

February 9, 2010



## **Coda Octopus Files Annual Report; Announces Orders of \$3.9m in Q1 FY 2010**

NEW YORK, NY -- (MARKET WIRE) -- 02/09/10 -- Coda Octopus Group, Inc. (PINKSHEETS: CDOC), a world leader in underwater port security and marine survey technology, announced today that it had filed its annual report for the fiscal year ending October 31, 2009 in accordance with the timelines required by the Securities and Exchange Commission. The Company also reported that the restructuring changes it had instigated towards the end of 2009 were already starting to take effect, and that orders of \$3.9 million had been received during the first quarter of FY 2010.

While the Company's revenues had decreased by 22%, from \$16.9 million in FY 2008 to \$13.2 million in FY 2009, losses from operations had stabilized and SG&A expenses had been reduced by 14.9%, from \$13.2 million to \$11.2 million. Of the 2009 total, approximately \$1 million was due to one-time charges associated with termination payments to directors and management. Excluding this amount would have reduced SG&A to \$10.2 million or 22.7%.

The Company further announced that it believed that its cost cutting program (which included a reduction in employees from 114 reported in the annual report for FY 2008 to 88 for FY 2009) has achieved its objectives and that it expected to maintain SG&A at around \$8.5 million during the current fiscal year.

Commenting on the Company's prospects for FY 2010, Geoff Turner, CEO, said, "As was the case for many companies in the current economic environment, 2009 was a difficult year for the Company. I am pleased that following the restructuring of the Company's management and other aspects of our business towards the end of the year, we are already starting to see the positive effects of the changes, with orders of \$3.9 million received in the first quarter of the year. We are anticipating an increase in our gross margins for FY 2010, as we expect a higher proportion of sales to come from our flagship product, the Echoscope®".

The cost cutting program includes a reduction in the Company's management salaries, by about \$1.3 million, largely as a result of the elimination of the "Senior Vice President" level of management. There are now a total of three full time staff members (reduced from twelve) who are not directly employed in any of the Company's subsidiaries, namely the Group CEO, Group Financial Officer, and Financial Controller.

Geoff Turner continued, "Filing the annual report in a timely fashion was important as we intend to regain our listing on the OTC Bulletin Board as soon as possible, and ideally by the end of this year. Also significant is the fact that towards the end of FY 2009 we obtained repeat orders for the Echoscope® from two highly respected construction companies, Van Oord and Boskalis. These orders highlight the growing market acceptance of the product.

There is still a lot of work ahead before we reach our goals, but we are pleased with the progress since the start of FY 2010."

#### FY 09 Year-End Results

For the fiscal year ended October 31, 2009, Coda Octopus Group, Inc. reported revenues of \$13.2 million, as compared to \$16.9 million for the fiscal year ended October 31, 2008\*. Net loss applicable to common shares was (\$9.5 million), or (\$0.19) per share in FY 2009, compared to a loss of (\$8.1 million), or (\$0.17) per share in FY 2008. Weighted shares outstanding increased from 48,486,291 to 48,707,615 over the period.

Losses from operations totaled \$6.9 million in FY 2009, as compared with \$6.7 million in FY 2008. This increased loss is attributable to falling revenues, particularly in sales of products during the downturn in the oil and gas industry and the hiatus in Government sales brought about by the 2009 Presidential election.

\*Period to period amounts are not directly comparable as Coda Octopus Martech acquired Dragon Design in December 2008 and Tactical Intelligence International, LLC was also acquired, in the first month of FY 2009. This should be taken into account when comparing the 2009 Period with the 2008 Period.

#### About Coda Octopus Group, Inc.

With headquarters in New York, USA, Coda Octopus Group is a leader in protection and technology for the world's harsh environments. The Group's scope of capabilities includes patented Echoscope® 3D real time subsea visualization technology, Coda® geophysical survey systems for seismic and sidescan, inertial marine motion sensing, rugged products development and systems engineering and provision of antipiracy, counter-terrorism and military training.

#### About Coda Octopus Echoscope

Echoscope® sonar technology is the world's only real time 3D high definition sonar technology that provides the capability to visualize underwater scenes in real time. Producing an instant measurable 3D dataset, it removes the need for time consuming post processing. These combined capabilities make it suitable for varied subsea projects and Echoscope® technology is in use in numerous applications such as offshore platform inspection, port security, forward looking obstacle avoidance, construction visualization, subsea intervention and high definition channel mapping. Worldwide customers include, navies, defense contractors, commercial survey contractors, dredging and construction contractors and academic institutions.

For further information, please visit <http://www.codaoctopus.com> or contact us at [info@codaoctopus.com](mailto:info@codaoctopus.com).

#### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this announcement are 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 the Company's filings with the U.S. Securities and Exchange Commission 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.

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