SECURITIES & EXCHANGE COMMISSION EDGAR FILING

COUNTERPATH CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **July 31, 2015**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number **000-50346**

COUNTERPATH CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**20-0004161**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Suite 300, One Bentall Centre, 505 Burrard Street, Vancouver, British Columbia, Canada V7X 1M3
(Address, including zip code, of principal executive offices)

(604) 320-3344
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 45,345,836 shares of common stock issued and outstanding as of September 4, 2015.

INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

It is the opinion of management that the interim consolidated financial statements for the quarter ended July 31, 2015 include all adjustments necessary in order to ensure that the interim consolidated financial statements are not misleading.

The interim consolidated financial statements are stated in United States dollars and are prepared in accordance with generally accepted accounting principles in the United States of America.

COUNTERPATH CORPORATION
INDEX TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2015
(Unaudited)
(Stated in U.S. Dollars)

COUNTERPATH CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
(Stated in U.S. Dollars)

	July 31, 2015	April 30, 2015
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 2,214,621	$ 2,852,422
Accounts receivable (net of allowance for doubtful accounts of $347,446 and $294,719, respectively)	3,068,218	3,305,466
Prepaid expenses and deposits	123,116	168,299
Total current assets	5,405,955	6,326,187
Deposits	91,051	97,667
Equipment	219,340	271,736
Goodwill – Note 2(e)	6,771,216	7,311,449
Other assets	190,375	216,125
Total Assets	$ 12,677,937	$ 14,223,164
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,214,037	$ 2,305,580
Accrued warranty	65,820	73,117
Customer deposits	8,070	–
Derivative liability	39,615	–
Unearned revenue	2,110,041	1,866,986
Total current liabilities	4,437,583	4,245,683
Deferred lease inducements	41,728	47,760
Unrecognized tax benefit	10,563	10,563
Total liabilities	4,489,874	4,304,006
Stockholders' equity:		
Preferred stock, $0.001 par value Authorized: 100,000,000 Issued and outstanding: July 31, 2015 – nil; April 30, 2015 – nil	–	–
Common stock, $0.001 par value – Note 5 Authorized: 100,000,000 Issued and outstanding: July 31, 2015 – 42,375,069; April 30, 2015 – 42,333,945	42,375	42,334
Treasury stock	(12)	(12)
Additional paid-in capital	67,979,876	67,599,913
Accumulated deficit	(56,442,010)	(55,330,905)
Accumulated other comprehensive loss – currency translation adjustment	(3,392,166)	(2,392,172)
Total stockholders' equity	8,188,063	9,919,158
Liabilities and Stockholders' Equity	$ 12,677,937	$ 14,223,164
Commitments – Note 7		
Subsequent Event – Note 9		

See accompanying notes to the interim consolidated financial statements

COUNTERPATH CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(Stated in U.S. Dollars)
(Unaudited)

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
Revenue – Note 6:		
Software	$ 1,200,849	$ 1,873,948
Service	1,156,397	1,153,223
Total revenue	2,357,246	3,027,171
Operating expenses:		
Cost of sales (includes depreciation of $1,806 (2014 – $23,855))	481,932	618,054
Sales and marketing	1,187,033	1,137,768
Research and development	1,284,190	1,496,206
General and administrative	940,628	1,203,511
Total operating expenses	3,893,783	4,455,539
Loss from operations	(1,536,537)	(1,428,368)
Interest and other income (expense), net:		
Interest and other income	1,302	8,049
Interest expense	(1,631)	(355)
Fair value adjustment on derivative instruments – Note 4	(39,615)	–
Foreign exchange gain (loss)	465,376	357,301
Net loss for the period	$ (1,111,105)	$ (1,063,373)
Net loss per share:		
Basic and diluted – Note 8	$ (0.03)	$ (0.02)
Weighted average common shares outstanding:		
Basic and diluted – Note 8	42,366,916	42,592,851

See accompanying notes to the interim consolidated financial statements

COUNTERPATH CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Stated in U.S. Dollars)
(Unaudited)

Net loss for the period	$ (1,111,105)	$ (1,063,373)
Other comprehensive loss:		
Foreign currency translation adjustments	(999,994)	(234,144)
Comprehensive loss	$ (2,111,099)	$ (1,297,517)

See accompanying notes to the interim consolidated financial statements

COUNTERPATH CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in U.S. Dollars)
(Unaudited)

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
Cash flows from operating activities:		
Net loss for the period	$ (1,111,105)	$ (1,063,373)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	73,778	67,510
Stock-based compensation	361,522	368,612
Fair value adjustment on derivative instruments	39,615	–
Foreign exchange gain	(154,365)	(348,247)
Changes in assets and liabilities:		
Accounts receivable	237,248	518,036
Prepaid expenses and deposits	52,762	(5,179)
Other assets	–	(11,286)
Accounts payable and accrued liabilities	(338,463)	113,223
Unearned revenue	243,055	63,916
Deferred lease inducements	(6,032)	59,778
Accrued warranty	(7,297)	3,459
Customer deposits	8,070	–
Net cash used in operating activities	(601,212)	(233,551)
Cash flows from investing activities:		
Purchase of equipment	(7,847)	(73,699)
Net cash used in investing activities	(7,847)	(73,699)
Cash flows from financing activities:		
Common stock issued	36,378	2
Common stock repurchased	(17,896)	(55,673)
Net cash provided by (used in) financing activities	18,482	(55,671)
Foreign exchange effect on cash	(47,224)	42,140
Net decrease in cash	(637,801)	(320,781)
Cash, beginning of the period	2,852,422	7,172,798
Cash, end of the period	$ 2,214,621	$ 6,852,017
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	$ 1,631	$ 355
Income taxes paid	$ –	$ –

See accompanying notes to the interim consolidated financial statements

COUNTERPATH CORPORATION
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
for the Three Months Ended July 31, 2015
(Stated in U.S. Dollars)
(Unaudited)

	Common Shares		Treasury Shares					
	Number of Shares	Par Value	Number of Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance, April 30, 2015	42,333,945	$ 42,334	(12,000)	$ (12)	$ 67,599,913	$ (55,330,905)	$ (2,392,172)	$ 9,919,158
Shares issued:								
Share repurchase plan	–	–	(23,500)	(24)	(12,608)	–	–	(12,632)
Cancellation of shares — Note 5	(24,000)	(24)	24,000	24	(5,264)	–	–	(5,264)
Stock-based compensation – Note 5	–	–	–	–	361,522	–	–	361,522
Employee share purchase program	65,124	65	–	–	36,313	–	–	36,378
Net loss for the period	–	–	–	–	–	(1,111,105)	–	(1,111,105)
Foreign currency translation adjustment	–	–	–	–	–	–	(999,994)	(999,994)
Balance, July 31, 2015 (unaudited)	42,375,069	$ 42,375	(11,500)	$ (12)	$ 67,979,876	$ (56,442,010)	$ (3,392,166)	$ 8,188,063

See accompanying notes to the interim consolidated financial statements

Note 1 **Nature of Operations**

CounterPath Corporation (the "Company") was incorporated in the State of Nevada on April 18, 2003. The shares of the Company's common stock are listed for trading on the NASDAQ Capital Market in the United States of America and on the Toronto Stock Exchange in Canada.

The Company focuses on the design, development, marketing and sales of personal computer and mobile communications application software, gateway (server) software and related professional services, such as pre and post sales technical support and customization services. The Company's products are sold into the Voice over Internet Protocol (VoIP) market primarily to telecom service providers, channel partners and businesses in North America, Latin America, Europe, Africa and Asia.

Note 2 **Significant Accounting Policies**

These interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and are stated in U.S. dollars except where otherwise disclosed. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for the period necessarily involves the use of estimates, which have been made using careful judgment. Actual results may vary from these estimates.

These interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business.

a) Basis of Presentation

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CounterPath Technologies Inc. ("CounterPath Technologies"), a company existing under the laws of the province of British Columbia, Canada, and BridgePort Networks, Inc. ("BridgePort"), incorporated under the laws of the state of Delaware. All inter- company transactions and balances have been eliminated.

b) Interim Reporting

The information presented in the accompanying interim consolidated financial statements is without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

Note 2 Significant Accounting Policies - (cont'd)

b) Interim Reporting (cont'd)

These statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with generally accepted accounting principles in the United States of America. Except where noted, these interim financial statements follow the same accounting policies and methods of their application as the Company's April 30, 2015 annual audited consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's April 30, 2015 annual audited consolidated financial statements.

Operating results for the three months ended July 31, 2015 are not necessarily indicative of the results that can be expected for the year ending April 30, 2016.

c) New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2011-11, *Balance Sheet (Topic 210), Disclosure About Offsetting Assets and Liabilities*, that included new disclosure requirements that are intended to enhance current disclosures on offsetting financial assets and liabilities. The new disclosures require an entity to disclose both gross and net information about derivative instruments accounted for in accordance with the guidance on derivatives and hedging that are eligible for offset on the balance sheet and instruments and transactions subject to an agreement similar to a master netting arrangement. The Company adopted this standard as of May 1, 2014 and it did not materially impact the consolidated financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue From Contracts With Customers* ("Topic 606"). Topic 606 removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provides more useful information to users of financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The guidance in this update supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Topic 606 is effective for public entities with reporting periods beginning after December 15, 2017. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of this new standard.

Note 2 Significant Accounting Policies - (cont'd)

d) Derivative Instruments

The Company accounts for derivative instruments, consisting of foreign currency forward contracts, pursuant to the provisions of ASC 815, Derivatives and Hedging ("ASC 815"). ASC 815 requires the Company to measure derivative instruments at fair value and record them in the balance sheet as either an asset or liability and expands financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, results of operations and cash flows. The Company does not use derivative instruments for trading purposes. ASC 815 also requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements.

