Depreciation and amortization	1,430	33,989	(97,594)	(62,174)
Stock-based compensation	(59,105)	(22,894)	(99,773)	(181,772)
Expenses	(411,957)	(1,152,891)	(398,470)	(1,963,318)
Other	-	(28,371)	10,114	(18,257)
Net income (loss)	394,979	(273,613)	(585,723)	(464,356)
Capital expenditures	-	-	-	-
Intellectual property	263,203	-	-	263,203
Property and equipment	98,042	334,338	12,011	444,391
Total assets	957,897	832,556	1,685,862	3,476,315

Three months ended June 30, 2009

	Medical products	Center operations and development	Corporate and other	Total
Sales	492,847	1,366,378	-	1,859,225
Depreciation and amortization	(14,334)	(53,181)	4,970	(62,545)
Stock-based compensation	(37,695)	(45,265)	(147,946)	(230,906)
Expenses	(241,395)	(1,387,203)	(358,327)	(1,986,925)
Other			57,365	57,365
Net income (loss)	199,423	(119,271)	(443,938)	(363,786)
Capital expenditures	-	35,598	1,927	37,525
Intellectual property	221,847	-	347,293	569,140
Property and equipment	138,553	621,063	14,071	773,687
Total assets	650,386	2,168,936	2,019,960	4,839,282

For the six month period ended June 30, 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 June 30, 2010 and 2009, substantially all of the Company’s property and equipment were located in the United States.

At June 30, 2010 and 2009, substantially all of the Company’s intellectual property was located in Canada.