Coda Octopus Group, Inc.

Quarterly Report

November 1, 2013–January 31, 2014

Address:

4020 Kidron Road
Suite #4
Lakeland
Florida 33811
Phone: + 1 801 973 9136
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Email: info@codaoctopusgroup.com
Symbol: CDOC
SIC Code: 3812-Seach, Detection, Navigation, Guidance, Aeronautical and Nautical Systems and Instruments
Fiscal Year: 10/31

March 19, 2014

OUR GROUP

Coda Octopus Group, Inc.

Coda Octopus
Sound Underwater Intelligence

COLMEK
A Coda Octopus Company

Martech
a Coda Octopus company

Forward-Looking Statements

This report contains statements that do not relate to historical or current facts, but are "forward looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to future events or trends, our future prospects and proposed new products, services, developments, or business strategies, among other things. These statements can generally (although not always) be identified by their use of terms and phrases such as anticipate, appear, believe, could, would, estimate, expect, indicate, intend, may, plan, predict, project, pursue, will, continue, and other similar terms and phrases, as well as the use of the future tense.

Examples of forward looking statements in this report include, but are not limited to, the following categories of expectations about:

- customer demand for our products and market prices;
- general economic conditions;
- our reliance on a few customers for substantially all of our sales;
- the intensity of competition;
- our ability to collect outstanding receivables;
- the amount of liquidity available at reasonable rates or at all for ongoing capital needs;
- our ability to raise additional capital if necessary to execute our business plan;
- our ability to attract and retain management, and to integrate and maintain technical information and management information systems;
- the outcome of legal proceedings affecting our business; and
- our insurance coverage being adequate to cover the potential risks and liabilities faced by our business.

Actual results could differ materially from those expressed or implied in our forward looking statements. Our future financial condition and results of operations, as well as any forward looking statements, are subject to change and to inherent known and unknown risks and uncertainties. See the section entitled "Risk Factors", contained hereinfor a discussion of these and other risks and uncertainties. You should not assume at any point in the future that the forward looking statements in this report are still valid. We do not intend, and undertake no obligation, to update our forward looking statements to reflect future events or circumstances, except as required by law.

Table of Contents

1) Name of the issuer and its predecessors (if any)

The exact name of the Issuer is Coda Octopus Group, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters

Suite #4, 4020 Kidron Road
Lakeland
FL 33811, USA
+1 801 973 9136
info@codaoctopusgroup.com
www.codaoctopusgroup.com

IR Contact

Suite #4, 4020 Kidron Road
Lakeland
FL 33811, USA
+1 801 973 9136
info@codaoctopusgroup.com
www.codaoctopusgroup.com
FAO: Mr. Geoff Turner

3) Security Information

Trading Symbol: CDOC
Exact title and class of securities outstanding: Common Stock and Series A Preferred
CUSIP: 19188U 10 7
Par or Stated Value: 0.001 (Common Stock)
Total shares authorized: 155,000,000 as of: January 31 2014 (150,000,000 Common Stock and 5,000,000 Preferred Stock)
Total shares of Common Stock outstanding as of January 31, 2014: 93,776,356
Total shares of Preferred Stock outstanding as of January 31, 2014: 6,287

Transfer Agent

Olde Monmouth Stock Transfer Co., Inc.
200 Memorial Parkway
Atlantic Highlands
New Jersey 07716
+1 732 872-2727

The Transfer Agent is registered under the Exchange Act.

List any restrictions on the transfer of security:

Other than statutory limitations on the transfer of restricted shares, none.

Describe any trading suspension orders issued by the SEC in the past 12 months.

None.

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

On February 21, 2012, the Company issued 100,000 shares to one of its directors as compensation for director services performed.

On July 26, 2012, the Company issued 15,315,316 shares to Solidor Investments Limited in consideration for the restructuring of certain debt obligations to that entity as well as the payment of interest in the amount of $1,020,000.

On March 5, 2013 the Company issued 4,021,380 shares to CCM LLC in full and final satisfaction of an amount of $571,036 and in consideration for postponing part of the coupon to maturity. This amount formed part of a series of small loans which the Debenture Holder had made available as working capital to the business in March 2011.

All securities were issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended, under Section 4(2) thereunder (except as specifically set forth above), as they were issued in reliance on the recipients' representation that they were accredited (as such term is defined in Regulation D), without general solicitation and represented by certificates that were imprinted with a restrictive legend. In addition, all recipients were provided with sufficient access to Company information.

5) Financial Statements

Unaudited interim financial statements for Coda Octopus Group, Inc. for the period ended January 31, 2014 are included in this Quarterly Report at pages 22 through to 25. The unaudited financial statements contain:

1.	Condensed consolidated statements of operations and comprehensive income for the three months ended January 31,2014 (Unaudited) and 2013 (Unaudited)
2.	Condensed consolidated balance sheet as of January 31, 2014 (Unaudited) and October 31, 2013 (Audited)
3.	Condensed consolidated statement of stockholders' deficit for the three months ended January 31, 2014 (Unaudited)
4.	Condensed consolidated statements of cash flow for the three months ended January 31, 2014 (Unaudited) and 2013 (Unaudited)
5.	Notes to consolidated financial statements (Unaudited)

The unaudited consolidated financial statements include the accounts of Coda Octopus Group, Inc., and our domestic and foreign subsidiaries that are more than 50% owned and controlled. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the unaudited consolidated financials and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that we may undertake in the future, actual results may differ from those estimates.

Management Discussions on Results from our Operations for the Three Months ended January 31, 2014

Comparison of the Three Months Ended January 31, 2014 to the Three Months Ended January 31, 2013

General Statement on our Results for the Three Months Ended January 31, 2014

Our Results for the Three Months Ended January 31, 2014 are down compared to the Three Months ended January 31, 2013. This is due to a changing trend in the market for our real time 3D Products. The demand for these products is increasing. However our customers are showing a preference to rent the equipment (in the short run) as opposed to purchasing the equipment. Although this will affect our revenues in the short term, we believe that some of these customers will purchase after realizing the positive benefits the equipment can have on their projects. Furthermore, we have been affected in the Quarter by the Government sequestration program. A number of significant orders that were in our business plan for this Quarter have been delayed. The significant decline in our revenues during the first Quarter reported herein has impacted negatively on our overall operating income and performance as a whole.