The Company also routinely enters into foreign currency forward contracts, not designated as hedging instruments, to protect the Company from fluctuations in exchange rates. Gains or losses arising out of marked to market fair value valuation of forward contracts, not designated as hedges, and are recognized in net income (see Note 4).

The Company records foreign currency forward contracts on its Consolidated Balance Sheets as derivative instruments assets or liabilities depending on whether the net fair value of such contracts is a net asset or net liability, respectively (see Note 4 "Derivative Financial Instruments and Risk Management," of the Notes to the Consolidated Financial Statements). The Company did not enter any foreign currency derivatives designated as cash flow hedges in the three months ended July 31, 2015.

e) Goodwill

Goodwill represents the excess purchase price over the estimated fair value of net assets acquired as of the acquisition date. ASC Topic 350 ("ASC 350") requires goodwill to be tested for impairment annually or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of the Company's business enterprise below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. Recoverability of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair value of the reporting unit, which is measured based upon, among other factors, market multiples for comparable companies as well as a discounted cash flow analysis.

Management has determined that the Company currently has a single reporting unit which is CounterPath Corporation. If the recorded value of the assets, including goodwill, and liabilities ("net book value") of the reporting unit exceeds its fair value, an impairment loss may be required.

Note 2 Significant Accounting Policies - (cont'd)

e) Goodwill (cont'd)

Goodwill of $6,339,717 (CDN$6,704,947) and $2,083,960 (CDN$2,083,752) was initially recorded as the Company was deemed to be the acquirer of NewHeights Software Corporation ("NewHeights") on August 2, 2007 and FirstHand Technologies Inc. ("FirstHand") on February 1, 2008, respectively. Translated to U.S. dollars using the period end rate, the goodwill balance at July 31, 2015 was $5,165,997 (CDN$6,704,947) (April 30, 2015 - $5,578,159) in respect of NewHeights and $1,605,219 (CDN$2,083,414) (April 30, 2015 - $1,733,290) in respect of FirstHand. Management will perform its annual impairment test in its fiscal fourth quarter. No impairment charges were recorded for the three months ended July 31, 2015 and 2014.

f) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are presented net of an allowance for doubtful accounts.

	July 31, 2015	April 30, 2015
Balance of allowance for doubtful accounts, beginning of period/year	$ 294,719	$ 240,681
Bad debt provision	52,727	628,113
Write-off of receivables	–	(574,075)
Balance of allowance for doubtful accounts, end of period/year	$ 347,446	$ 294,719

The Company determines the allowance for doubtful accounts by considering a number of factors, including the length of time the accounts receivable are beyond the contractual payment terms, previous loss history, and the customer's current ability to pay its obligation. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company, the Company records a charge to the allowance to reduce the customer's related accounts.

g) Basic and Diluted Loss per Share

The Company computes net loss per share in accordance with ASC Topics 260 and ASC 260-10. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the consolidated statement of operations. Basic EPS is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS gives effect to all dilutive potential common shares outstanding during the year including stock options and warrants using the treasury stock method. In computing diluted EPS, the average stock price for the year is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. For the three months ended July 31, 2015 and 2014, common share equivalents, consisting of common shares issuable, on exercise of options, warrants and deferred share units ("DSUs") of 4,454,172 and 6,092,936, respectively, were not included in the computation of diluted EPS because the effect was anti-dilutive.

Note 3 Related Party Transactions

During the three months ended July 31, 2015, the Company through its wholly owned subsidiary, CounterPath Technologies, paid $19,896 (2014 - $23,755), respectively, to Kanata Research Park Corporation ("KRP") for leased office space. KRP is controlled by the Chairman of the Company.

On November 21, 2013, the Company, through its wholly owned subsidiary, CounterPath Technologies, entered into an agreement with 8007004 (Canada) Inc. ("8007004") to lease office space. 8007004 is controlled by a member of the board of directors of the Company. CounterPath Technologies, paid $nil (2014 - $8,277) for the three months ended July 31, 2015.

On July 31, 2015, the Company sold products and services to Magor Corporation for consideration of $134,250. Magor Corporation's chairman of the board is also Chairman of the Company. As at July 31, 2015, the Company had an accounts receivable balance from Magor Corporation of $134,250.

The above transactions are in the normal course of operations and are recorded at amounts established and agreed to between the related parties.

Note 4 Derivative Financial Instruments and Risk Management

In the normal course of business, the Company is exposed to fluctuations in the exchange rates associated with foreign currencies. The Company's primary objective for holding derivative financial instruments is to manage foreign currency exchange rate risk.

Foreign Currency Exchange Rate Risk

A majority of the Company's revenue activities are transacted in U.S. dollars. However, the Company is exposed to foreign currency exchange rate risk inherent in conducting business globally in numerous currencies, of which the most significant to the Company's operations for the three months ended July 31, 2015 is the Canadian dollar as a majority of the Company's expenses are in Canadian dollars. The Company's foreign currency risk management program includes foreign currency derivatives with cash flow hedge accounting designation that utilizes foreign currency forward contracts to hedge exposures to the variability in the U.S. dollar equivalent of anticipated non-U.S. dollar-denominated cash flows. During the three months ended July 31, 2015 and 2014, the Company did not enter into any cash flow hedges.

The Company also routinely enters into foreign currency forward contracts, not designated as hedging instruments, to protect it from fluctuations in exchange rates. During the three months ended July 31, 2015, the Company entered into a $1,000,000 notional value foreign currency forward contract that matures on August 20, 2015. During the three months ended July 31, 2014, the Company had not entered into any foreign currency forward contracts. The fair value marked to market loss of the forward contract as at July 31, 2015 was $39,615.

Note 4 Derivative Financial Instruments and Risk Management (cont'd)

Fair Value Measurement

When available, the Company uses quoted market prices to determine fair value, and classifies such measurements within Level 1. In some cases where market prices are not available, the Company makes use of observable market–based inputs to calculate fair value, in which case the measurements are classified within Level 2. If quoted or observable market prices are not available, fair value is based upon internally developed models that use, where possible, current market–based parameters such as interest rates, yield curves and currency rates. These measurements are classified within Level 3.

Fair value measurements are classified according to the lowest level input or value–driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

Fair value measurement includes the consideration of non–performance risk. Non–performance risk refers to the risk that an obligation (either by a counterparty or the Company) will not be fulfilled. For financial assets traded in an active market (Level 1), the non–performance risk is included in the market price. For certain other financial assets and liabilities (Level 2 and 3), the Company's fair value calculations have been adjusted accordingly.

The fair value of the derivative instrument is primarily based on the standard industry accepted Binomial Method (Note 5). The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis as of July 31, 2015 and April 30, 2015.

As at July 31, 2015	Carrying Amount	Fair Value	Fair Value Levels	Reference
Cash and cash equivalents	$ 2,214,621	$ 2,214,621	1	N/A
Accounts receivable	$ 3,068,218	$ 3,068,218	2	N/A
Forward contracts	$ (39,615)	$ (39,615)	2	N/A

As at April 30, 2015	Carrying Amount	Fair Value	Fair Value Levels	Reference
Cash and cash equivalents	$ 2,852,422	$ 2,852,422	1	N/A
Accounts receivable	$ 3,305,466	$ 3,305,466	2	N/A

Forward contracts	**July 31, 2015**	**April 30, 2015**
Opening balance at the beginning of the period/year	$ –	$ –
Fair value of forward contract, at issuance	–	–
Change in fair value of forward contracts since issuance	(39,615)	–
Fair value of forward contracts settled during the period/year	–	–
Fair value of forward contracts at end of period/year	$ (39,615)	$ –

Note 5 **Common Stock**

Stock Options

The Company has a stock option plan (the "2010 Stock Option Plan") under which options to purchase shares of the Company's common stock may be granted to employees, directors and consultants. Stock options entitle the holder to purchase shares of the Company's common stock at an exercise price determined by the board of directors (the "Board") of the Company at the time of the grant. The options generally vest in the amount of 12.5% on the date which is six months from the date of grant and then beginning in the seventh month at 1/42 per month for 42 months, at which time the options are fully vested.

The maximum number of shares of common stock authorized by the stockholders and reserved for issuance by the Board of Directors of the Company under 2010 Stock Option Plan is 7,860,000.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. The Company applied an estimated forfeiture rate of 15% for the three months ended July 31, 2015 and 2014 in determining the expense recorded in the accompanying consolidated statement of operations.

For the majority of the stock options granted, the number of shares issued on the date the stock options are exercised is net of the minimum statutory withholding requirements that the Company pays in cash to the appropriate taxing authorities on behalf of its employees. Although these withheld shares are not issued or considered common stock repurchases under our authorized plan they are treated as common stock repurchases in our consolidated financial statements, as they reduce the number of shares that would have been issued upon vesting.

