

09 2010 2011 2012 2013

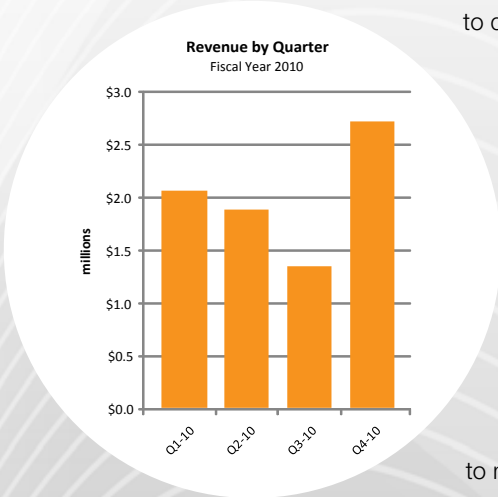
Corporate Report



Message from the President and CEO

Dear Fellow Shareholder:

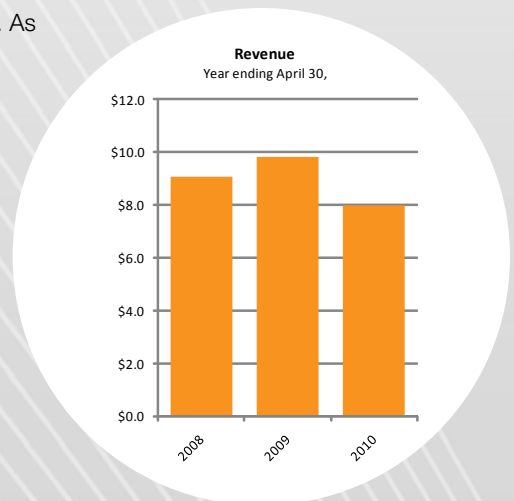
Like many companies over the past 18 months, CounterPath faced the challenges of a global economy in recession. Although our revenue declined, we continued to make significant reductions in expenses while continuing to innovate and deliver to the expectations of our customers and partners. Fiscal 2010 was undoubtedly a difficult year for us, but we have come out of it stronger. We are starting to see many positive signs that we are emerging from the economic downturn that persisted through most of calendar year 2009. More recently, we have seen customers placing orders that were previously delayed as well as new prospects interested in our product portfolio. Notwithstanding normal variability from quarter to quarter, our revenue grew significantly during the last quarter of fiscal 2010. Revenue increased 98% in the fourth quarter to \$2.7M from \$1.4 million in third quarter.



During fiscal 2010, we carefully managed our costs and practices for control measures were put in place. The reduced costs had a positive impact on our financial results for the year. Our total operating expenses for the year were \$13 million as compared to \$26 million in fiscal 2009. Moving forward, our cost base will be favorable; better positioning us to achieve cash flow positive operations.

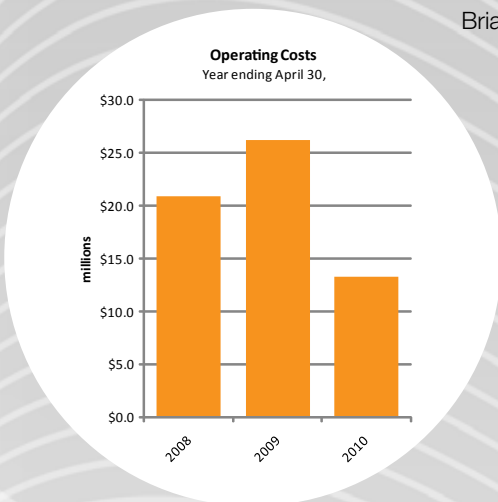
One of our objectives over the last twelve months was to increase revenues from our channel partners. As such, we worked with several of our key partners to evaluate and create solutions that we could take to market. As a result, we launched customized product offerings to leverage two of our channel partners

Digium and BroadSoft. Working with Digium, we launched Bria for Asterisk, a co-branded, open standards-based softphone that interoperates seamlessly with Asterisk telephony platforms enabling SMBs and enterprises to implement a complete end-to-end VoIP solution that is powerful and easy to install. With BroadSoft, we launched Bria for BroadWorks, a feature-rich, open standards-based softphone that interoperates seamlessly with BroadSoft's BroadWorks® VoIP application platform, and demonstrated single number SMS capability at BroadSoft Connections 2009.



