

October 17, 2007



## Coda Octopus Announces Third Quarter and Nine Month Results

NEW YORK, NY -- (MARKET WIRE) -- 10/17/07 -- Coda Octopus Group, Inc. (OTCBB: CDOC), a recognized leader in underwater security and terrorism prevention, today announced results for the third fiscal quarter and the nine month period ending July 31, 2007.

For the third fiscal quarter ending July 31, 2007, the Company reported revenues of \$5,859,907. This compares with revenues of \$2,682,539 for third quarter of FY 2006\*. Excluding contributions from newly acquired subsidiaries, legacy businesses increased sales by 13.7%.

The Company reported a loss of (\$1,227,516) or (\$0.03) per share in Q3 2007, as compared to a loss of (\$4,364,168) or (\$0.18) per share in Q3 2006. Losses from operations totaled (\$670,060) in Q3 2007, as compared with (\$1,211,768) in the like year ago quarter. Removing non-cash expenses and non-recurring expenses totaling \$938,528 and \$690,138 for Q3 2007 and 2006 respectively, the comparison shows a gain from operations of \$268,468 in Q3 2007 against a loss of (\$521,630) in Q3 2006. Weighted average shares outstanding increased from 24,220,947 to 47,986,242 over the period.

For the nine month period ending July 31, 2007, the Company reported revenues of \$10,794,621. This compares with revenues of \$5,134,847 for the nine months ending July 31, 2006\*\*. Excluding contributions from newly acquired subsidiaries, legacy businesses increased sales by \$85,000.

The Company reported a loss of (\$12,196,051) or (\$0.34) per share for the nine months ending July 31, 2007, as compared to a loss of (\$7,643,928) or (\$0.32) per share for the like year ago period. Losses from operations totaled (\$4,773,016) in 2007, as compared with (\$4,265,749) for the nine months of 2006. Removing non cash expenses and non-recurring expenses, the comparison shows losses of (\$2,045,947) in FY 2007 and (\$3,235,006) in FY 2006. Weighted average shares outstanding increased from 23,938,910 to 35,490,398 over the period.

The Company said it experienced, in the third fiscal quarter, significant sequential improvement in operating results in all segments of its businesses, both in the United States and in the UK.

According to Jason Reid, Coda Octopus President and Chief Executive Officer, "During the third fiscal quarter, the Company made important progress in building the management infrastructure, organizational skills, and financial systems, that will be required to support the level of expansion we are planning for the beginning of next year, as real time 3D sonar products become widely adopted by port authorities and governmental agencies both in the US and around the world."

"For now," he said, "We are working closely with the US Coast Guard and related agencies to advance next generation real time 3D underwater inspection (UIS) systems, while marketing today's systems on a worldwide basis."

Coda recently announced it had commenced work on a \$2.59 million contract with the Department of Defense (DoD) Technical Support Working Group (TSWG) to deliver three initial (UIS) systems to the Coast Guard. The contract could expand to a total of \$8.27 million if TSWG exercises the option to procure more systems. Reid said that Company had recently completed the initial design review meeting in St Petersburg, Florida, that it had attracted broad participation from government, military and university representatives, and that, "The response was one of genuine enthusiasm."

He said, "We are impressed by the level of commitment the Coast Guard has made thus far to real time 3D sonar. Given the continued high levels of funding for port security technology both in the US and around the world, we think opinion leadership of the kind we are building at the highest levels through TSWG will serve as a catalyst with the potential to transform the Company's marketing and sales efforts."

\*Period to period amounts are not directly comparable as the three month results to July 31, 2007 include numbers for Martech and Colmek, which were acquired by the Company in June 2006 and April 2007 respectively.

\*\*Period to period amounts are not directly comparable as the nine month results to July 31, 2007 include numbers for Martech and Colmek, which were acquired by the Company in June 2006 and April 2007 respectively.

CODA OCTOPUS GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEET  
July 31, 2007  
(UNAUDITED)

July 31, 2007

ASSETS

Cash and cash equivalents	\$ 2,894,907
Accounts receivable, net of allowance for doubtful accounts	\$ 3,520,942
Inventory	\$ 2,343,257
Other assets: prepaid expenses; due from related parties; other current assets	\$ 2,147,790
Goodwill and other intangible assets, net	\$ 4,080,438
Property and equipment, including rental equipment	\$ 347,214
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Total assets	\$ 15,334,548
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LIABILITIES AND STOCKHOLDERS EQUITY

Accounts payable and accrued expenses	\$ 2,925,107
Other liabilities	\$ 1,066,820
Loans and notes payable	\$ 60,497
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Stockholders equity	\$ 11,282,124
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Total liabilities and stockholders equity	\$ 15,334,548
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CODA OCTOPUS GROUP, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED JULY 31, 2007 AND 2006  
(UNAUDITED)

	For the three Months ended July 31, 2007	For the three Months ended July 31, 2006
Net revenue	\$ 5,859,907	\$ 2,682,539
Cost of revenue	2,300,728	949,930
	-----	-----
Gross profit	3,559,179	1,732,609
Research and development	634,679	561,718
Selling, general and administrative expenses	3,594,560	2,382,659
Other operating expenses	-----	-----
Operating loss	(670,060)	(1,211,768)
	-----	-----
Other income (expense)		
Other income	35,745	2,204
Interest expense	(561,350)	(684,337)
	-----	-----
Total other expense	(525,605)	(682,133)
	-----	-----
Loss before income taxes	(1,195,665)	(1,893,901)
Provision for income taxes	-----	-----
	-----	-----
Net loss before stock dividends	\$ (1,195,665)	\$ (1,893,901)
Preferred stock dividends	(31,851)	(2,470,267)
	=====	=====
Loss per share, basic and diluted	(0.03)	(0.18)
	=====	=====
Net loss applicable to common shares	(1,227,516)	(4,364,168)
Weighted average shares outstanding	47,986,242	24,220,947

Comprehensive loss:

Net loss	(1,195,665)	(1,893,901)
Foreign currency translation adjustment	55,209	234,505
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Comprehensive Loss	\$ (1,140,456)	\$ (1,659,396)
	=====	=====

CODA OCTOPUS GROUP, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
FOR THE NINE MONTHS ENDED JULY 31, 2007 AND 2006  
(UNAUDITED)

	For the nine Months ended July 31, 2007	For the nine Months ended July 31, 2006
Net revenue	\$ 10,794,621	\$ 5,134,847
Cost of revenue	4,513,101	2,111,696
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Gross profit	6,281,520	3,023,151
Research and development	1,736,437	1,658,788
Selling, general and administrative expenses	8,883,099	5,630,112
Other operating expenses	435,000	-----
Operating loss	(4,773,016)	(4,265,749)
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Other income (expense)		
Other income	73,540	2,708
Interest expense	(6,349,946)	(830,970)
	-----	-----
Total other expense	(6,276,406)	(828,262)
	-----	-----
Loss before income taxes	(11,049,422)	(5,094,011)
Provision for income taxes	-----	-----
	-----	-----
Net loss before stock dividends	\$ (11,049,422)	\$ (5,094,011)
Preferred stock dividends	(1,146,630)	(2,549,917)
	=====	=====
Loss per share, basic and diluted	(0.34)	(0.32)
	=====	=====
Net loss applicable to common shares	(12,196,051)	(7,643,928)

Weighted average shares outstanding	35,490,398	23,938,910
Comprehensive loss:		
Net loss	(11,049,422)	(5,094,011)
Foreign currency translation adjustment	150,458	(150,118)
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Comprehensive Loss	\$ (10,898,964)	\$ (5,244,129)
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