The weighted-average fair value of options granted during the three months ended July 31, 2015 and 2014 was $0.31 and $0.51, respectively. The weighted-average assumptions utilized to determine such values are presented in the following table:

	Three Months Ended July 31,	
	2015	**2014**
Risk-free interest rate	1.66%	1.65%
Expected volatility	90.23%	58.20%
Expected term	3.7 years	3.7 years
Dividend yield	0%	0%

Note 5 Common Stock – (cont'd)

Stock Options – (cont'd)

The following is a summary of the status of the Company's stock options as of July 31, 2015 and the stock option activity during the three months ended July 31, 2015:

		Weighted Average
	Number of Options	Exercise Price per Share
Outstanding at April 30, 2015	4,117,812	$1.52
Granted	579,000	$0.50
Forfeited/Cancelled	(193,854)	$1.16
Outstanding at July 31, 2015	4,502,958	$1.41
Exercisable at July 31, 2015	2,290,006	$1.75
Exercisable at April 30, 2015	2,105,439	$1.77

The following table summarizes stock options outstanding as of July 31, 2015:

Exercise Price	Number of Options Outstanding	Aggregate Intrinsic Value	Expiry Date	Number of Options Exercisable	Aggregate Intrinsic Value
$0.45	50,000	$ –	March 9, 2020	–	$ –
$0.47	122,750	–	August 21, 2015 to September 26, 2016	122,750	–
$0.50	579,000	–	July 17, 2020	–	–
$0.52	325,000	–	March 23, 2020	–	–
$0.78	34,000	–	December 12, 2019	4,964	–
$1.05	86,375	–	September 12, 2019	25,417	–
$1.15	550,000	–	July 11, 2019	175,000	–
$1.23	20,833	–	January 13, 2019	20,833	–
$1.31	600,000	–	December 12, 2018	237,500	–
$1.41	100,000	–	October 1, 2018	43,750	–
$1.70	650,000	–	December 14, 2016	582,292	–
$1.90	845,000	–	December 14, 2015 to July 25, 2018	612,500	–
$2.15	240,000	–	September 7, 2016	240,000	–
$2.90	300,000	–	July 19, 2017	225,000	–
July 31, 2015	4,502,958	$ –		2,290,006	$ –
April 30, 2015	4,117,812	$ 6,183		2,105,439	$ 3,683

The aggregate intrinsic value in the preceding table represents the total intrinsic value, based on the Company's closing stock price of $0.45 per share as of July 31, 2015 (April 30, 2015 – $0.50), which would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options vested and exercisable as of July 31, 2015 was nil (April 30, 2015 – 122,750). The total intrinsic value of options exercised during the three months ended July 31, 2015 was $nil (July 31, 2014 – $1,927). The grant date fair value of options vested during the three months ended July 31, 2015 was $151,982 (July 31, 2014 - $195,957).

Note 5 Common Stock – (cont'd)

Stock Options – (cont'd)

The following table summarizes non-vested stock purchase options outstanding as of July 31, 2015.

	Number of Options	Weighted Average Grant Date Fair Value
Non-vested options at April 30, 2015	2,012,373	$0.62
Granted	579,000	$0.31
Vested	(187,796)	$0.81
Forfeited/Cancelled	(190,625)	$0.49
Non-vested options at July 31, 2015	2,212,952	$0.54

As of July 31, 2015, there was $971,703 of total unrecognized compensation cost related to unvested share-based compensation awards. This unrecognized compensation cost is expected to be recognized over a weighted average period of 2.4 years.

Employee and non-employee stock-based compensation amounts classified in the Company's consolidated statements of operations for the three months ended July 31, 2015 and 2014 are as follows:

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
Cost of sales	$ 14,687	$ 18,476
Sales and marketing	68,930	60,888
Research and development	17,564	15,546
General and administrative	55,889	61,191
Total stock-option based compensation	$ 157,070	$ 156,101

Warrants

On June 19, 2012, the Company issued an aggregate of 1,465,000 units under a non-brokered private placement for aggregate gross proceeds of CDN$3,662,500 ($3,579,335) at a price of CDN$2.50 ($2.44) per unit, with each unit consisting of one share of the Company's common stock and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional share of the Company's common stock at an exercise price of $3.25 per share until June 19, 2014. The 732,500 warrants issued expired unexercised on June 20, 2014.

Note 5 Common Stock – (cont'd)

Employee Stock Purchase Plan

Under the terms of the Employee Stock Purchase Plan (the "ESPP") all regular salaried (non- probationary) employees can purchase up to 6% of their base salary in shares of the Company's common stock at market price. The Company will match 50% of the shares purchased by issuing or purchasing in the market up to 3% of the respective employee's base salary in shares. During the three months ended July 31, 2015, the Company matched $11,580 (2014 - $14,973) in shares purchased by employees under the ESPP. During the three months ended July 31, 2015, no shares (2014 – 39,366) were purchased on the open market and 65,124 share were issued through treasury (2014 – nil) under the ESPP.

A total of 700,000 shares have been reserved for issuance under the ESPP. As of July 31, 2015, a total of 468,767 shares were available for issuance under the ESPP.

Normal Course Issuer Bid Plan

Pursuant to a normal course issuer bid ("NCIB") commencing on March 19, 2015 and expiring March 18, 2016, the Company was authorized to purchase 2,434,034 of its common shares through the facilities of the Toronto Stock Exchange (the "TSX") and other Canadian marketplaces or US marketplaces. During the period from March 19, 2014 to March 18, 2015, the Company repurchased 361,326 common shares at an average price of $0.93 (CDN$1.05) for a total of $336,033 and during the period March 19, 2015 to July 31, 2015, the Company repurchased 36,500 common shares at an average price of $0.54 (CDN$0.67) for a total of $19,710. As of July 31, 2015, a total of 669,284 shares have been cancelled and the remaining 11,500 repurchased shares are in the process of being cancelled since the NCIB was initiated.

Deferred Share Unit Plan

Under the terms of the Deferred Share Unit Plan (the "DSUP"), each DSU is equivalent to one common share. The maximum number of common shares that may be reserved for issuance to any one participant pursuant to DSUs granted under the DSUP and any share compensation arrangement is 5% of the number of shares outstanding at the time of reservation. A DSU granted to a participant who is a director of the Company shall vest immediately on the award date. A DSU granted to a participant other than a director will generally vest as to one-third (1/3) of the number of DSUs granted on the first, second and third anniversaries of the award date. Fair value of the DSUs, which is based on the closing price of the shares of the Company's common stock on the date of grant, is recorded as compensation expense over the vesting period.

A total of 3,000,000 shares have been reserved for issuance under the DSUP. During the three months ended July 31, 2015, 550,338 (2014 — 326,613) DSUs were issued under the DSUP, of which 239,112 were granted to officers or employees and 311,226 were granted to non-employee directors. As of July 31, 2015, a total of 210,476 shares were available for issuance under the DSUP.

Note 5 **Common Stock – (cont'd)**

Deferred Share Unit Plan – (cont'd)

The following table summarizes the Company's outstanding DSU awards as of July 31, 2015, and changes during the period then ended:

	Number of DSUs	Weighted Average Grant Date Fair Value Per Unit
DSUs outstanding at April 30, 2015	1,999,047	$ 1.10
Granted	550,338	$ 0.52
DSUs outstanding at July 31, 2015	2,549,385	$ 0.98

The following table summarizes information regarding the non-vested DSUs outstanding as of July 31, 2015:

	Number of DSUs	Weighted Average Grant Date Fair Value Per Unit
Non-vested DSUs at April 30, 2015	251,690	$ 1.46
Granted	550,338	$ 0.52
Vested	(416,809)	$ 0.82
Non-vested DSUs at July 31, 2015	385,219	$ 0.82

As of July 31, 2015, there was $309,048 (2014 – $369,365) of total unrecognized compensation cost related to unvested DSU awards. This unrecognized compensation cost is expected to be recognized over a weighted average period of 2.20 years (2014 – 1.47 years).

Employee and non-employee DSU based compensation amounts classified in the Company's consolidated statements of operations for the three months ended July 31, 2015 and 2014 are as follows:

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
Sales and marketing	$ –	$ 1,667
Research and development	1,633	2,082
General and administrative	202,819	208,762
Total DSU based compensation	$ 204,452	$ 212,511

Note 6 **Segmented Information**

The Company's chief operating decision maker reviews financial information presented on a consolidated basis, accompanied by disaggregated information about revenues by geographic region for purposes of making operating decisions and assessing financial performance. Accordingly, the Company has concluded that it has one reportable operating segment.

Revenues are based on the country in which the customer is located. The following is a summary of total revenues by geographic area for the three months ended July 31, 2015 and 2014:

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
North America	$ 1,505,207	$ 2,322,508
EMEA	610,801	427,687
Asia Pacific	149,675	195,696
Latin America	91,563	81,280
	$ 2,357,246	$ 3,027,171

As at July 31, 2015, the Company adjusted geographic regions to better reflect current operating segments. These new regions include North America, Europe, Middle East and Africa ("EMEA"), Asia Pacific and Latin America. In prior periods geographic groupings included North America, Europe, Asia and Africa and Latin America.

All of the Company's long-lived assets, which include equipment, intangible assets, goodwill and other assets, are located in Canada and the United States as follows:

	As at July 31, 2015	As at April 30, 2015
Canada	$ 7,108,705	$ 7,714,307
United States	72,226	85,003
	$ 7,180,931	$ 7,799,310

Note 7 **Commitments**

a) On November 27, 2013, the Company entered into an extension of an existing lease agreement, which commenced on October 1, 2014 and expires on September 30, 2019. The monthly lease payment under the extension agreement is $21,455 plus $18,674 in operating costs.

b) On November 4, 2013, the Company entered into an extension of a lease agreement, which commenced on January 1, 2014 and expires on April 30, 2019. The monthly lease payment under the extension agreement is $3,434 plus $3,199 in operating costs. This lease expense is a related party transaction as it was incurred with a company with a director in common with the Company.

c) From March 2013 to April 2014, the Company entered into various lease agreements with commencement dates between April 2013 and May 2014 and that expire between May 2016 and May 2017. The combined monthly lease payments are $7,198 plus $495 in operating expenses.

Total payable over the term of the agreements for the years ended April 30 are as follows:

	Office Leases – Related Party	Office Leases – Unrelated Party	Total Office Leases
2016	$ 59,689	$ 416,090	$ 475,779
2017	79,585	502,641	582,226
2018	79,585	480,018	559,603
2019	79,585	481,545	561,130
2020	–	200,644	200,644
	$ 298,444	$ 2,080,938	$ 2,379,382

Note 8 **Earnings (loss) per common share ("EPS")**

Computation of basic and diluted EPS:

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
Net loss	$ (1,111,105)	$ (1,063,373)
Weighted average common shares outstanding – basic and diluted	42,366,916	42,592,851
Basic and diluted EPS	$ (0.03)	$ (0.02)

As at July 31, 2015 and 2014, common share equivalents, consisting of common shares issuable, on exercise of options and DSUs of 4,454,172 and 6,092,936, respectively, were not included in the computation of diluted EPS because the effect was anti-dilutive.