The Management is focused on understanding these factors and reviewing our business model accordingly.

Revenues for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Revenues for the Three Months ended January 31, 2014*)	Percentage Change	Revenues for the Three Months ended January 31, 2013*)
$3,368,324	Decrease of 24.7% (“Decrease”)	$4,476,032

*) Unaudited

We believe that the Decrease in Revenues during the reporting period is due to a combination of factors. These include an increase in demand for rentals of our real time 3D products at the expense of sales of the real time 3D products. In addition, we have been adversely affected by the US sequestration program. This has resulted in the postponement of the placement of orders in our engineering business (Coda Octopus Colmek) that were in our business pipeline. In addition Coda Octopus Martech has suffered substantial delays in securing its production orders for the new decontamination units and although the first of these orders are in, this has impacted on its first Quarter revenues and thus the consolidated revenues of the Group.

Gross Margins for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Margins for the Three Months ended January 31, 2014*)	Margins for the Three Months ended January 31, 2013*)
63.8% (gross profit of $2,149,719)	60.9% (gross profit of $2,727,126)

*) Unaudited

This increase in gross margin percentage over the year reflected a different mix of sales. In particular, in the Quarter reported we have seen increased revenues from rentals and associated services which yield a higher gross profit margin for our business.

Research and Development (R&D) for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

R&D costs for the Three Months ended January 31, 2014*)	Percentage Change	R&D costs for the Three Months ended January 31, 2013*)
$310,860	Increase of 4.8% ("Increase")	$296,681

*) Unaudited

In the furtherance of the development of our real time 3D technology we have started to selectively invest in certain technology advancement programs. This Increase is consistent with these activities.

Selling, General and Administrative Expenses (SG&A) for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

SG&A for the Three Months ended January 31, 2014*)	Percentage Change	SG&A for the Three Months ended January 31, 2013*)
$1,369,145	Decrease of 2.3% ("Decrease")	$1,400,845

*) Unaudited

The modest Decrease in our SG&A is attributable to our continued efforts to keep the expenditures of the business under control. It is expected that going forward we will see an increase of the SG&A attributable to establishing our subsidiary in Australia.

Key Areas of SG&A and R&D Expenditure across the Group for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Expenditure	January 31, 2014*)	Percentage Change	January 31, 2013*)
Wages and Salaries	$971,244	Decrease of 6.7%	$1,040,708
Legal and Professional Fees (including accounting, audit and investment banking services)	$189,671	Increase of 10.7%	$171,377
Travel Costs	$41,691	Decrease of 0.4%	$41,872
Rent and office costs for our various locations	$160,509	Decrease of 0.5%	$161,349
Marketing	$25,741	Decrease of 56.3%	$58,937

*) Unaudited

The management anticipates that going forward that we will start to prudently reinvest in some of these areas, such as sales and marketing, which will probably involve selectively increasing other areas of expenditure, such as travel costs. We would also anticipate our legal and professional fees at a higher level. These figures are therefore likely to increase in years going forward.

Operating Income for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Operating Income for the Three Months ended January 31, 2014*)	Percentage Change	Operating Income for the Three Months ended January 31, 2013*)
$469,714	Decrease of 54.4% (“Decrease”)	$1,029,600

*) Unaudited

This Decrease is largely attributable to the decrease of revenues for the reasons explained above.

Other Income for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Other Income for the Three Months ended January 31, 2014*)	Percentage Change	Other Income for the Three Months ended January 31, 2013*)
$31,011	Increase of 30.5% ("Increase")	$23,769

*) Unaudited

Interest Expense for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Interest Expense for the Three Months ended January 31, 2014*)	Percentage Change	Interest Expense for the Three Months ended January 31, 2013*)
$399,762	Decrease of 1.8% ("Decrease")	$406,882

*) Unaudited

In both periods we have included amortization of the 30% redemption premium for our senior secured convertible Debentures.

Net Income or Loss for the Three Months ended January 31, 2014 compared to the Three Months ended January 31, 2013

Net Income for the Three Months ended January 31, 2014*)	Percentage Change	Net Income for the Three Months ended January 31, 2013*)
$99,769	Decrease of 84.7% ("Decrease")	$651,343

*) Unaudited

This Decrease is attributable to decreased sales in the Quarter for the reasons described above.

Inflation and Foreign Currency.

The Company maintains in local currency: US Dollars for the parent holding Company in the United States of America and the US operations, Pounds Sterling for UK operations and Norwegian Kroner for Norwegian operations.

The Company's operations are split between the United States and United Kingdom through its wholly-owned subsidiaries, with significant proportion of revenues and costs incurred outside the USA. As a result, fluctuations in currency exchange rates may significantly affect the Company's sales, profitability and financial position when the foreign currencies of its international operations are translated into U.S Dollars for financial reporting. We are also subject to currency fluctuation risk with respect to certain foreign currency denominated receivables and payables. Although the Company cannot predict the extent to which currency fluctuations may, or will, affect the Company's business and financial position, there is a risk that such fluctuations will have an adverse impact on the Company's sales, profits and financial position. As differing portions of our revenues and costs are denominated in foreign currency, movements could impact our margins, by example, decreasing our foreign revenues when the US Dollar strengthens and not correspondingly decreasing our expenditures. The Company does not currently hedge its currency exposure. A large part of the Company's revenues and direct costs of sales are in Sterling. We may engage in hedging transactions to mitigate foreign exchange risks.