2010 also saw the launch of our latest multimedia VoIP softphone, Bria 3.0. Not only did the new client offer new features such as high-definition (HD) video, user customization and presence alert, all designed to enhance the overall user experience and the enterprise feature set, but it marked the first time we simultaneously launched both a Mac and Windows version.

Subsequent to the fiscal year end, we launched two new platforms for Bria: Linux and iPhone iOS. Bria iPhone Edition for Apple's iPhone, iPad and iPod Touch. When you factor in the number of business professionals switching to the iPhone, and add in the iPod Touch user base and the 2 million iPads sold in that device's first two months, this adds up to over 75 million devices—an enormous opportunity for widespread global adoption of Bria iPhone Edition.



Technology

During fiscal 2010, the U.S. Patent and Trademark Office granted a fundamental patent giving CounterPath the exclusive rights covering its fixed mobile convergence technology. The patent, entitled "Data Network Computing Device Call Processing," is the newest patent in CounterPath's intellectual property portfolio and covers the use of a mobile number across both mobile and fixed networks to enable converged mobile and desktop device communication. This patent is an important step toward realizing the industry vision of converged communications services that provide users a seamless experience, across data, mobile and other wireless networks, while giving service providers and their business partners new options for developing innovative, revenue-generating products and services. CounterPath now enjoys 27 patents granted, in process or exclusively licensed.

Outlook

As a leading provider of softphones, mobile clients, integrated unified communications (UC) and fixed mobile convergence (FMC) solutions, CounterPath is uniquely positioned for growth and market share expansion as enterprise and service providers rapidly embrace VoIP and new forms of communications. Enterprises are increasingly rolling out softphones and UC to increase employee productivity while cutting costs, a trend that will be enhanced by the adoption of FMC. CounterPath's desktop and mobile phone clients – which provide VoIP communications; IM, UC and HD video conferencing; and FMC network products – are ideally suited to meet market requirements. At the same time, service providers are looking for new services to increase revenue and retain customers, and are seeking solutions to counter the threat of Skype which represents over 12% of the world's International Long Distance and has destroyed billions in fixed line revenues and consistently has over 20 million concurrent users. CounterPath meets these needs with clients and network-based FMC and messaging platforms that allow carriers to provide value-added services, such as Mobile Centrex and HD telepresence over IP networks.

The markets for CounterPath's products are forecasted to grow rapidly over the next five years. By 2013, mobile VoIP applications will generate annual revenues of \$35.2 billion, driven by 288 million registered users worldwide (In-Stat, March 2010). With our expanding set of mobile products and patented technologies, we are well positioned to reap the benefits of this growth in the industry.

In the year ahead, we are focusing on growing our revenues by increasing our sales channels within existing and new OEM and reseller relationships. Already in the new fiscal year, we are seeing a strong renewal of interest in OEM-based sales. The market pressure created by fierce competition between Internet Telephony Service Providers and Traditional Fixed Line Operators has moved into the 4.8 billion plus mobile subscriber market. Every company needs to have a mobile story and CounterPath has critical products and applications that meet mobility requirements. Beyond our server products, CounterPath is leveraging its desktop applications leadership into the mobile VoIP applications domain. Starting with the iPhone, CounterPath will release other mobile VoIP clients based on the most popular mobile operator systems this fiscal year. Mapping to the explosion of smartphone shipments and usage of mobile VoIP, CounterPath increases its addressable market significantly this fiscal year. To start with, smartphones currently represent 20% of mobile devices shipped. In addition, according to a report by Juniper Research (July 2010), global mobile VoIP traffic on 3G and 4G networks is expected to rise from 15 billion minutes in 2010 to 471 billion minutes by 2015, with the U.S. forecast to account for 29% of this market by the end of 2015. This market data points to an excellent opportunity for CounterPath this fiscal year.

I want to thank our shareholders, our customers, our partners and our employees for another successful year.



Donovan Jones

President and Chief Executive Officer



2005
AT&T rolls out Call Vantage:
White Labeled CounterPath
softphone, eyeBeam



2006
VoIP services over broad-
band internet access
services are popular and
successful: Two major
service providers and tier one
infrastructure providers using
CounterPath's softphone in
VoIP solution offerings

2006
CounterPath's
X-Lite download
crosses the 6
million user mark

2006
Vonage announces
2 million subscribers:
eyeBeam part of
Vonage VoIP offering



2007
The Unified Communications
Revolution: CounterPath unveils
contact-centric softphone, Bria, to
telecommunications and VoIP market