Note 9 **Subsequent Event**

On September 4, 2015, the Company issued an aggregate of 2,930,000 units under a non-brokered private placement at a price of $0.50 per unit for aggregate gross proceeds of $1,465,000. Each unit consists of one share of the Company's common stock and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of the Company's common stock at an exercise price of $0.75 per share until September 4, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

This quarterly report, including the documents incorporated herein and therein by reference, contains forward-looking statements as that term is defined in Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Forward-looking statements in this quarterly report may include statements about:

- any potential loss of or reductions in orders from certain significant customers;
- our dependence on our customers to sell our applications or services using our applications;
- claims that we infringe intellectual property rights of others;
- our ability to protect our intellectual property;
- competitive factors, including, but not limited to, industry consolidation, entry of new competitors into our market, and new product and marketing initiatives by our competitors;
- our ability to predict our revenue, operating results and gross margin accurately;
- the length and unpredictability of our sales cycles;
- our ability to expand or enhance our product offerings including in response to industry demands or market trends;
- our ability to sell our products in certain markets;
- our ability to manage growth;
- the attraction and retention of qualified employees and key personnel;
- the interoperability of our products with service provider networks;
- the quality of our products and services, including any undetected errors or bugs in our software; and
- our ability to maintain proper and effective internal controls.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Background

We were incorporated under the laws of the State of Nevada on April 18, 2003.

On August 2, 2007, we acquired all of the shares of NewHeights Software Corporation ("NewHeights") through the issuance of 7,680,168 shares of our common stock and 369,836 preferred shares issued from a subsidiary of our company, which preferred shares were exchangeable into 369,836 shares of our common stock.

On February 1, 2008, we acquired all of the shares of FirstHand Technologies Inc. ("FirstHand") through the issuance of 5.9 million shares of our common stock. On February 1, 2008, we acquired all of the issued and outstanding shares of BridgePort Networks, Inc. ("BridgePort Networks") by way of merger in consideration for the assumption of all of the assets and liabilities of BridgePort Networks.

Business of CounterPath

We design, develop and sell software and services that enable enterprises and telecommunication service providers to deliver Unified Communications (UC) services, including voice, video, messaging and collaboration functionality, over their Internet Protocol, or IP, based networks. We are capitalizing upon numerous industry trends, including the rapid adoption of mobile technology, the proliferation of bring-your-own-device to work programs, the need for secure business communications, the need for centralized provisioning, the migration towards cloud-based services and the migration towards all IP networks. We are also capitalizing on a trend where communication services such as Skype and WhatsApp are becoming more available over-the-top ("OTT") of the incumbent operators' networks or enterprise networks (a.k.a. Internet OTT providers). We offer our solutions under perpetual license agreements that generate one-time license revenue and under subscription license agreements that generate recurring license revenue. We sell our solutions through our own online store, through third-party online stores, directly using our in-house sales team and through channel partners. Our channel partners include original equipment manufacturers, value added distributers and value added resellers. Enterprises typically leverage our Enterprise OTT solutions to increase employee productivity and to reduce certain costs. Telecommunication service providers typically deploy our Operator OTT solutions as part of a broad strategy to defend their subscriber base from competitive threats by offering innovative new services. Our original equipment manufacturers and value added resellers typically integrate our solutions into their products and then sell a bundled solution to their end customers, which include telecommunication service providers and enterprises.

Revenue

We derive revenue from the sale of software licenses, software customization services, technical support services associated with the software licenses, implementation services, training services, and cloud based services. We recognize software and services revenue at the time of delivery, provided all other revenue recognition criteria have been met.

Post contract customer support services include e-mail and telephone support, unspecified rights to bug fixes and product updates and upgrades and enhancements available on a when-and-if available basis, and are recognized rateably over the term of the service period, which is generally twelve months.

We offer our products and services directly through our sales force and indirectly through channel partners. Our channel partners include original equipment manufacturers (OEMs) in the telecommunications sector and value added dealers and resellers.

The amount of product configuration and customization required by a customer is reflected in the revenue generated from each customer. The number of software licenses purchased has a direct impact on the average selling price. Services and pricing may vary depending upon a customer's requirements for technical support, implementation and training.

We believe that our revenue and results of operations may vary significantly from quarter-to-quarter as a result of long sales and deployment cycles, new product introductions and variations in customer ordering patterns.

Operating Expenses

Operating expenses consist of cost of sales, sales and marketing, research and development, and general and administrative expenses. Personnel-related costs are the most significant component of each of these expense categories.

Cost of sales primarily consists of: (a) salaries and benefits related to personnel, (b) related overhead, (c) billable and non-billable travel, lodging, and other out-of-pocket expenses, (d) payments to third party vendors for compression/decompression software known as codecs, (e) amortization of capitalized software that is implemented into our products and (f) warranty expense.

Sales and marketing expense consists primarily of: (a) salaries and related personnel costs including stock-based compensation, (b) commissions, (c) travel, lodging and other out-of-pocket expenses, (d) marketing programs such as trade shows and (e) other related overhead. Commissions are recorded as an expense when earned by the employee. We expect increases in sales and marketing expense for the foreseeable future as we further increase the number of sales professionals and increase our marketing activities with the intent to grow our revenue. We expect sales and marketing expense to decrease as a percentage of total revenue, however, as we leverage our current sales and marketing personnel as well as our distribution partnerships.

Research and development expense consists primarily of: (a) salaries and related personnel costs including stock-based compensation, (b) payments to contractors for design and consulting services, (c) costs relating to the design and development of new products and enhancement of existing products, (d) quality assurance and testing and (e) other related overhead. To date, all of our research and development costs have been expensed as incurred.

General and administrative expense consists primarily of: (a) salaries and personnel costs including stock-based compensation related to our executive, finance, human resource and information technology functions, (b) accounting, legal, tax advisory and regulatory fees and (c) other related overhead.

Application of Critical Accounting Policies and Use of Estimates

Our interim consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ significantly from these estimates under different assumptions or conditions. There have been no material changes to these estimates for the periods presented in this quarterly report.

We believe that of our significant accounting policies, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, the following policies are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

Basis of Presentation

The interim consolidated financial statements include the accounts of our company and our wholly-owned subsidiaries, CounterPath Technologies, a company existing under the laws of the province of British Columbia, Canada, and BridgePort Networks, a company incorporated under the laws of the state of Delaware. All inter-company transactions and balances have been eliminated.

Interim Reporting

The information presented in the accompanying interim consolidated financial statements is without audit pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in the interim consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with generally accepted accounting principles in the United States. Except where noted, the interim consolidated financial statements follow the same accounting policies and methods of their application as our April 30, 2015 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim consolidated financial statements be read in conjunction with our April 30, 2015 annual audited consolidated financial statements.

Operating results for the three months ended July 31, 2015 are not necessarily indicative of the results that can be expected for the year ending April 30, 2016.

Revenue Recognition

We recognize revenue in accordance with the American Institute of Certified Public Accountants ("AICPA") ASC 985-605 "Software Revenue Recognition", as amended by SOP 98-9 "Modification of SOP 97-2, Software Revenue Recognition with Respect to Certain Transactions."

In all of our arrangements, we do not recognize any revenue until we can determine that persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and we deem collection to be probable. For distribution and reseller arrangements, fees are fixed or determinable and collection probable when there are no rights to exchange or return and fees are not dependent upon payment from the end-user. If any of these criteria are not met, revenue is deferred until such time that all criteria have been met.

A substantial percentage of our revenue is generated by multiple-element arrangements, such as products, maintenance and support, professional services and training. When arrangements include multiple elements, we allocate the total fee among the various elements using the residual method. Under the residual method, revenue is recognized when vendor-specific objective evidence, or VSOE, of fair value exists for all of the undelivered elements of the arrangement, but does not exist for one or more of the delivered elements of the arrangement. Each arrangement requires us to analyze the individual elements in the transaction and to estimate the fair value of each undelivered element, which typically includes maintenance and services. Revenue is allocated to each of the undelivered elements based on its respective fair value, with the fair value determined by the price charged when that element is sold separately.

For contracts with elements related to customized network solutions and certain network build-outs, we apply Financial Accounting Standards Board ("FASB") Emerging Issues Task Force Issue ASC 605-25, "Revenue Arrangements with Multiple Deliverables" and revenues are recognized under ASC 605-35, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts", generally using the percentage-of-completion method.

In using the percentage-of-completion method, revenues are generally recorded based on a completion of milestones as described in the agreement. Profit estimates on long-term contracts are revised periodically based on changes in circumstances and any losses on contracts are recognized in the period that such losses become known.

Post contract customer support (PCS) services include e-mail and telephone support, unspecified rights to bug fixes and product updates and upgrades and enhancements available on a when-and-if available basis, and are recognized rateably over the term of the service period, which is generally twelve months.

PCS service revenue generally is deferred until the related product has been accepted and all other revenue recognition criteria have been met. Professional services and training revenue is recognized as the related service is performed.

Stock-Based Compensation

Stock options granted are accounted for under ASC 718, *Share-Based Payment*, and are recognized at the fair value of the options as determined by an option pricing model as the related services are provided and the options earned. ASC 718 requires public companies to recognize the cost of employee services received in exchange for equity instruments, based on the fair value of those instruments on the measurement date which generally is the grant date, with limited exceptions.

Stock-based compensation represents the cost related to stock-based awards granted to employees and non-employee consultants. We measure stock-based compensation cost at measurement date, based on the estimated fair value of the award, and generally recognize the cost as expense on a straight-line basis (net of estimated forfeitures) over the employee requisite service period or the period during which the related services are provided by the non-employee consultants and the options are earned. We estimate the fair value of stock options using a Black-Scholes option valuation model.

