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# **Coda Octopus Reports Q2 Results: Says Operations Are ``Improving Rapidly" and ``Approaching Long Term Sustainability"**

NEW YORK--(BUSINESS WIRE)--

Coda Octopus Group, Inc. (OTCBB: CDOC), a world leader in underwater port security and marine survey technology, today reported significantly improved results for the second fiscal quarter ending April 30, 2008.

For the second fiscal quarter ended April 30, 2008, Coda Octopus Group, Inc. reported revenues of \$5.1 million, compared to \$2.2 million for the second fiscal quarter ended April 30, 2007. The Company had operating income of \$223,407 - its first ever positive quarter - compared to a loss from operations of \$1.7 million in the like year-ago quarter. Net loss applicable to common shares was (\$216,490), or less than (\$0.01) per share in Q2 2008, compared to a loss of (\$7.6 million), or (\$0.23) per share in Q2 2007. Weighted shares outstanding increased from 33,027,006 to 48,317,993 over the period.

For the six-month period ended April 30, 2008, the Company reported revenues of \$8.2 million, as compared to \$4.9 million for the six months ending April 30, 2007. Net losses applicable to common shares were (\$2.6 million), or (\$0.05) per share for the first half of FY 2008, compared to a loss of (\$11 million), or (\$0.38) per share in the first half of FY 2007. Weighted shares outstanding increased from 29,138,920 to 48,283,808 over the period.

During the quarter, the Company issued a \$12 million 8.5% Senior Secured Registered Note. This financing was included as a subsequent event in the Company's 10K report for the fiscal year ending October 31, 2007. A summary of terms and conditions were provided in a press release dated February 27, 2008.

Growth in sales for the second fiscal quarter was driven by rapid growth from the Company's Products Division, where sales grew by 285% and comprised 51% of Q2 sales, as well as by important, measured growth in the Company's real-time 3D sonar business, including sales of the Company flagship Echoscope(TM) and Underwater Inspection System(TM) products. Gross margins were strong in the 2008 period at 74% as compared with 43% for the 2007 period. These growth trends appear to be continuing thus far into the third fiscal quarter, and the Company is targeting an average gross margin in the vicinity of 63% going forward.

Coda Octopus Products is based in Edinburgh Scotland and St Petersburg, Florida, and provides highly advanced geophysical survey systems and motion sensor products to the marine industry, and to leading survey organizations around the world which primarily serve the oil and gas industry. This industry exposure looks likely to underpin ongoing growth as the sector continues to invest heavily in infrastructure and capacity growth.

According to Jason Reid, Coda Octopus President and CEO, "Coda Octopus operations are improving rapidly and are approaching long-term sustainability, while, at the same time, the Company continues to make significant progress in its real time 3D sonar business."

During the second quarter, Jacksonville Sheriff's Department in Florida became the first US law enforcement agency to deploy the Company's Underwater Inspection System, while Van Oord, which is one of the world's largest marine contractors, became the first to deploy Echoscopes to enhance the efficiency and safety of divers in a key underwater construction application that appears to have opened an important new market segment for Coda Octopus.

Also during the second quarter Coast Guard Commandant Adm Thad Allen and Chief of Naval Operations Gary Roughead went on record to clearly state their belief that the US continues to face the threat of a potential terrorist attack from an underwater mine or improvised explosive device, and to voice their support for a large scale program to survey the nations key ports. In an interview on April 9, published for "Inside the Navy", the top Coast Guard Officer said, "What we've been discussing with NOAA (National Oceanographic and Atmospheric Administration), the Navy and everybody else is how to come up with a standardized, repeatable process to do port surveys.... We're putting together a plan on how to do it, everyone is in agreement we need to do it and we're going through the first year of (figuring out how to) program that into budgets."

Reid said that, "Based upon these important comments, and our ongoing work with the Coast Guard, the Navy and the Department of Defense under the terms of our contract with the Technical Support Working Group ("TSWG"), we can report to you that at the senior levels of its permanent staff there is a widespread consensus that a credible threat of an underwater attack does exist. This threat is not just a challenge for the ports of the United States, but the entire civilized world. Coda Octopus has the patents and owns 100% of the rights to the only new technology that has been developed since 9/11 that enables users to 'see' the underwater environment in 3D in real time and identify and respond to the threat of a potential intruder. We expect our products to play an important role in a new generation of port security systems that are just now beginning to come on stream."

About Coda Octopus Group, Inc.

Originally founded in 1994 as Coda Technologies, the Coda Octopus Group has grown to encompass five companies and is headquartered in New York. All of the Group companies operate within the technology innovation, product development and engineering services sphere with facilities in Washington D.C., Florida, Utah, New York, the UK and Norway. Alongside providing custom engineering and development to navies, oil and gas, nuclear and medical clients around the world, one of the key products is the Coda Echoscope(TM) - the first real time 3D subsea sonar. The Coda Echoscope(TM) is the heart of the Coda Underwater Inspection System(TM) being adopted for homeland security in ports around the world and which can be linked to land based surveillance systems utilizing secure wireless communications developed by Innalogic, Inc. With this patent revolutionizing subsea visualization, and the existing systems integration skills within Colmek Systems Engineering and Martech Systems Ltd, the Coda Octopus Group companies believe they are well on the way to becoming the world's leading integrated sonar technology supplier.

For further information, please visit <http://www.codaoctopusgroup.com> or contact Coda

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Safe Harbor Statement:

This press release contains certain forward-looking statements. These forward-looking statements can generally be identified as such because the context of the statement will include words such as Coda Octopus Group plans, expects, should, believes, anticipates or words of similar import. Stockholders, potential investors and other readers are cautioned that these forward-looking statements are predictions based only on current information and expectations that are inherently subject to risks and uncertainties that could cause future events or results to differ materially from those set forth or implied by the forward-looking statements. Certain of those risks and uncertainties are discussed in registration statement on Form SB-2 and 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 to deploy our technologies and products to meet the technical demands and market requirements of our customers. These forward-looking statements are only made as of the date of this press release and Coda Octopus Group does not undertake any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Source: Coda Octopus Group, Inc.