During the Three Months Ended January 31, 2014, a summary of our material foreign currency transactions includes:

	UK £	NKr	Total $
Revenues from foreign subsidiary	1,524,618	–	2,478,708
Direct Costs of foreign subsidiaries	286,103	1,293,606	1,216,783

The prevailing exchange rates during the Three Months Ended January 31, 2014 ranged between \$1.5898 and \$1.6638 for Pound Sterling and between \$0.1601 and \$0.1682 to the Norwegian Kronor for the same period. The above are calculated at the average of the exchange rates at the end of the three months from November 1, 2013 to January 31, 2014.

It is the opinion of the Company that inflation has not had a material effect on its operations.

6) Describe the Issuer's Business, Products and Services

Overview

Coda Octopus Group, Inc. and its subsidiaries ("the Company", "we", "us", "our Group") are experts in sub-sea marine technology. We are also in marine engineering provided through two of our wholly owned subsidiaries.

Our SIC Code is 3812 - Search, Detection, Navigation, Guidance, Aeronautical and Nautical Systems and Instruments

Our Group structure is shown on page 14 below.

Our Group comprises the sub-sea Marine Technology Businesses which are conducted through our three wholly owned subsidiaries, Coda Octopus Products Limited (United Kingdom), Coda Octopus Products, Inc. (USA.) and Coda Octopus Products Pty Ltd.

Our most important product, the real time 3D Echoscope®, generates high resolution real time images of the underwater environment and gives particular benefits in turbid/zero visibility environments. The Echoscope® gives the user reliable underwater intelligence in real time. We are unaware of any other sonar devices which provide real time 3D visualization capabilities with the range and resolution of the Echoscope®.

We believe the software used with the Echoscope®, CodaOctopus Underwater Survey Explorer, to be cutting edge in providing unparalleled real time images of subsea environments. We further believe that we can maintain this lead as a consequence of the significant research and development resources we have invested, and continue to invest in this field. We also believe that the Echoscope® technology has significant potential to displace conventional 2D sonar tools and multi-beam sonar devices in a number of core applications.

The Group also comprises the Marine Engineering Businesses conducted through two of our wholly owned subsidiaries, Coda Octopus Colmek, Inc. ("**Colmek**") based in the USA and Coda Octopus Martech Limited ("**Martech**") based in the United Kingdom.

Our marine engineering operations, which have long established defense engineering experience, mainly provide their services to prime and second level defense contractors, quasi-government institutions and the like. Frequently, they secure repeat revenues from developing prototypes which then turn into long term manufacturing contracts. For example, Colmek has been a supplier of key components in the Phalanx ship defense program for several years running.

Similarly, Martech has recently completed the Customer Acceptance Phase of a prototype decontamination unit for a major international military aircraft program. The value of the contract under the Prototype development phase of the project was $640,000. As part of Customer Acceptance, Martech has delivered the prototype decontamination unit to the customer who has subjected this to its own verification testing. This has now been accepted and forms part of the recommended ground equipment for this aircraft and we expect that Martech will be the incumbent for the production of this product. We have recently received the first production order for this product.

Each of these operations has the requisite accreditation for the work it does and includes:

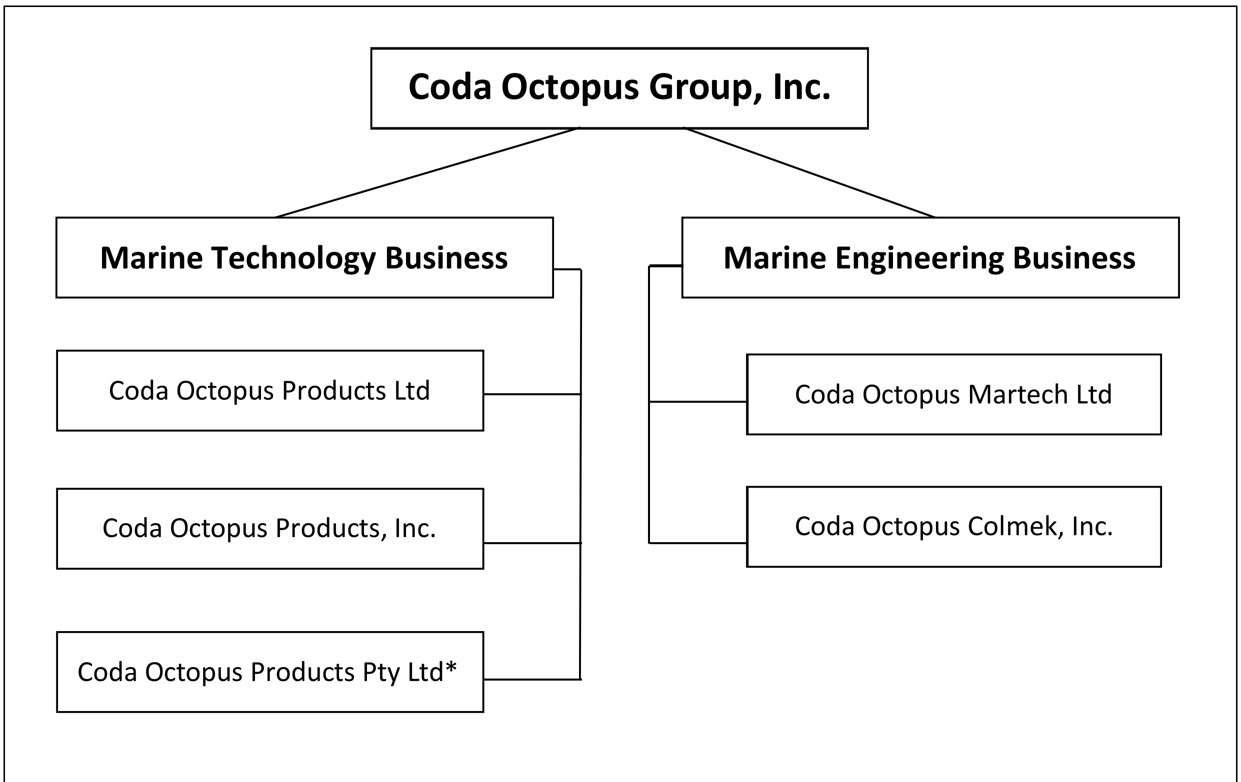
- Martech is LRQ accredited ISO9001:2008 and TickIT Guide Issue 5.5.
- Colmek is ISO9001:2008 compliant.