The expected volatility of options granted has been determined using the volatility of our company's stock. The expected life of options granted after April 30, 2006 has been determined based on analysis of historical data. We have not paid and do not anticipate paying cash dividends on our shares of common stock; therefore, the expected dividend yield is assumed to be zero. In addition, ASC 718 requires companies to utilize an estimated forfeiture rate when calculating the expense for the period. We applied an estimated forfeiture rate of 15.0% for the three months ended July 31, 2015 in determining the expense recorded in our consolidated statement of operations. Cost of sales and operating expenses include stock-based compensation expense, and deferred share unit plan expense. For the three months ended July 31, 2015, we recorded an expense of $361,522 in connection with share-based payment awards. A future expense of non-vested options of $971,703 is expected to be recognized over a weighted-average period of 2.4 years. A future expense of non-vested deferred share units of $309,048 is expected to be recognized over a weighted-average period of 2.2 years.

Research and Development Expense for Software Products

Research and development expense includes costs incurred to develop intellectual property. The costs for the development of new software and substantial enhancements to existing software are expensed as incurred until technological feasibility has been established, at which time any additional costs would be capitalized. We have determined that technological feasibility is established at the time a working model of software is completed. Because we believe our current process for developing software will be essentially completed concurrently with the establishment of technological feasibility, no costs have been capitalized to date.

Accounts Receivable and Allowance for Doubtful Accounts

We extend credit to our customers based on evaluation of an individual customer's financial condition and collateral is generally not required. Accounts outstanding beyond the contractual payment terms are considered past due. We determine our allowance for doubtful accounts by considering a number of factors, including the length of time accounts receivable are beyond the contractual payment terms, our previous loss history, and a customer's current ability to pay its obligation to us. We write-off accounts receivable when they are identified as uncollectible. All outstanding accounts receivable are periodically reviewed for collectability on an individual basis.

Goodwill

We have goodwill on our balance sheet related to the acquisitions of NewHeights and FirstHand. Goodwill is carried and reported at acquisition cost. The determination of the net carrying value of goodwill and the extent to which, if any, there is impairment, is dependent on material estimates and judgments on our part, including the estimates of the value of future net cash flows, which are based upon further estimates of future revenues, expenses and operating margins.

Goodwill—Impairment Assessments

We review goodwill for impairment annually and whenever events or changes in circumstances indicate its carrying value may not be recoverable in accordance with FASB ASC 350, *Goodwill and Other Intangible Assets*. The provisions of ASC 350 require that a two-step impairment test be performed on goodwill. In the first step, we compare the fair value of our reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit’s goodwill. If the carrying value of our reporting unit’s goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

Determining the fair value of our reporting unit involves the use of significant estimates and assumptions. These estimates and assumptions include future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. Our most recent annual goodwill impairment analysis, which was performed at the end of the fourth quarter of fiscal 2015, did not result in an impairment charge, nor did we record any goodwill impairment for the three months ending July 31, 2015.

Derivative Instruments

We periodically enter into foreign currency forward contracts, not designated as hedging instruments, to protect us from fluctuations in exchange rates. As at July 31, 2015, we entered into a $1,000,000 notional value foreign currency forward contract that matures on August 20, 2015. During the three months ended July 31, 2014, our company had not entered into any foreign currency forward contracts. Notional amounts do not quantify risk or represent assets or liabilities of our company, but are used in the calculation of cash settlements under the contracts. The fair value marked to market loss of forward contracts for the three months ended July 31, 2015 is $39,615.

Use of Estimates

The preparation of our financial statements in conformity with generally accepted accounting principles in the United States requires our management to make estimates and assumptions which affect the amounts reported in our interim consolidated financial statements, the notes thereto, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Results of Operations

Our operating activities during the three months ended July 31, 2015 consisted primarily of selling our IP telephony software and related services to telecom service provider enterprises and channel partners serving the telecom and enterprise segments, on-line sales, and the continued development of our IP telephony software products.

Selected Consolidated Financial Information

The following tables set out selected consolidated unaudited financial information for the periods indicated. The selected consolidated financial information set out below as at July 31, 2015 and April 30, 2015 and for the three months ended July 31, 2015 and 2014 has been derived from the consolidated unaudited financial statements and accompanying notes for the three months ended July 31, 2015 and 2014 and the audited consolidated financial statements for the fiscal year ended April 30, 2015. Each investor should read the following information in conjunction with those statements and the related notes thereto.

Selected Consolidated Balance Sheet Data	**July 31, 2015**	**April 30, 2015**
Cash and cash equivalents	$ 2,214,621	$ 2,852,422
Current assets	$ 5,405,955	$ 6,326,187
Current liabilities	$ 4,437,583	$ 4,245,683
Total liabilities	$ 4,489,874	$ 4,304,006
Total assets	$ 12,677,937	$ 14,223,164

Selected Consolidated Statements of Operations Data

	Three Months Ended July 31,			
	2015		2014	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
Revenue	$ 2,357,246	100%	$ 3,027,171	100%
Operating expenses	$ 3,893,783	165%	$ 4,455,539	147%
Loss from operations	($1,536,537)	(65%)	($1,428,368)	(47%)
Interest and other income, net	($329)	–%	$ 7,694	–%
Fair value adjustment on derivative instrument	($39,615)	(2%)	–	–%
Foreign exchange gain (loss)	$ 465,376	19%	$ 357,301	12%
Net loss	($1,111,105)	(47%)	($1,063,373)	(35%)
Net loss per share				
-Basic and diluted	($0.03)		($0.02)	
Weighted average common shares outstanding				
-Basic and diluted	42,366,916		42,592,851	

Revenue

	Three Months Ended July 31,					
	2015		2014		Period-to-Period Change	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue	Amount	Percent Increase / (Decrease)
Revenue by Type						
Software	$ 1,200,849	51%	$ 1,873,948	62%	($637,099)	(36%)
Service	$ 1,156,397	49%	$ 1,153,223	38%	$ 3,174	–%
Total revenue	$ 2,357,246	100%	$ 3,027,171	100%	($669,925)	(22%)
Revenue by Region						
International	$ 852,039	36%	$ 704,663	23%	$ 147,376	21%
North America	$ 1,505,207	64%	$ 2,322,508	77%	($817,301)	(35%)
Total revenue	$ 2,357,246	100%	$ 3,027,171	100%	$ 669,925	(22%)

For the three months ended July 31, 2015, we generated $2,357,246 in revenue compared to $3,027,171 for the three months ended July 31, 2014, representing a decrease of $669,925 or 22%. Software revenue decreased $673,099 or 36% to $1,200,849 for the three months ended July 31, 2015 compared to $1,873,948 for the three months ended July 31, 2014. The decrease in software revenue was primarily a result of a decrease in sales to channel partners and enterprises. Service revenue for the three months ended July 31, 2015 was $1,156,397 compared to $1,153,223 for the three months ended July 31, 2014. International revenue outside of North America increased by 21% during the three months ended July 31, 2015 compared to the three months ended July 31, 2014, primarily as a result of higher sales to service providers in EMEA. North American revenue decreased by 35% compared to the three months ended July 31, 2014, primarily as a result of lower sales of software and services to enterprises and channel partners.

Operating Expenses

Cost of Sales

Cost of sales for the three months ended July 31, 2015 and 2014 were as follows:

	July 31, 2015		July 31, 2014		Period-to-Period Change	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent Increase / (Decrease)
Three months ended	$ 481,932	20%	$ 618,054	20%	($136,122)	(22%)

Cost of sales was $481,932 for the three months ended July 31, 2015 compared to $618,054 for the three months ended July 31, 2014. The decrease of $136,122 was primarily attributable to a decrease in wages, benefits and consulting fees of approximately $80,600, a decrease in amortization expense of approximately $22,000, a decrease in licenses and permit sales of approximately $18,300 and a decrease in other expenses of approximately $15,100.

Sales and Marketing

Sales and marketing expenses for the three ended July 31, 2015 and 2014 were as follows:

	July 31, 2015		July 31, 2014		Period-to-Period Change	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent Increase / (Decrease)
Three months ended	$ 1,187,033	48%	$ 1,137,768	38%	$ 49,265	4%

Sales and marketing expenses were $1,187,033 for the three months ended July 31, 2015 compared to $1,137,768 for the three months ended July 31, 2014. The increase of $49,265 was primarily attributable to an increase in wages, benefits and consulting fees of approximately $29,400 and an increase in other expenses of approximately $19,900.

Research and Development

Research and development expenses for the three months ended July 31, 2015 and 2014 were as follows:

	July 31, 2015		July 31, 2014		Period-to-Period Change	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent Increase / (Decrease)
Three months ended	$ 1,284,190	52%	$ 1,496,206	49%	($212,016)	(14%)

Research and development expenses were $1,284,190 for the three months ended July 31, 2015 compared to $1,496,206 for the three months ended July 31, 2014. The decrease of $212,016 was primarily attributable to a decrease in wages, benefits and consulting fees of approximately $185,400 and a decrease in other expenses of approximately $26,600.

General and Administrative

General and administrative expenses for the three months ended July 31, 2015 and 2014 were as follows:

	July 31, 2015		July 31, 2014		Period-to-Period Change	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent Increase / (Decrease)
Three months ended	$ 940,628	38%	$ 1,203,511	40%	($262,883)	(22%)

General and administrative expenses were $940,628 for the three months ended July 31, 2015 compared to $1,203,511 for the three months ended July 31, 2014. The decrease of $262,883 in general and administrative expenses was primarily attributable to a decrease in wages, benefits and consulting and directors fees of approximately $97,300, a decrease in patent costs of approximately $50,200, a decrease in bad debts reserve of approximately $29,500, a decrease in filing fees of approximately $26,100, a decrease in human resource costs of approximately $21,700, a decrease in audit, legal and other professional expenses of approximately $20,200 and a decrease in other expenses of approximately $17,900.

