

March 26, 2007



Coda Octopus Reports FY 2006 Audited Results

NEW YORK, NY -- (MARKET WIRE) -- 03/26/07 -- Coda Octopus Group, Inc. (PINKSHEETS: CDOC), world leader in underwater port security technology, headquartered here, today announced audited results for the fiscal year ended October 31, 2006.

With the Company's second US GAAP audit now completed, Coda Octopus will rapidly file appropriate documents with the SEC and with the NASD to obtain a listing on a national exchange.

FY 2006 Year-End Results

For the fiscal year ended October 31, 2006, Coda Octopus Group, Inc. recorded revenues of \$7,291,291. This compares with revenues of \$4,288,416, for the fiscal year ended October 31, 2005. Net loss applicable to common shares was (\$12,096,014), or (\$0.50) per share in FY 2006, as compared to a loss of (\$3,807,055), or (\$0.16) in FY 2005.

Loss from operations was \$6,352,816. Non-cash charges for stock-based compensation totaled \$2,005,052. R&D spending increased to \$3,130,821 in FY 2006, from \$1,044,695 in FY 2005. There was an increase in accounting and other costs related to the Company's efforts to establish itself as a public company in the US totaling \$1,099,216. Cash and non-cash costs of \$1,232,623 in connection with its financings are also included in the Company's loss from operations.

In addition, the Company booked losses totaling \$4,536,844 from preferred stock dividends and other beneficial conversion features, \$4,152,800 of which was a non-cash expense related to the beneficial conversion feature for preferred stock issued; the balance of \$384,044 was preferred stock dividends owed, \$79,650 of which was paid during the year ended October 31, 2006.

During FY 2006, the Company entered the 3D sonar business and enjoyed revenues of \$1,298,433 from sales of its patented Echoscope(TM) -- the first real-time, 3D, under-the-sea sonar product. Seven Echoscopes have been delivered to customers, who include the US Navy and the US Coast Guard. Sales of Coda's traditional marine product offerings grew by 38.5% to \$5,259,172 from \$3,795,914, driven by motion sensor sales, which grew by 296.6% over the year. Sales for FY 2006 were \$7,291,291, compared to \$4,288,416 for the previous year. This represents an increase of 70%. Gross margins for the year were 64.2%, up from 42.5% in FY 2005.

The Company raised a total of \$5,373,728 with two separate groups of investors during FY 2006. \$1,273,728 was raised by issuing an additional 8,641 shares of Series A preferred, and a total of \$4,100,000 was raised by issuing 41,000 shares of Series B stock. Subsequent to year-end, another \$800,000 has been raised by issuing an additional 8,000 shares of

Series B stock. Each Series B preferred share is at the option of the holder convertible into 100 common at \$1.00 per share and carries a 8% coupon, payable semi-annually in cash or the Company's common stock, and includes a warrant to purchase one share of common stock at \$1.30 per share, and an additional warrant to purchase one share of common stock at \$1.70 per share. The Series A is also convertible at the option of the holder and carries a 12% coupon payable semi-annually in cash or the Company's common stock.

As of October 31, 2006, total common shares issued and outstanding were 24,301,980. If all preferred shares were converted into common shares, the number of common shares outstanding would total approximately 32.5 million.

Launching the 3D Sonar Business.

During FY 2006 the Company laid the groundwork for leveraging its first-mover advantage in real-time 3D sonar into a large and highly profitable business.

The Company successfully launched The Echoscope(TM) -- both as a stand-alone, patent protected product for private sector markets in Oil and Gas and off-shore construction, and as the primary 3D component of larger and more sophisticated underwater security and inspection systems. The Company expects the first of these systems will be deployed by government authorities in the US and overseas during FY 2007.

In addition, during FY 2006, the Company assembled the necessary resources and, in cooperation with its partners, has begun to market comprehensive security solutions to various port authorities around the world, based upon its unique expertise and patented 3D underwater component. The Company believes the 3D underwater solutions market is well in excess of \$5 billion worldwide. It expects initial contract awards for its comprehensive security solutions during FY 2007, with significant revenue recognition to begin in FY 2008.

After more than 2 1/2 years of close cooperation, during FY 2006 the US Coast Guard R&D Center carried out an extensive review of underwater technology including sonars, and their role in fulfilling the nation's port security requirements. Scott Trip, who is the Project Manager Underwater Systems of the center concluded "...3D sonar raises the bar and sets a new standard for underwater port and harbor security..."