2008
CounterPath acquires
First-Hand Technologies
and BridgePort-Networks:
CounterPath moves
into Mobile



2003



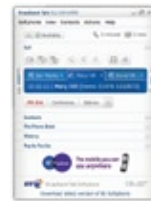
2003
VoIP goes mainstream;
CounterPath releases X-Lite:
Quickly becomes the market's
leading free SIP-based softphone



2006
CounterPath launches
eyeBeam 1.5 to market



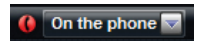
2006
Cisco Systems adds Unified
Communicator softphone to
VoIP Solution, based on
CounterPath SDK



2007
BT offers BT FreeTalk,
based on CounterPath's
Bria softphone



2007
65 million VoIP
subscribers world-
wide (iLocus 2008)



2008
48% of enterprises deploy
VoIP with improved
productivity, security,
application integration:
CounterPath powers
business users with Bria
Professional

“ Our Mission ”

Our mission is to be the dominant provider of VoIP technology that empowers people to connect, communicate and collaborate using voice, video, messaging and presence—on multiple devices, across multiple platforms and over fixed and mobile networks.



2008

Oil giant Royal Dutch Shell is planning a global VoIP rollout with tens of thousands of IP phones: CounterPath wins softphone leadership race

2009

Mobile Operators open their networks to Mobile VoIP: Intensifies need for CounterPath's FMC applications



2009

Voice over Internet Protocol has drastically altered the way contact centers work by creating virtual call centers: CounterPath unveils technology behind two global contact centre providers



2010

CounterPath launches Bria 3 with HD Video: Apple releases FaceTime



2010

Google's Android continues to build market share momentum: CounterPath prepares for Fall launch of Bria Android Edition

2013



2009

144 million dual mode handsets shipped: VoIP over mobile begins and CounterPath quick to showcase Messaging Convergence Gateway solution that enables SMS between VoIP and mobile subscribers



2009

Skype for SIP debuts: CounterPath welcomes Skype to the club as it validates why CounterPath technology has been SIP-based since its inception



2010

AT&T opens up 3G to VoIP: CounterPath launches Bria iPhone Edition

2010

CounterPath Patent Granted for Fixed-Mobile Convergence: Patent enables seamless service delivery across disparate fixed, mobile, legacy and IMS networks



2010

Apple launches iPad: Bria iPhone Edition from CounterPath already iPad compatible

2013

Mobile VoIP applications to generate \$35.2B (In-Stat Mar 2010): Opportunity for CounterPath

Our Imperatives

- Focus on leveraging our strength at the desktop into mobile
- Identify and exploit “non-traditional” revenue opportunities
- Broaden our penetration into key accounts and geographies
- Build shareholder value, fortify our cash reserves, strengthen our team, products and IP portfolio
- Go to market as one team

2010 Product Highlights

Over the past year, in anticipation of the changing market needs for enterprise solutions, our product portfolio received an infusion of new features, richer applications, and increased synergies between our Desktop of Mobile solutions. The most notable products in 2010 were:

Bria 3

The new Bria softphone has been engineered to create an unsurpassed user experience, and the first version of Bria available for Mac users. Bria 3 supports rich media and unparalleled customization allowing users to change the interface color on the fly, zoom in and out, and benefit from improved task flows for call handling.

Not only does Bria 3 bring HD Video to the softphone client, Bria now also includes features specifically designed for business and enterprise users and has expanded its interoperability certifications with the majority of the industry's standard platforms and devices.



Bria iPhone Edition

In anticipation of increased smart phone usage in the Enterprise, in particular Apples' iPhone, we looked beyond the desktop client and focused development efforts on delivering an enterprise grade SIP-based VoIP client for mobile users to the market.

Timed around the release of iPad and the iPhone 4G, just subsequent to our Fiscal 2010 year-end, we launched Bria iPhone Edition; a highly secure, standards-based softphone for Apple's iPhone and iPod touch. Now iPhone users with the Bria application can use their Wi-Fi or 3G connection on their iPhone to make and receive calls, or turn their iPod touch and iPad into a mobile phone. For enterprises, this capability provides tremendous power as the Bria iPhone application now becomes an extension to their PBX.



NomadicPBX

The NomadicPBX, based on our Network Convergence Gateway (NCG) platform and our Bria softphone client, is a revolutionary application that integrates mobile and VoIP network elements to enable the delivery of unified fixed and mobile voice, presence, instant messaging (IM) and text messaging (SMS) across between the user's desktop and cell phone.