Interest and Other Income

Interest income for the three months ended July 31, 2015 was $1,302 compared to $8,049 for the three months ended July 31, 2014. Interest expense for the three months ended July 31, 2015 was $1,631 compared to $355 for the three months ended July 31, 2014.

Foreign exchange gain (loss) for the three months ended July 31, 2015 was $465,376 compared to $357,301 for the three months ended July 31, 2014. The foreign exchange gain (loss) represents the gain (loss) on account of translation of the intercompany accounts of our subsidiary which maintains their records in Canadian dollars and transactional gains and losses. The foreign exchange gain (loss) includes the translation of quarterly intercompany transfer pricing invoices from our Canadian subsidiary to us. The increase in foreign exchange gain is a result of a significant decline in the Canadian dollar against the US dollar in the three months ended July 31, 2015.

Fair value adjustment on derivative instruments for the three months ended July 31, 2015 resulted in a non-cash loss of $39,615 compared $nil for the three months ended July 31, 2014. On June 7, 2015 we entered into a $1,000,000 notional value foreign currency forward contract that matures on August 20, 2015.

Liquidity and Capital Resources

As of July 31, 2015, we had $2,214,621 in cash and cash equivalents compared to $2,852,422 as of April 30, 2015, representing a decrease of $637,801. Our working capital was $968,372 at July 31, 2015 compared to $2,080,504 at April 30, 2015, representing a decrease of $1,112,132. Management anticipates that the future capital requirements of our company will be primarily funded through cash flows generated from operations and from working capital, and we may seek additional funding to meet ongoing operating expenses.

On September 4, 2015, we issued an aggregate of 2,930,000 units under a non-brokered private placement at a price of $0.50 per unit for aggregate gross proceeds of $1,465,000. Each unit consists of one share of our common stock and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share of our common stock at an exercise price of $0.75 per share until September 4, 2017.

Our company has $1,711,608 in cash held outside of the United States, and there is no intent to repatriate at this time. Should we decide to repatriate in the future, taxes would need to be accrued and paid.

Operating Activities

Our operating activities resulted in a net cash outflow of $601,212 for the three months ended July 31, 2015. This compares to a net cash outflow of $233,551 for the same period last year representing an increase of $367,661 in cash outflow from operations compared to the same period last year. The net cash outflow from operating activities for the three months ended July 31, 2015 was primarily a result of a net loss of $1,111,105, a non-cash foreign exchange gain of $154,365 and a decrease in accounts payable of $338,463. The net cash outflow was offset by an increase in unearned revenue of $243,055, a decrease in accounts receivable of $237,248 and by adjustment for non-cash expenses including $361,522 for stock based compensation and $73,778 for depreciation and amortization.

Investing Activities

Investing activities resulted in a net cash outflow of $7,847, for the three months ended July 31, 2015 primarily for purchases of computer equipment. This compares with a net cash outflow from investing activities of $73,699 for the same period last year primarily for purchases of computer equipment and website development costs. At July 31, 2015, we did not have any material commitments for future capital expenditures.

Financing Activities

Financing activities resulted in a net cash inflow of $18,482 for the three months ended July 31, 2015 compared to a net cash outflow of $55,671 for the three months ended July 31, 2014. The net cash outflow was primarily a result of issuing 65,124 shares of common stock at an average price of $0.56 per share for $36,378 through our Employee Share Purchase Plan. The net cash inflow was partially offset by the repurchase of 23,500 shares of common stock at an average price of $0.54 per share for $12,608 under our normal course issuer bid.

Off-Balance Sheet Arrangements

We do not have, and do not have any present plans to implement, any off-balance sheet arrangements.

New Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue From Contracts With Customers* ("Topic 606"). Topic 606 removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provides more useful information to users of financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The guidance in this update supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. Topic 606 is effective for public entities with reporting periods beginning after December 15, 2017. Early adoption is not permitted. We have not yet evaluated the impact of the adoption of this new standard.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with this quarterly report, as required by Rule 13a-15 under the Securities Exchange Act of 1934, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our company's management, including our company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our company's Chief Executive Officer and Chief Financial Officer concluded that as of July 31, 2015, our disclosure controls and procedures are effective as at the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended July 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Much of the information included in this quarterly report includes or is based upon estimates, projections or other "forward looking statements". Such forward looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumption or other future performance suggested herein.

Such estimates, projections or other "forward looking statements" involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward looking statements".

Risks Associated with our Business and Industry

Lack of cash flow which may affect our ability to continue as a going concern.

Presently our operating cash flows are not sufficient to meet operating and capital expenses. Our business plan calls for continued research and development of our products and expansion of our market share. We will require additional financing to fund working capital and pay for operating expenses and capital requirements until we achieve a positive cash flow. However, our management projects that under our current operating plan that sufficient cash is available to meet our ongoing operating expenses and working capital requirements through April 30, 2016.

However, there is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that:

- we incur delays and additional expenses as a result of technology failure;
- we are unable to create a substantial market for our products; or
- we incur any significant unanticipated expenses.

The occurrence of any of the aforementioned events could adversely affect our ability to meet our proposed business plans.

We depend on a mix of revenues and outside capital to pay for the continued development of our technology and the marketing of our products. Such outside capital may include the sale of additional stock and/or commercial borrowing. There can be no assurance that capital will continue to be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to us. Disruptions in financial markets and challenging economic conditions have and may continue to affect our ability to raise capital. The issuance of additional equity securities by us would result in a dilution, possibly a significant dilution, in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Our revenue, operating results and gross margin can fluctuate significantly and unpredictably from quarter-to-quarter and from year-to-year, and we expect that they will continue to do so, which could have a material adverse effect on our operating results.

The rate at which our customers order our products, and the size of these orders, are highly variable and difficult to predict. In the past, we have experienced significant variability in our customer purchasing practices on a quarterly and annual basis, and we expect that this variability will continue, as a result of a number of factors, many of which are beyond our control, including:

- demand for our products and the timing and size of customer orders;
- length of sales cycles, which may be extended by selling our products through channel partners;
- length of time of deployment of our products by our customers;
- customers' budgetary constraints;
- competitive pressures; and
- general economic conditions.

As a result of this volatility in our customers' purchasing practices, our revenue has historically fluctuated unpredictably on a quarterly and annual basis and we expect this to continue for the foreseeable future. Our budgeted expense levels depend in part on our expectations of future revenue. Because any substantial adjustment to expenses to account for lower levels of revenue is difficult and takes time, if our revenue declines, our operating expenses and general overhead would likely be high relative to revenue, which could have a material adverse effect on our operating margin and operating results.

If we are not able to manage our operating expenses, then our financial condition may be adversely affected.

Operating expenses decreased to $3,893,783 for the three months ended July 31, 2015 from $4,455,539 for the three months ended July 31, 2014 and our revenue decreased to $2,357,246 for the three months ended July 31, 2015 from $3,027,171 for the three months ended July 31, 2014. Our ability to reach and maintain profitability is conditional upon our ability to manage our operating expenses. There is a risk that we will have to increase our operating expenses in the future. Factors that could cause our operating expenses to increase include our determination to spend more on sales and marketing in order to increase product sales or our determination that more research and development expenditures are required in order to keep our current software products competitive or in order to develop new products for the market. To the extent that our operating expenses increase without a corresponding increase in revenue, our financial condition would be adversely impacted.

We face larger and better-financed competitors, which may affect our ability to achieve or maintain profitability.

Management is aware of similar products which compete directly with our products and some of the companies developing these similar products are larger and better-financed than us and may develop products superior to those of our company. In addition to price competition, increased competition may result in other aggressive business tactics from our competitors, such as:

- emphasizing their own size and perceived stability against our smaller size and narrower recognition;
- providing customers "one-stop shopping" options for the purchase of network equipment and application software;

- offering customers financing assistance;
- making early announcements of competing products and employing extensive marketing efforts; and
- asserting infringement of their intellectual property rights.

Such competition may potentially adversely affect our profitability.

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital, or a delisting from a stock exchange on which our common stock trades. Because our operations have been partially financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If our stock price declines, there can be no assurance that we can raise additional capital or generate funds from operations sufficient to meet our obligations.

On December 16, 2014, we received notice from NASDAQ that the closing bid price of our shares for the last 30 consecutive business days no longer met the minimum bid price requirement of $1.00 per share. NASDAQ’s listing rules provide our company with a compliance period of 180 calendar days in which to regain compliance. If at any time during the 180 day period the closing bid price of our shares is at least $1.00 for a minimum of 10 consecutive business days, we will be in compliance. Our company had until June 15, 2015 to regain compliance with the minimum $1.00 bid price per share requirement. On June 18, 2015, we received further notice from NASDAQ advising that our shares had not regained compliance with the minimum $1.00 bid price per share requirement, but that the NASDAQ staff had determined that our company would be eligible for an additional 180 calendar day period, or until December 14, 2015, to regain compliance with the foregoing requirement. The determination was based on our company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the NASDAQ Capital Market with the exception of the bid price requirement, and our company’s written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If at any time during the additional time period the closing bid price of our shares is at least $1.00 for a minimum of 10 consecutive business days, we will be in compliance. If compliance cannot be demonstrated by December 14, 2015, NASDAQ will provide written notification that our shares will be delisted.

The majority of our directors and officers are located outside the United States, with the result that it may be difficult for investors to enforce within the United States any judgments obtained against us or some of our directors or officers.

The majority of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, investors may be effectively prevented from pursuing remedies under United States federal securities laws against some of our directors or officers.

We may in the future be subject to damaging and disruptive intellectual property litigation that could materially and adversely affect our business, results of operations and financial condition, as well as the continued viability of our company.