Martech has moved to new facilities owned by the Marine Technology Business and will be providing more support to the Marine Technology Business on developing and supporting its flagship real time 3D Products.

The engineering capability within our Group (at the date of this Report we have approximately 70 highly skilled engineers) forms a key part of our strategy for developing our existing technologies and new ones for the marine markets.

1. GROUP STRUCTURE

Our Group Structure is as follows:



*) This company was formed in December 2013.

In addition, we have a research and development facility operated through Coda Octopus R&D AS in Norway and Coda Octopus R&D Limited in the United Kingdom.

Ongoing Restructuring Plans

The Company's Balance Sheet currently includes $16,268,643 in Senior Secured Debentures which were issued in February 2008 and which provides for a 30% redemption premium. This amount includes provisions in our accounts for principal, interests and redemption premium accrued to date. The

Debentures mature on February 21, 2015 ("Debt"). On February 21, 2014 this amount was reclassified in our financials as short term since the term is now less than twelve (12) months.

The Board of Directors' goal is to work with the current Debenture Holder to reach agreement during on the restructuring of the Debt prior to maturity. We believe this will be beneficial to all stockholders as reduction of the Debt will increase the value of the business. Nevertheless, it is most unlikely that the Company will be able to pay in cash $16,268,643 (plus additional redemption premiums which are incurred daily until redemption of the Debt). Consequently, it is probable that the Company will negotiate the issuance of shares to satisfy a part of the Debt at a price which is more in keeping with the market price (and not the conversion price of $1.05 provided for in the Debentures). The Company intends to engage an investment bank or other valuation professionals to assist it in structuring a transaction that would reduce or eliminate the Company's Debt.

We are also seeking to raise additional financing to refinance the Debt.

We believe that the reduction or elimination of the Debt will positively impact the value of the Business and significantly enhance its prospects going forward.

Legal Proceedings

On or around January 6, 2014 a number of investors who subscribed for shares and warrants pursuant to a series of securities purchase agreements entered into on or around April and May 2007 ("Securities Agreement") and to which the Company was a party have instituted legal proceedings against the Company and one of our Directors, Geoff Turner, in the Supreme Court of the State of New York ("**Claim**"). In their Claim these investors allege, inter alia, breach of contract and negligent misrepresentation. The investors who have brought this Claim against the Company are: Iroquois Master Fund Limited, Rockmore Investment Master Fund Ltd, Cranshire Capital, LP, Scot Cohen, Richard Abbe, Phillip Mirabelli and Joshua Silverman (together "**Complainants"**).

In summary the Complainants allege that the Company issued securities which constituted Dilutive Issuances (as the term is defined in the Securities Agreement). These Complainants assert in their Claim that they are seeking from the Company (i) the issuance of 97,618,439 shares of common stock; and (ii) adjustment of the exercise price under each of the Complainant's Warrants; and (iii) reinstatement of the Warrant and adjustment of the exercise price of the Warrants and number of shares issuable under the Warrants; and (iv) their costs and reasonable attorneys' fees incurred; and (v) any other relief the Court deems just and proper.

The Company and Geoff Turner intend to vigorously defend these claims.

Subsequent events

The Senior Debentures have been reclassified as short-term since as of February 21, 2014 they mature in less than twelve (12) months.

7) Describe the Issuer's Facilities

Lakeland, Florida, USA. (Headquarters to Group and operational facilities for Coda Octopus Products, Inc.)

Our corporate offices, which co-locate with our wholly owned subsidiary, Coda Octopus Products, Inc., are located at 4020 Kidron Road, Lakeland, Florida 33811, USA, where the Company on or around November 14, 2012 acquired a property comprising 4,154 square feet office and warehouse space and testing facilities.

Salt Lake City, Utah, USA. **(Marine Engineering Facilities)**

Our wholly owned subsidiary, Coda Octopus Colmek, Inc. leases 7,170 square feet of business premises at 1775 South 4130 West, Suite A, Salt Lake City, Utah 84104, comprising both office space and manufacturing and testing facilities. The lease provides for a monthly rental of $7,107 excluding property tax and utilities and is during the term subject to an annual rental increase of 3% every April. The lease expires on September 30, 2014.

Edinburgh, Scotland, United Kingdom. **(Marine Technology Operations)**

Our wholly owned United Kingdom subsidiary, Coda Octopus Products Ltd, leases business premises comprising 4,099 square feet and located at 2nd Floor, Anderson House, 1 Breadalbane Street, Edinburgh, EH6 5JR, United Kingdom. These premises are used as offices. The building is located close to the Port of Leith and the Firth of Forth, which is convenient for conducting trials and demonstrations of our products.

The Company has now extended the lease on these premises until February 28, 2019. The annual rent is fixed for the duration of the lease at the British Pounds equivalent of $54,130 (the rent is stated in British Pounds and is therefore subject to exchange rate fluctuations).

This subsidiary also leases testing facility at 8 Corunna Place, Edinburgh EH6 5JG on a 3 month rolling lease agreement. The annual rent for this facility is $11,500.

Portland, Dorset, England, UK. (**Marine Engineering Facilities with dedicated facilities for Marine Technology Operations)**

The long term lease of our wholly owned subsidiary, Coda Octopus Martech Limited, expired in 2013. Martech has now relocated to new premises, which it leases from Coda Octopus Products Limited. These premises are located in the Marine Center at 17 Mereside, Portland, Dorset DT5 1PY and comprise 9,890 square feet. The building comprises both office space and manufacturing and testing facilities. The lease, which is for a period of 5 years, provides for an annual rent of the equivalent of

$51,000 (the rent is stated in British Pounds and is therefore subject to exchange rate fluctuations). These premises are owned by Coda Octopus Products Limited. These premises will allow easy access to marine facilities such as testing vessels etc.