According to Jason Reid, Coda Octopus President and CEO, "In order to capitalize on Coda's first mover status as the patent holder and sole provider of high resolution real time 3D sonar to the underwater security marketplace, during FY 2006 we have grown the company as rapidly as we possibly could in terms of its head count, which grew from 37 to 77; the scope of our product offerings, which we design, manufacture and market worldwide; and perhaps most importantly, in the depth of our consulting/engineering expertise, which we have substantially improved through the acquisition of Martech Systems in June of 2006. We are planning for a dramatic build in revenues beginning in the third quarter of FY 2007, with profitability soon thereafter."

CODA OCTOPUS GROUP, INC.
CONSOLIDATED CONDENSED BALANCE SHEET
OCTOBER 31ST, 2006

2006

2005

ASSETS

Cash and cash equivalents	\$	1,377,972	\$	142,936
Accounts and tax credits receivables	\$	1,355,561	\$	1,567,920
Inventory	\$	1,951,392	\$	1,044,051
Receivable on sale of preferred stock		--	\$	2,655,000
Other assets: prepaid expenses; other receivables	\$	901,132	\$	310,683
Goodwill and other intangible assets	\$	1,071,700	\$	71,480
Property and equipment	\$	276,581	\$	233,558
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Total assets	\$	6,934,338	\$	6,025,628
		=====		=====
LIABILITIES AND STOCKHOLDERS DEFICIT				
Accounts payable and accrued expenses	\$	4,540,735	\$	1,815,975
Other liabilities	\$	988,951	\$	576,981
Loans and notes payable	\$	1,119,496	\$	3,144,005
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Stockholders equity	\$	285,156	\$	488,667
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Total liabilities and stockholders' equity	\$	6,934,338	\$	6,025,628
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CODA OCTOPUS GROUP, INC.
INCOME STATEMENT
YEAR ENDED OCTOBER 31ST, 2006

	2006	2005
Net revenue	\$ 7,291,291	\$ 4,288,416
Cost of revenue	2,611,590	2,464,800
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Gross profit	4,679,701	1,823,616
Research and development	3,130,821	1,044,695
Selling, general and administrative expenses	7,453,946	4,349,674
Non recurring expenses	447,750	--
Operating income	(6,352,816)	(3,570,753)
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Other income (expense)		
Other income	3,012	1,319
Interest expense	1,203,690	(219,855)
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Total other income (expense)	(1,200,678)	(218,536)
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Loss before income taxes	(7,553,494)	(3,789,289)
Provision for income taxes	5,676	17,766

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Net loss before stock dividends	\$ (7,559,170)	\$ (3,807,055)
Preferred stock dividends	(4,536,844)	--
	=====	=====
Loss per share, basic and diluted	(0.50)	(0.16)
	=====	=====
Net loss applicable to common shares	(12,096,014)	(3,807,055)
Weighted average shares outstanding	24,030,423	23,103,396
Comprehensive loss:		
Net loss	(7,559,170)	(3,807,055)
Foreign currency translation adjustment	(282,704)	341,390
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Comprehensive Loss	\$ (12,378,718)	\$ (3,465,665)
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About Coda Octopus

Founded in 1994 as Coda Technologies, Coda Octopus is recognized internationally as a leading developer of underwater technologies for imaging, mapping, defense and survey applications. Based in New York, with R&D, manufacturing, and sales facilities in the UK, Norway, and Florida, its key products include Octopus precision motion sensors, Coda and Octopus marine software and systems, Octopus thermal printers and the unique Coda Echoscope -- the first real time 3D sub sea sonar with a variety of applications within navies and for sub sea construction. The Echoscope is the heart of the Coda Octopus Underwater Inspection System used for homeland security in ports around the world. With the successful launch of this patented new product, which revolutionizes sub sea visualization, Coda Octopus believes it has established itself as the world leader in underwater port security technology..

For further information, please visit <http://www.codaoctopus.com> or contact Coda Octopus at info@codaoctopus.com

Safe Harbor Statement: Except for historical information, the matters set forth herein, which are forward-looking statements, involve certain risks and uncertainties that could cause actual results to differ. Potential risks and uncertainties include, but are not limited to, market acceptance of Coda Octopus' planned products and their level of sales, access to the capital necessary to finance and grow the business, a highly competitive environment in the security field that includes numerous large and well established companies much larger than ours, and our ability successfully deploy our technologies and products to meet the technical demands and market requirements of our customers.

Company Contact:
Jason Reid
CEO
(212) 924-3442

Agency Contact:

Equity Communications:

Ira Weingarten

(805) 897-1880

Steve Chizzik

(908) 688-9111