We may be unaware of filed patent applications and issued patents that could relate to our products and services. Intellectual property litigation, if determined against us, could:

- result in the loss of a substantial number of existing customers or prohibit the acquisition of new customers;
- cause us to lose access to key distribution channels;
- result in substantial employee layoffs or risk the permanent loss of highly-valued employees;
- materially and adversely affect our brand in the market place and cause a substantial loss of goodwill;
- affect our ability to raise additional capital;
- cause our stock price to decline significantly; and
- lead to the bankruptcy or liquidation of our company.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block our ability to provide our products or services and could cause us to pay substantial royalties, licensing fees or damages. The defense of any lawsuit could result in time-consuming and expensive litigation, regardless of the merits of such claims.

We could lose our competitive advantages if we are not able to protect any proprietary technology and intellectual property rights against infringement, and any related litigation could be time-consuming and costly.

Our success and ability to compete depends to a significant degree on our proprietary technology incorporated in our software. If any of our competitors' copy or otherwise gain access to our proprietary technology or develops similar technologies independently, we would not be able to compete as effectively. We also consider our family of registered and unregistered trademarks including CounterPath, Bria, eyebeam, X-Lite, and Softphone.com invaluable to our ability to continue to develop and maintain the goodwill and recognition associated with our brand. The measures we take to protect the proprietary technology software, and other intellectual property rights, which presently are based upon a combination of patents, patents pending, copyright, trade secret and trademark laws, may not be adequate to prevent their unauthorized use. Further, the laws of foreign countries may provide inadequate protection of such intellectual property rights.

We may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and divert resources from intended uses. In addition, notwithstanding any rights we have secured in our intellectual property, other persons may bring claims against us that we have infringed on their intellectual property rights, including claims based upon the content we license from third parties or claims that our intellectual property right interests are not valid. Any claims against us, with or without merit, could be time consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with our service marks or require us to make changes to our website or other of our technologies.

Our products may become obsolete and unmarketable if we are unable to respond adequately to rapidly changing technology and customer demands.

Our industry is characterized by rapid changes in technology and customer demands. As a result, our products may quickly become obsolete and unmarketable. Our future success will depend on our ability to adapt to technological advances, anticipate customer demands, develop new products and enhance our current products on a timely and cost-effective basis. Further, our products must remain competitive with those of other companies with substantially greater resources. We may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, we may not be able to adapt new or enhanced services to emerging industry standards, and our new products may not be favorably received.

Unless we can establish broad market acceptance of our current products, our potential revenues may be significantly reduced.

We expect that a substantial portion of our future revenue will be derived from the sale of our software products. We expect that these product offerings and their extensions and derivatives will account for a majority of our revenue for the foreseeable future. Broad market acceptance of our software products is, therefore, critical to our future success and our ability to continue to generate revenues. Failure to achieve broad market acceptance of our software products as a result of competition, technological change, or otherwise, would significantly harm our business. Our future financial performance will depend primarily on the continued market acceptance of our current software product offerings and on the development, introduction and market acceptance of any future enhancements. There can be no assurance that we will be successful in marketing our current product offerings or any new product offerings, applications or enhancements, and any failure to do so would significantly harm our business.

Our use of open source software could impose limitations on our ability to commercialize our products.

We incorporate open source software into our products. Although we closely monitor our use of open source software, the terms of many open source software licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to sell our products. In such event, we could be required to make our proprietary software generally available to third parties, including competitors, at no cost, to seek licenses from third parties to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could adversely affect our revenues and operating expenses.

We may not be able to obtain necessary licenses of third-party technology on acceptable terms, or at all, which could delay product sales and development and adversely impact product quality.

We have incorporated third-party licensed technology into our current products. We anticipate that we are also likely to need to license additional technology from third-parties to develop new products or product enhancements in the future. Third-party licenses may not be available or continue to be available to us on commercially reasonable terms. The inability to retain any third-party licenses required in our current products or to obtain any new third-party licenses to develop new products and product enhancements could require us to obtain substitute technology of lower quality or performance standards or at greater cost, and delay or prevent us from making these products or enhancements, any of which could seriously harm the competitive position of our products.

Our products must interoperate with many different networks, software applications and hardware products, and this interoperability will depend on the continued prevalence of open standards.

Our products are designed to interoperate with our customers' existing and planned networks, which have varied and complex specifications, utilize multiple protocol standards, software applications and products from numerous vendors and contain multiple products that have been added over time. As a result, we must attempt to ensure that our products interoperate effectively with these existing and planned networks. To meet these requirements, we have and must continue to undertake development and testing efforts that require significant capital and employee resources. We may not accomplish these development efforts quickly or cost-effectively, or at all. If our products do not interoperate effectively, installations could be delayed or orders for our products could be cancelled, which would harm our revenue, gross margins and our reputation, potentially resulting in the loss of existing and potential customers. The failure of our products to interoperate effectively with our customers' networks may result in significant warranty, support and repair costs, divert the attention of our engineering personnel from our software development efforts and cause significant customer relations problems.

Additionally, the interoperability of our products with multiple different networks is significantly dependent on the continued prevalence of standards for IP multimedia services, such as SIP or Session Initiation Protocol. Some of our existing and potential competitors are network equipment providers who could potentially benefit from the deployment of their own proprietary non-standards-based architectures. If resistance to open standards by network equipment providers becomes prevalent, it could make it more difficult for our products to interoperate with our customers' networks, which would have a material adverse effect on our ability to sell our products to service providers.

We are subject to the credit risk of our customers, which could have a material adverse effect on our financial condition, results of operations and liquidity.

We are subject to the credit risk of our customers. Businesses that are good credit risks at the time of sale may become bad credit risks over time. In times of economic recession, the number of our customers who default on payments owed to us tends to increase. If we fail to adequately assess and monitor our credit risks, we could experience longer payment cycles, increased collection costs and higher bad debt expense.

We are exposed to fluctuations in interest rates and exchange rates associated with foreign currencies.

A majority of our revenue activities are transacted in U.S. dollars. However, we are exposed to foreign currency exchange rate risk inherent in conducting business globally in numerous currencies, of which the most significant to our operations for the year ended April 30, 2015 is the Canadian dollar. We are primarily exposed to a fluctuating Canadian dollar as our operating expenses are primarily denominated in Canadian dollars while our revenues are primarily denominated in U.S. dollars. We address certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. Our company's foreign currency risk management program includes foreign currency derivatives with cash flow hedge accounting designation that utilizes foreign currency forward contracts to hedge exposures to the variability in the U.S. dollar equivalent of anticipated non-U.S. dollar-denominated cash flows. These instruments generally have a maturity of less than one year. For these derivatives, our company reports the after-tax gain or loss from the effective portion of the hedge as a component of accumulated other comprehensive income (loss) in stockholders' equity and reclassifies it into earnings in the same period in which the hedged transaction affects earnings, and within the same line item on the consolidated statements of operations as the impact of the hedged transaction. There can be no assurance that our hedging program will not result in a negative impact on our earnings and earnings per share. We did not enter into any forward contracts for hedging purposes during fiscal 2015 (2014 - none).

Risks Associated with our Common Stock

Our directors control a substantial number of shares of our common stock, decreasing your influence on stockholder decisions.

Based on the 42,375,069 shares of common stock that were issued and outstanding as of July 31, 2015, our directors owned approximately 28% of our outstanding common stock. As a result, our directors as a group could have a significant influence in delaying, deferring or preventing any potential change in control of our company; they will be able to strongly influence the actions of our board of directors even if they were to cease being directors of our company and can effectively control the outcome of actions brought to our stockholders for approval. Such a high level of ownership may adversely affect the exercise of your voting and other stockholder rights.

We do not expect to pay dividends in the foreseeable future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms. We cannot assure you of a positive return on investment or that you will not lose the entire amount of your investment in our common stock.

The exercise of all or any number of outstanding stock options or the issuance of other stock-based awards or any issuance of shares to raise funds may dilute your holding of shares of our common stock.

If the holders of outstanding stock options and deferred share units exercise or convert all of their vested stock options and deferred share units as at July 31, 2015, then we would be required to issue an additional 4,454,172 shares of our common stock, which would represent approximately 11% of our issued and outstanding common stock after such issuances. The exercise of any or all outstanding stock options that are exercisable below market price will result in dilution to the interests of other holders of our common stock.

We may in the future grant to certain or all of our directors, officers, insiders and key employees stock options to purchase the shares of our common stock, bonus shares and other stock based compensation as non-cash incentives to such persons. Subject to applicable stock exchange rules, if any, we may grant these stock options and other stock based compensation at exercise prices equal to or less than market prices, and we may grant them when the market for our securities is depressed. The issuance of any additional shares of common stock or securities convertible into common stock will cause our existing shareholders to experience dilution of their holding of our common stock.

In addition, shareholders could suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of our shares of common stock or a change in the control of our company.

We may be considered a "Penny stock." Penny stock rules will limit the ability of our stockholders to sell their shares of common stock.

The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. In addition, since our common stock commenced trading on the NASDAQ Capital Market below the $4.00 minimum bid price per share requirement, our common stock would be considered a penny stock if we fail to satisfy the net tangible assets and revenue tests in Rule 3a51-1 under the Securities Exchange Act of 1934. Our securities may be covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements, which may limit a stockholder's ability to buy and/or sell shares of our common stock.

The FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

Securities analysts may not publish favorable research or reports about our business or may publish no information which could cause our stock price or trading volume to decline.