Bergen, Norway. (**Marine Technology Development Center**)

Our wholly owned Norwegian subsidiary, Coda Octopus R&D AS, leases 2,370 square feet of business premises in a recently refurbished maritime business center directly on the waterway connected to Bergen harbor. This facility serves as our Research and Development center with purpose-built laboratories for electronic and mechanical development. The lease provides for a rental of the equivalent of $44,911 (the rent is stated in Norwegian Kroners and is therefore subject to exchange rate fluctuations) per annum and expires on May 31, 2015.

8) Officers, Directors, and Control Persons as of January 31, 2014

Officers and Directors:

- Michael Hamilton, Director and Chairman of the Board, Maywood, New Jersey, USA
- Robert Ethrington, Director, England, United Kingdom.
- Annmarie Gayle, LL.B, LLM, Group Chief Executive Officer and Director, Denmark
- Geoff Turner, Executive Director and Deputy Chief Executive Officer, England, United Kingdom
- Blair Cunningham, President of Technology and Director, USA
- Mike Midgley, Acting Chief Financial Officer, USA and CEO of our subsidiary Coda Octopus Colmek, Inc.

Control persons as of January 31, 2014:

- Greenhouse Investments Limited
- CCM Holdings LLC

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

No director, officer or control person has to the knowledge of the Company in the last five years been the subject of any of the actions or issues listed under items 1 through 4 above.

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

At January 31, 2014 the following persons were recorded as beneficially owning more than ten percent (10%) of the issuer's common stock:

Shareholder	**Number of Common Stock / (%)**
Greenhouse Investments Limited 1st floor, Liberation Station The Esplanade St Helier, Jersey JE2 3AS British Channel Islands Michael O'Leary Collins has voting and dispositive power over the shares held by this entity. The Company has been advised that Jason Lee Reid (prior CEO of Coda Octopus Group, Inc.) has an option to acquire 67.5% of these shares subject to certain conditions.	23,576,986 / (25.1%)
CCM Holdings LLC 376 Main Street PO Box 74 Bedminster, NJ 07921 U.S.A. Jack Galuchie has voting and dispositive power over the shares held by this entity.	19,336,696 / (20.6%)

The numbers in the above table do not include 11,428,571 shares of common stock issuable upon conversion of Debentures at $1.05 per share. A reduction in the conversion price, which may be made as a result of a renegotiation of the Debentures, is likely to increase significantly the numbers of shares issuable upon conversion thereof.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Accountant or Auditor

Stayner, Bates & Jensen, PC, Certified Public Accountants and Consultants
510 South 200 West, Suite 200
Salt Lake City, Utah 84101
+1 801-531-9100

10) Issuer Certification

I, Annmarie Gayle, certify that:

1. I have reviewed this quarterly disclosure statement for the period ending January 31, 2014 of Coda Octopus Group, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 19, 2014

/s/ Annmarie Gayle
Group CEO

CODA OCTOPUS GROUP, INC.

Index to consolidated unaudited financial statements

Condensed consolidated statements of operations and comprehensive loss/gain
for the Three and Nine Months ended July 31, 2013 (Unaudited) and 2012 (Unaudited)

Coda Octopus Group, Inc

-

Consolidated Accounts

Income Statement	**Three Months Ended January 31st, 2014**	**Three Months Ended January 31st, 2013**
Net Revenue	$ 3,368,324.00	$ 4,476,032.00
Cost of Revenue	1,218,605	1,748,906
Gross Profit	**2,149,719**	**2,727,126**
Research & Development	310,860	296,681
Selling, General & Administrative	1,369,145	1,400,845
Operating Income/Loss	**469,714**	**1,029,600**
Other Income (Expense)		
Other Income	31,011	23,769
Interest Expense	(399,762)	(406,882)
Gain (loss) on change in fair value of derivative liability	-	4,856
Unrealized gain on sale of investment in marketable securities	(1,194)	-
Realized gain on the sale of marketable securities		-
Total other income (expense)	**(369,945)**	**(378,257)**
Income (Loss) before income taxes	99,769	651,343
Income tax refund (expense)	-	-
Net Income (Loss)	**$ 99,769.00**	**$ 651,343.00**
Preferred Stock Dividends		
Series A		-
Series B		
Beneficial Conversion Feature		
Net Income (Loss) Applicable to Common Shares	**99,769**	**651,343**
Income (Loss) per share, basic and diluted	0.001	0.01
Weighted average shares outstanding	93,776,356	89,754,976
Comprehensive loss		
Net income (loss)	99,769	651,343
Foreign currency translation adjustment	167,158	(55)
Unrealized gain (loss) on investment	-	-
Comprehensive income (loss)	$ 266,927.00	$ 651,288.00

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Condensed consolidated balance sheets as of January 31, 2014 (Unaudited) and October 31, 2013 (Audited)