Essentially this powerful new application provides single-number phone communications that converges the mobile phone with desk phones, softphones and other SIP compliant devices, brings text messaging to the desktop client and allows users to seamlessly move active calls between the softphone and mobile device



Board of Directors

Terry Matthews - Chairman of the Board

Mark Bruk - Founder and Vice Chairman

Owen Matthews - Vice Chairman

Peter Charbonneau - Director

Chris R. Cooper - Director

William Jin - Director

Donovan Jones - Director

Greg Pelling - Director

Larry Timlick - Director

Executive Team

Donovan Jones - President and Chief Executive Officer

David Karp - Chief Financial Officer

Bill Crank - Executive Vice President Sales

Robert Brown - Vice President Marketing

Todd Carothers - Vice President Product Management

Michael Doyle - Vice President Technology

Sylvain Marcotte - Vice President Engineering

Jim O'Brien - Director NCG Customer Engineering

Advisory Board

Andy Abramson - CEO, Comunicano, Inc.

Stephen P. Cho - Product Management Director,
Partner Products, Google Inc.

Alan Duric - Co-founder & CTO of Telio AS

Ronald Gruia - Senior Strategic Analyst, Frost & Sullivan

Rohan Mahy - Senior Consultant

Klaus Schulz - Senior Consultant

Robert Sparks - Senior Consultant

Corporate Information

State of Incorporation: Nevada

Date of Incorporation: April 18, 2003

CUSIP: 22228P 203

ISIN: US1112512033

EIN: 20-0004161

D-U-N-S: 141691225

Corporate Headquarters

Suite 300, One Bentall Centre

505 Burrard Street, Box 95

Vancouver, BC V7X 1M3

Canada

www.counterpath.com

Auditors

BDO Dunwoody LLP

600 Cathedral Place

925 West Georgia Street

Vancouver, BC V6C 3L2

Canada

Legal Counsel

Clark Wilson LLP

800 - 885 West Georgia Street

Vancouver, BC V6C 3H1

Canada

www.cwilson.com

Transfer Agent & Registrar

Valiant Trust Company

3rd Fl, 750 Cambie Street

Vancouver, BC V6B 0A2

Canada

www.valianttrust.com

Annual General Meeting

Date: Sept 27th, 2010

Location: CounterPath Office,

Suite 300, One Bentall Centre

505 Burrard Street, Box 95

Vancouver, BC V7X 1M3

Canada

Corporate Governance

**Code of Business Conduct and
Ethics and Compliance Program**

For our Corporate Governance

program visit us online at -

www.counterpath.com/investors.html

2005 2006 2007 2008 20

CounterPath 10-K report

CounterPath has filed the associated 10-K report, a copy of which may be obtained from EDGAR at www.sec.gov or SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

This Corporate Report contains "forward-looking statements". Statements in this Corporate Report, which are not purely historical, are forward-looking statements and include any statements regarding beliefs, plans, expectations or intentions regarding the future, such as CounterPath's ability to deliver and achieve profitability and value for its shareholders and CounterPath's ability to form additional strategic partnerships in 2010. It is important to note that actual outcomes and the CounterPath's actual results could differ materially from those projected in any forward-looking statements due to numerous factors, including, among others: (1) the failure to develop new and innovative products using the Company's technologies, (2) the Company's ability to remain competitive as other parties develop and release competitive products, (3) the Company's ability to retain the employees necessary to continue research and development of current and new products, (4) the success by the Company of the sales of its current and new products, (5) the impact of technology changes on the Company's products and on the VoIP industry, (6) the compatibility of the Company's products with new computer operating systems, (7) the rate of adoption by service providers and the general public of VoIP as a replacement for regular and cellular phone service, (8) general economic conditions as they affect CounterPath and its current and prospective customers, including a continued downturn in general economic conditions internationally, (9) the ability of the Company to control costs operating, general administrative and other expenses, and (10) insufficient investor interest in the Company's securities which may impact on the Company's ability to raise additional financing as required. Readers should also refer to the risk disclosures outlined in the Company's quarterly reports on Form 10-Q, annual reports on Form 10-K and the Company's other disclosure documents filed from time-to-time with the Securities and Exchange Commission and the Company's interim and annual filings and other disclosure documents filed from time-to-time on SEDAR.

All financial information is reported in United States dollars.



CounterPath Corporation

Suite 300, One Bentall Centre, 505 Burrard Street Box 95, Vancouver, British Columbia, Canada V7X 1M3
Telephone +1 604 320 3344 Facsimile +1 604 320 3399 corporate@counterpath.com
www.counterpath.com