The trading market for our common stock will be influenced by the research and reports that industry or financial analysts publish about us and our business. We do not control these analyst reports. As a relatively small public company, we may be slow to attract research coverage and the analysts who publish information about our common stock will have had relatively little experience with our company, which could affect their ability to accurately forecast our results and make it more likely that we fail to meet their estimates. If any of the analysts who cover us issue an adverse opinion regarding our stock price, our stock price may decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports covering us, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

On July 17, 2015, we granted 579,000 stock options pursuant to our 2010 Stock Option Plan. Each stock option entitles the holder thereof the right to purchase one share of common stock at a price equal to $0.50. The options vest in the amount of 12.5% on the date which is six months from the date of grant and then beginning in the seventh month at 1/42 per month for 42 months, at which time the options are fully vested. We issued 405,000 stock options to non-U.S. persons (as that term is defined in Regulation S of the Securities Act of 1933) in offshore transactions relying on Regulation S and/or Section 4(2) of the Securities Act of 1933.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

	Total number of shares purchased	**Average price paid per share (Canadian dollars)**	**Total number of shares purchased as part of publicly announced plans or programs**	**Maximum number of shares that may yet be purchased under the plans or programs**
May 1, 2015 to May 31, 2015	7,500(1)	$0.75	7,500	2,413,534
June 1, 2015 to June 30, 2015	6,500(1)	$0.71	6,500	2,407,034
July 1, 2015 to July 31, 2015	9,500(1)	$0.61	9,500	2,397,534
Total	**23,500**	**$0.68**(2)	**23,500**	**2,397,534**

(1) Purchased pursuant to a normal course issuer bid announced on March 16, 2015, which commenced on March 19, 2015 and expiring on March 18, 2016 to purchase up to 2,434,034 shares of our common stock.

(2) Weighted average price.

On March 16, 2015, we announced our intention to purchase, by way of a normal course issuer bid, for cancellation purposes, up to 2,434,034 shares of our common stock, representing approximately 10% of our then outstanding public float. We believe that our shares trade in a price range that does not adequately reflect their underlying value based on our business prospects.

Purchases will be made on the open market through the facilities of the TSX, NASDAQ Capital Market or such other stock exchange or quotation system upon which the our shares are then listed or quoted, including other Canadian marketplaces, at market prices prevailing at the time of purchase and may take place over a 12-month period beginning on March 19, 2015 and ending on March 18, 2016. The daily purchase restriction is 1,000 shares, subject to certain prescribed exemptions. All shares purchased by our company under the normal course issuer bid will be returned to treasury and cancelled.

In connection with the normal course issuer bid, we entered into an automatic share purchase plan with National Bank Financial Inc., in order to facilitate purchases of its shares. Under the purchase plan, National Bank may purchase shares on our behalf at times when we would ordinarily not be permitted to purchase shares due to internal trading blackout periods, insider trading rules or otherwise. The purchase plan has been approved by the TSX and was implemented as of March 19, 2015. Purchases will be made by National Bank on the open market based upon the parameters prescribed by the TSX, applicable laws and the terms and conditions of the purchase plan.

None of our directors, senior officers or other insiders (as defined in the TSX Company Manual) intends to sell any shares under the normal course issuer bid. However, sales by such persons through the facilities of the TSX may occur if the personal circumstances of any such person change or if any such person makes a decision unrelated to these normal course purchases. The benefits to any such person whose shares are purchased would be the same as the benefits available to all other holders whose shares are purchased.

Stockholders may obtain a copy of the notice submitted to the TSX with respect to the normal course issuer bid, without charge, by contacting our Chief Financial Officer.

Item 3. Defaults Upon Senior Securities.

None.

Item 5. Other Information.

On June 18, 2015, we received notice from NASDAQ advising that our shares had not regained compliance with the minimum $1.00 bid price per share requirement, but that the NASDAQ staff had determined that our company would be eligible for an additional 180 calendar day period, or until December 14, 2015, to regain compliance with the foregoing requirement. The determination was based on our company meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the NASDAQ Capital Market with the exception of the bid price requirement, and our company's written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If at any time during the additional time period the closing bid price of our shares is at least $1.00 for a minimum of 10 consecutive business days, we will be in compliance. If compliance cannot be demonstrated by December 14, 2015, NASDAQ will provide written notification that our shares will be delisted.

Item 6. Exhibits.

Exhibits required by Item 601 of Regulation S-B

(3)	**Articles of Incorporation and By-laws**
3.1	Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2 filed on July 16, 2003).
3.2	Bylaws (incorporated by reference from our Registration Statement on Form SB-2 filed on July 16, 2003).
3.3	Amended Bylaws (incorporated by reference from our Registration Statement on Form SB-2/A filed on September 3, 2003).
3.4	Articles of Merger (incorporated by reference from our Current Report on Form 8-K filed on September 15, 2005).

3.5	Amended Bylaws (incorporated by reference from our Current Report on Form 8-K filed on April 28, 2006).
3.6	Amended Bylaws (incorporated by reference from our Current Report on Form 8-K filed on April 22, 2008).
3.7	Amended Bylaws (incorporated by reference from our Current Report on Form 8-K filed on July 2, 2012).
3.8	Certificate of Amendment to Articles of Incorporation (incorporated by reference from our Quarterly Report in the Form 10-Q filed on December 12, 2013).
(4)	**Instruments defining the rights of security holders, including indentures**
4.1	2004 Stock Option Plan effective May 18, 2004 (incorporated by reference from our Registration Statement on Form S-8 filed on June 14, 2005).
4.2	Form of Stock Option Agreement for 2004 Stock Option Plan (incorporated by reference from our Registration Statement on Form S-8 filed on June 14, 2005).
4.3	2005 Stock Option Plan effective March 4, 2005 (incorporated by reference from our Registration Statement on Form S-8 filed on June 14, 2005).
4.4	Form of Stock Option Agreement for 2005 Stock Option Plan (incorporated by reference from our Registration Statement on Form S-8 filed on June 14, 2005).
4.5	Form of Amended & Restated Stock Option and Subscription Agreement (Canadian) (incorporated by reference from our Current Report on Form 8-K filed On October 14, 2005).
4.6	Form of Amended & Restated Stock Option and Subscription Agreement (US) (incorporated by reference from our Current Report on Form 8-K filed On October 14, 2005).
4.7	2010 Stock Option Plan effective September 27, 2010 (incorporated by reference from our Definitive Proxy Statement filed on August 31, 2010).
4.8	Employee Share Purchase Plan adopted October 1, 2008, and amended November 6, 2008 (incorporated by reference from our Registration Statement on Form S-8 filed on January 30, 2009).
4.9	Amended Deferred Share Unit Plan effective September 25, 2013 (incorporated by reference from our Quarterly Report in the Form 10-Q filed on December 12, 2013).
4.10	Amended 2010 Stock Option Plan effective July 10, 2014 (incorporated by reference from our Quarterly Report in the Form 10-Q filed on December 11, 2014).
4.11	Amended Employee share Purchase Plan effective July 29, 2014 (incorporated by reference from our Quarterly Report in the Form 10-Q filed on December 11, 2014).
(10)	**Material Contracts**
10.1	Employment Agreement between CounterPath Solutions, Inc. and David Karp dated September 11, 2006 (incorporated by reference from our Quarterly Report on Form 10-QSB filed on September 14, 2006).

10.2	Piggyback Registrations Rights Agreement among our company and various shareholders, dated as of August 2, 2007 (incorporated by reference from our Current Report on Form 8-K filed on August 8, 2007).
10.3	Amended Employment Agreement between Donovan Jones and CounterPath Solutions R&D Inc., a wholly owned subsidiary of CounterPath Solutions, Inc. dated September 13, 2007 (incorporated by reference from our Quarterly Report on Form 10-QSB filed on September 14, 2007).
10.4	Form of Subscription Agreement dated October 29, 2009 between our company and various investors (incorporated by reference from our Current Report on Form 8-K filed on November 4, 2009).
10.5	Form of Subscription Agreement between our company and various investors in connection with the non-brokered private placement completed on September 4, 2015 (incorporated by reference from our Current Report on Form 8-K filed on September 8, 2015).
10.6	Form of Warrant Certificate issued to various investors in connection with the non-brokered private placement completed on September 4, 2015 (incorporated by reference from our Current Report on Form 8-K filed on September 8, 2015).
(14)	**Code of Ethics**
14.1	Code of Business Conduct and Ethics (incorporated by reference from our Annual Report on Form 10- KSB filed on July 29, 2004).
14.2	Code of Business Conduct and Ethics and Compliance Program (incorporated by reference from our Quarterly Report on Form 10-QSB filed on September 15, 2008).
(21)	**Subsidiaries of CounterPath Corporation**
	CounterPath Technologies Inc. (incorporated in the Province of British Columbia, Canada)
	BridgePort Networks, Inc. (incorporated in the state of Delaware)
(31)	**Section 302 Certifications**
31.1	Section 302 Certification of Donovan Jones (filed herewith).
31.2	Section 302 Certification of David Karp (filed herewith).
(32)	**Section 906 Certifications**
32.1	Section 906 Certification of Donovan Jones (filed herewith).
32.2	Section 906 Certification of David Karp (filed herewith).

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COUNTERPATH CORPORATION

By: /s/ Donovan Jones
Donovan Jones
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: September 14, 2015

/s/ David Karp
David Karp
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer, Principal Accounting Officer)

Date: September 14, 2015

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Donovan Jones, certify that:

1. I have reviewed this Quarterly Report of CounterPath Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the quarterly report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2015

/s/ Donovan Jones
Donovan Jones
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Karp*,* certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CounterPath Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the quarterly report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 14, 2015	/s/ David Karp
	David Karp Chief Financial Officer, Treasurer and Corporate Secretary (Principal Financial Officer, Principal Accounting Officer)

Exhibit 32

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Donovan Jones, Chief Executive Officer of CounterPath Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the three months ended July 31, 2015, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donovan Jones

Donovan Jones
President and Chief Executive Officer
(Principal Executive Officer)

September 14, 2015

I, David Karp, Chief Financial Officer of CounterPath Corporation (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the three months ended July 31, 2015, as filed with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Karp

David Karp
Chief Financial Officer, Treasurer and Corporate Secretary
(Principal Financial Officer, Principal Accounting Officer)

September 14, 2015