Balance Sheet	January 31st, 2014	October 31st, 2013
Assets		
Current Assets		
Cash and Cash Equivalents	$ 8,101,098	$ 8,248,269
Restricted Cash	17,472	18,109
Short Term Investments	11,556	12,750
Accounts Receivables, net of allowance for doubtful accounts	2,593,390	2,418,846
Inventory	3,477,585	3,091,955
Unbilled Receivables, Note 2	624,319	520,838
Other current assets, Note 3	287,342	478,011
Prepaid Expenses	131,223	193,001
Total Current Assets	**15,243,985**	**14,981,779**
Fixed Assets		
Property and Equipment, net, Note 4	1,473,953	1,332,777
Goodwill and other intangibles, net, Note 5	3,606,367	3,688,971
Total Fixed Assets	5,080,320	5,021,748
Other Assets		
Deferred Tax Asset	37,294	110,667
Total Assets	**$ 20,361,599**	**$ 20,114,194**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable, trade	$ 1,140,558	$ 1,133,186
Accrued Expenses and other current liabilities	473,533	790,417
Short term loan payable	-	218,000
Loans and note payable, short term, Note 11	725,750	543,000
Warrant liability, Note 8	-	-
Deferred revenues, Note 2	610,181	488,366
Total Current Liabilities	**2,950,022**	**3,172,969**
Loans and note payable, long term, Note 11	16,237,252	16,033,825
Total Liabilities	**19,187,274**	**19,206,794**
Contingencies and Commitments, Note 10		
Stockholders' equity (deficit)		-
Preferred stock, $.001 par value; 5,000,000 shares authorized,	6	6
6,287 Series A issued and outstanding, as of		-
January 31, 2014 and October 31, 2013, respectively		-
Nil shares Series B issued and outstanding as of		-
January 31, 2014 and October 31, 2013, respectively		-
Common stock, $.001 par value; 150,000,000 shares	93,776	93,776
authorized, 93,776,356 and 93,776,356 shares issued and outstanding		-
as of January 31, 2014 and October 31, 2013		-
Additional paid-in capital	49,030,395	49,030,395
Accumulated other comprehensive loss	(107,150)	(274,308)
Accumulated deficit / surplus	(47,842,702)	(47,942,469)
Total Stockholder's Equity (Deficit)	**1,174,325**	**907,400**
Total liabilities and stockholders' deficit	**$ 20,361,599**	**$ 20,114,194**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Consolidated statement of changes in stockholders' equity for the Three Months ended January 31, 2014 (Unaudited)

	Preferred Stock Series A		Common Stock		Stock	Additional Paid-in	Accumulated Other	Accumulated	
	Shares	Amount	Shares	Amount	Subscribed	Capital	Comprehensive loss	Deficit	Total
Balance, October 31, 2013	6,287	6.10	93,776,356	93,776.36	-	49,030,395.16	-274,308.22	-47,942,468.67	907,400.73
Foreign currency translation adjustment							167,157.79		167,157.79
			-	-		-			-
Net Income								99,767.09	99,767.09
Balance, January 31, 2014	6,287	6.10	93,776,356	93,776.36	-	49,030,395.16	-107,150.43	-47,842,701.58	1,174,325.61

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Condensed consolidated statements of cash flows for the Three Months ended January 31, 2014 (Unaudited) and 2013 (Unaudited)

Cash Flow	Three Months Ended January 31st, 2014	Three Months Ended January 31st, 2013
Cash Flows from Operating Activities		
Net income/(loss)	99,769	651,343
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	65,398	91,415
Stock based compensation	-	-
Change in fair value of warrant liability	-	(4,856)
Financing costs	386,177	133,571
Impairment of investment of marketable securities	-	-
Bad debt expense	-	-
Gain on sale of investment in marketable securities	1,194	-
Loss on sale of assets	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Short-Term Investments	-	
Accounts receivable	(174,546)	28,995
Inventory	(385,630)	126,938
Prepaid expenses	61,778	64,470
Unbilled receivables and Other assets	87,188	566,568
Increase (decrease) in current liabilities:		-
Accounts payable and accrued expenses	7,371	(1,116,346)
Deferred revenues	(316,884)	(31,535)
Sundry Creditors	121,816	-
Net cash (used)/generated by operating activities	(46,369)	510,563
Cash Flows from Investing Activities		
Purchases of property and equipment	(186,285)	(342,105)
Cash Subject to restriction	637	(28,307)
Deferred Tax Asset	73,373	
Purchases of intangible assets	62,315	-
Net cash provided by/(used in) investing activities	(49,960)	(370,412)
Cash Flows from Financing Activities		
Proceeds from/(repayments of) loans	(218,000)	-
Proceeds for sale of marketable security	-	-
Shares issued for bond interest	-	-
Shares issued for warrants and services	-	-
Preferred stock dividend		-
Net cash (used)/provided by financing activities	(218,000)	-
Effect of exchange rate changes on cash	167,158	(55)
Net (decrease)/increase in cash	(147,171)	140,096
Cash and cash equivalents, beginning of period	8,248,269	5,177,878
Cash and cash equivalents, end of period	8,101,098	5,317,974

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

General

The accompanying are unaudited condensed consolidated financial statements. As such they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Accordingly, the results from operations for the three month period ended January 31, 2014, are not necessarily indicative of the results that may be expected for the year ended October 31, 2014. The unaudited condensed financial statements should be read in conjunction with the consolidated audited financial statements of October 31, 2013 and footnotes thereto.

Business and Basis of Presentation

Coda Octopus Group, Inc. (*"we ", "us"* "*our company* " or *"Coda"*) was formed under the laws of the State of Florida in 1992 and re-domiciled to Delaware following a reverse merger with The Panda Project in 2004.

We produce and sell subsea products (software and hardware including patented products such as our real time 3D Sonar). We also provide engineering services for mainly prime and sub-prime defense contractors and subsea clients.

The unaudited condensed consolidated financial statements include the accounts of Coda and our domestic and foreign subsidiaries that are more than 50% owned and controlled. All our subsidiaries are 100 percent owned.

All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

Accounts Receivable

We periodically review our trade receivables in determining our allowance for doubtful accounts. Allowance for doubtful accounts was $nil for the period ended January 31, 2014 and $nil for the year ended October 31, 2013. We have not realized any actual bad debt expense during these periods.

Inventory

Inventory is stated at the lower of cost or market using the first-in first-out method. Inventory is comprised of the following components at January 31, 2014 and October 31, 2013:

		Jan 31, 2014		Oct 31, 2013
Inventory – Parts	$	1,315,883	$	1,226,969
Inventory – Work in progress	$	323,203	$	178,461
Inventory – Demonstration Asset Pool	$	1,051,576		1,004,032
Inventory – Finished goods	$	786,923	$	682,493
Total inventory	$	3,477,585	$	3,091,955

Earnings Per Share ("EPS")

Net income (loss) per share

Dilutive common stock equivalents consist of shares issuable upon conversion of warrants and the exercise of the Company's stock options and warrants. Common stock equivalents derived from shares issuable in conversion of the warrants are not considered in the calculation of the weighted average number of common shares outstanding because the adjustments in computing income available to common stockholders would result in a loss. Accordingly, the diluted EPS would be computed in the same manner as basic earnings per share.

The following reconciliation of net income and share amounts used in the computation of gain per share for the three months ended January 31, 2014:

		Three Months Ended Jan 31, 2014
Net income used in computing basic net income per share	$	99,769
Impact of assumed assumptions:		
Gain on warrant liability marked to fair value	$	0
Net income in computing diluted net gain or loss per share:	$	99,769

Per share basic and diluted net income amounted to $0.001 for the period ended January 31, 2014. Per share basic and diluted net gain amounted to $0.06 for the year ended October 31, 2013.

Liquidity

As of January 31, 2014, we had:

Cash and Cash Equivalents	$	8,101,098
Working Capital Surplus	$	12,293,963
Stockholders' Equity	$	1,174,326
Accumulated Deficit	$	47,842,702

For the three month period ended January 31, 2014, we had:

Net Income	$	99,769
Cash Flow from Our Operations	$	(46,369)

The Company is dependent upon its ability to generate revenue from the sale of its products and services to generate cash to cover operation and implement its business plan including servicing its obligations.

If the Company's financial resources from operations are insufficient, the Company will require additional financing in order to execute its operating plan and continue as a going concern. The Company may not be able to obtain the necessary additional capital on a timely basis, on acceptable terms, or at all. In any of these events, the Company may be unable to repay its debt obligations including the repayment of the Debentures, implement its current plans for reorganization, or respond to competitive pressures, any of which circumstances would have a material adverse effect on its business, prospects, financial condition and results of operations.

NOTE 2 - CONTRACTS IN PROGRESS

Costs and estimated earnings in excess of billings on uncompleted contracts represent accumulated project expenses and fees which have not been invoiced to customers as of the date of the balance sheet. These amounts are stated on the balance sheet as Unbilled Receivables of $624,319 and $520,838 as of January 31, 2014 and October 31, 2013 respectively.

Our Deferred Revenue of $610,181 consists of the categories below.

Billings in excess of cost and estimated earnings on uncompleted contracts represent project invoices billed to customers that have not been earned as of the date of the balance sheet. These amounts are stated on the balance sheet as Deferred Revenue of $139,932 and $72,858 as of January 31, 2014 and October 31, 2013 respectively.

Revenue received as part of sales of equipment includes a provision for warranty and is treated as deferred revenue, along with extended warranty sales, with these amounts amortized over 12 months from the date of sale. These amounts are stated on the balance sheet as Deferred Revenue of $470,249 and $415,508 as of January 31, 2014 and October 31, 2013 respectively.

NOTE 3 - OTHER CURRENT ASSETS

Other current assets on the balance sheet total $287,342 and $478,011 at January 31, 2014 and October 31, 2013 respectively. These totals comprise the following:

		Jan 31, 2014		Oct 31, 2013
Deposits*	$	75,664	$	49,483
Other receivable	$	211,678	$	420,929
Total	$	287,342	$	470,412

*) This amount represents amounts held by third parties to secure certain of our obligations undertaken in the ordinary course of our business, such as rent deposits.

Within the above amount are Value Added Tax (VAT) refunds owed to the Company of $161,169 and $334,724 as at January 31, 2014 and October 31, 2013 respectively.

NOTE 4 - FIXED ASSETS

Property and equipment (including Real Property) at January 31, 2014 and October 31, 2013 is summarized as follows:

		Jan 31, 2014		Oct 31, 2013
Machinery, property improvements and equipment	$	1,199,259	$	1,036,408
Real Property	$	1,087,322		1,063,8885
Accumulated depreciation	$	(812,628)	$	(767,516)
Net property and equipment assets	$	1,473,953	$	1,332,777

Depreciation expense recorded in the statement of operations for the period ended January 31, 2014 and the year ended October 31, 2013 is $30,439 and $69,700 respectively.

NOTE 5 - INTANGIBLE ASSETS AND GOODWILL

Goodwill and Other Intangible Assets are evaluated on an annual basis, and when there is reason to believe that their values have been diminished or impaired write-downs will be included in results from operations. We have conducted a goodwill assessment in this period and based on the methodology used by the Company we have concluded that goodwill was not impaired as at January 31, 2014 and therefore remains unchanged.

The identifiable intangible assets acquired and their carrying value at January 31, 2014 and October 31, 2013 is:

	Jan 31, 2014	Oct 31, 2013
Customer relationships (weighted average life of 10 years)	$ 694,503	$ 694,503
Non-compete agreements (weighted average life of 3 years)	$ 198,911	$ 198,911
Patents (weighted average life of 10 years)	$ 117,161	$ 117,161
Total amortized identifiable intangible assets - gross carrying value	$ 1,010,575	$ 1,010,575
Less accumulated amortization	$ (724,001)	$ (703,712)
Net	$ 286,574	$ 306,863

Estimated annual amortization expense as of January 31, 2014 is as follows:

For full years ending October 31:	
2014	$ 81,156
2015	$ 81,156
2016	$ 81,156
2017	$ 39,854
2018	$ 7,991
Thereafter	$ 15,550
Total	$ 306,863

Amortization of patents, customer relationships, non-compete agreements and licenses included as a charge to income amounted to $20,289 and $80,374 for the three months' period ended January 31, 2014 and year ended October 31, 2013, respectively. Goodwill is not being amortized.

NOTE 6 - CAPITAL STOCK

The Company is authorized to issue 150,000,000 shares of common stock with a par value of $.001 per share.

No shares of common stock have been issued in the Three Months ending January 31, 2014.

The Company has issued and outstanding 93,776,356 shares of common stock as of March 19, 2014.

Other Equity Transactions

Common stock options which entitle the holder to purchase under their terms have lapsed or cancelled due to staff departure as follows:

Period	**Number of Options Expired or Cancelled**
Number of options which expired or were cancelled in the 3 months period ended January 31, 2014	0

NOTE 7 - WARRANTS AND STOCK OPTIONS

There are no warrants outstanding.

Stock Options	**Three Months ended January 31, 2014**			**Year ended October 31, 2013**		
	Number		Weighted Average Exercise Price	Number		Weighted Average Exercise Price
Outstanding at beginning of the period	50,000	$	1.05	235,000	$	1.25
Granted during the period	—		—	—		—
Terminated during the period	—		—	(185,000)	$	1.30
Outstanding at the end of the period	50,000	$	1.05	50,000	$	1.05
Exercisable at the end of the period	50,000	$	1.05	50,000	$	1.05

The number and weighted average exercise prices of stock purchase options outstanding as of January 31, 2014 are as follows:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Total Exercisable
1.05	50,000	1.35	50,000
Totals	50,000	1.35	50,000

NOTE 8 – DERIVATIVE LIABILITY

The Company’s remaining outstanding equity-linked financial instruments in the form of warrants expired in the period ended April 30, 2013. There are currently no warrants outstanding. The Company’s senior Debentures are convertible at the option of the Debenture holder and the Company (where the conversion conditions (specified in Note 11 below) are met.

NOTE 9 - INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes are insignificant.

For income tax reporting purposes, the Company's aggregate U.S. unused net operating losses approximate $18,190,000 as of October 31, 2013, which expire 2026 through 2029, subject to limitations of Section 382 of the Internal Revenue Code, as amended. The deferred tax asset related to the carry forward is approximately $7,090,000 as of October 31, 2013. The Company has provided a valuation reserve against the full amount of the net operating loss benefit.

For income tax reporting purposes, the Company's aggregate UK unused net operating losses approximate $654,000 with no expiration. The deferred tax asset related to the carry-forward is approximately $211,667. The Company has provided a valuation reserve against the asset.

Components of deferred tax assets as of October 31, 2013 are as follows:

Non-Current	**Oct 31, 2013**
Net Operating Loss Carry Forward Benefit	$ 7,301,667
Valuation Allowance	$ (7,191,000)
Net Deferred Tax Asset	$ 110,667

NOTE 10 - CONTINGENCIES AND COMMITMENTS

Litigation

On or around January 6, 2014 a number of investors who subscribed for shares and warrants pursuant to a series of securities purchase agreement in April and May 2007 ("Securities Agreement") and to which the Company was a party have instituted legal proceedings against the Company and one of our Directors, Geoff Turner, in the Supreme Court of the State of New York ("**Claim**"). In their Claim these investors allege, inter alia, breach of contract and negligent misrepresentation. The investors who have brought this Claim against the Company are: Iroquois Master Fund Limited, Rockmore Investment Master Fund Ltd, Cranshire Capital, LP, Scot Cohen, Richard Abbe, Phillip Mirabelli and Joshua Silverman (together "**Complainants"**).

In summary the Complainants allege that the Company issued securities which constituted Dilutive Issuances (as the term is defined in the Securities Agreement). These Complainants assert in their Claim that they are seeking from the Company (i) the issuance of 97,618,439 shares of common stock; and (ii) adjustment of the exercise price under each of the Complainant's Warrants; and (iii) reinstatement of the Warrant and adjustment of the exercise price of the Warrants and number of shares issuable under the Warrants; and (iv) their costs and reasonable attorneys' fees incurred; and (v) any other relief the Court deems just and proper.

The Company and Geoff Turner intend to vigorously defend these claims.

Operating Leases

We occupy our various office and warehouse facilities pursuant to both term and month-to-month leases. Our term leases expire at various times through February 2019. Future minimum lease obligations are approximately $642,387 with the minimum future rentals due under these leases as of January 31, 2014 as follows:

Years Ending October 31 respectively:

2014	$ 169,387
2015	$ 131,328
2016	$ 105,130
2017	105,130
2018	$ 105,130
2019	$ 26,283
Total future minimum lease payments	$ 642,387

Concentrations

Revenue Concentration

None during the reported period.

NOTE 11 - NOTES AND LOANS PAYABLE

A summary of notes payable at January 31, 2014 and October 31, 2013 is as follows:

		Jan 31, 2014		Oct 31, 2013
On February 21, 2008 the Company issued a convertible secured debenture with a face value of $12M ("Secured Debenture"). The Secured Debenture matures on February 21, 2015 at 130% of its face value. The Secured Debenture attracts interest of 8.5%. During the term the Secured Debenture is convertible into shares of our common stock, at the option of the Debenture holder, at a conversion price of $1.05. We may also force the conversion of these Debentures into our common stock after two years in the event that we obtain a listing on a national exchange and our stock price closes on 40 consecutive trading days at or above $2.50 between the second and third anniversaries of this agreement; $2.90 between the third and fourth anniversaries of this agreement; and $3.50 after the fourth anniversary of this agreement or where the daily volume weighted average price of our stock as quoted on OTCBB or any other US National Exchange on which our securities are then listed has, for at least 40 consecutive trading days closed at the agreed price. Balance includes principal, accrued interest and accrued terminal conversion balance.	$	16,268,643	$	15,885,072
The Company has a 10 years secured mortgage for £330,000, secured by a building in the UK that requires monthly principal payments of £2,750 along with interest at 2.75%, matures October 2023. The conversion rate varies according to exchange rates fluctuations	$	533,307	$	530,701
The Company has acquired from its UK subsidiary Coda Octopus Products Ltd, a 7 year unsecured loan note for £100,000 due April 30, 2014; interest rate of 12% annually; repayable at maturity or convertible into common stock when the share price reaches $3.	$	161,052	$	161,052
Total	$	16,963,002	$	16,576,825
Less: current portion	$	(725,750)	$	(724,122)
Total Long-Term Loans and Notes payable	$	16,237,252	$	15,852,703

NOTE 12 –SUBSEQUENT EVENTS

On February 21, 2014 the Senior Secured Debentures were reclassified to short term in our financial statements since there is less than 12 months to their maturity