

Coda Octopus Group, Inc.

**Initial Company Information and Disclosure
Statement**

March 2, 2012

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Part A General Company Information

Item 1: The exact name of the issuer and its predecessor (if any).

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

The Issuer's trading symbol on the Pink Sheets is CDOC.PK

Its predecessor is: The Panda Project, Inc.

Item 2: The address of the issuer's principal executive offices.

The address of the issuer's principal executive office is:

4020 Kidron Road
Suite #3
Lakeland
Florida 33811
Phone: + 1 801 973 9136
Fax: + 1 801 973 9285
Email: info@codaoctopusgroup.com
<http://group.codaoctopus.com/>

Item 3: The jurisdiction(s) and date of the issuer's incorporation or organization.

Following a reverse merger with The Panda Project Inc. (then a Florida corporation) on 13 July 2004, the Company changed its name to Coda Octopus Group, Inc. and was reincorporated in Delaware.

Part B Share Structure

Item 4: The exact title and class of securities outstanding.

Securities outstanding: Common stock.

Trading symbol: CDOC

CUSIP: N/A

Item 5: Par or stated value and description of the security.

A. Par or Stated Value. Provide the par or stated value for each class of outstanding securities.

The Par value of Common Stock is \$.001 per share

B. Common or Preferred Stock.

1. For common equity, describe any dividend, voting and pre-emption rights.

Each holder of common stock is entitled to receive rateable dividends, if any, as may be declared by the Board of Directors out of funds legally available for the payment of dividends. As of the date of this initial disclosure, we have not paid any dividends on our common stock, and none are contemplated in the foreseeable future. We anticipate that all earnings that may be generated from our operations will be used to finance our growth. Holders of common stock are entitled to one vote for each share held of record. There are no cumulative voting rights in the election of directors. Thus the holders of more than 50% of the outstanding shares of common stock can elect all of our directors if they choose to do so. The holders of our common stock have no pre-emptive, subscription, conversion or redemption rights.

Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to receive our assets on a pro-rata basis.

2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

At the date of this initial disclosure our certificate of incorporation authorizes the issue of up to 5,000,000 shares of Preferred Stock.

Series A Preferred Stock

On April 18, 2006 we designated 50,000 shares of our preferred stock, par value \$.001, as Series A Preferred Stock. The Series A Preferred Stock ranks senior to all classes of common and preferred stock and has no liquidation preference above par.

The Series A Preferred Stock currently in issue was sold in units of \$100 and £100 and has a dividend rate of 12% per year, i.e. \$12 per \$100 unit and £12 per £100 unit, paid every six months, in May and November each year, out of legally available funds within the meaning of Delaware law. The Series A Preferred Stock and accrued dividends is convertible at the option of the holder into shares of our common stock at a conversion price of \$1.00 per share and at the option of the Company when the stock price reaches or exceeds \$3.00. At the date of this initial disclosure we have 6,287 Series A Preferred Stock issued and outstanding.

Series B Preferred Stock.

Currently, there is no Series B Preferred Stock in issue. With respect to dividends, a liquidation of the company and the payment of consideration in the event of a merger or sale of the company's assets, the Series B Preferred Stock ranks junior to the Series A preferred Stock and senior to all other classes of stock, including common stock.

3. Describe any other material rights of common or preferred stockholders.

See above.

4. Describe any provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.

We do not have any provisions in our charter or bylaws that would delay, defer or prevent a change in control.

Item 6: The number of shares or total amount of the securities outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized.

Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

Common Stock

(i) Period end date:	October 31, 2011	October 31, 2010	October 31, 2009
(ii) Number of shares authorized;	150,000,000	150,000,000	100,000,000
(iii) Number of shares outstanding;	74,339,665	60,614,958	49,000,244
(iv) Freely tradable shares (public float);	30,808,764	19,054,098	17,797,569
(v) Total number of shareholders of record	298	401	397

Series A Preferred Stock

(i) Period end date:	October 31, 2011	October 31, 2010	October 31, 2009
(ii) Number of shares authorized;	5,000,000	5,000,000	5,000,000
(iii) Number of shares outstanding;	6,287	6,287	6,287
(iv) Freely tradable shares (public float);	-0-	-0-	-0-
(v) Total number of beneficial shareholders	5	5	5
(vi) Total number of shareholders of record	5	5	5

Item 7: The name and address of the transfer agent.

Olde Monmouth Stock Transfer Co., Inc.
200 Memorial Parkway
Atlantic Highlands
New Jersey 07716
Phone: +1 732 872-2727
Fax: +1 732 872-2728

Part C Business Information

Item 8: The nature of the issuer's business.

BUSINESS

Overview

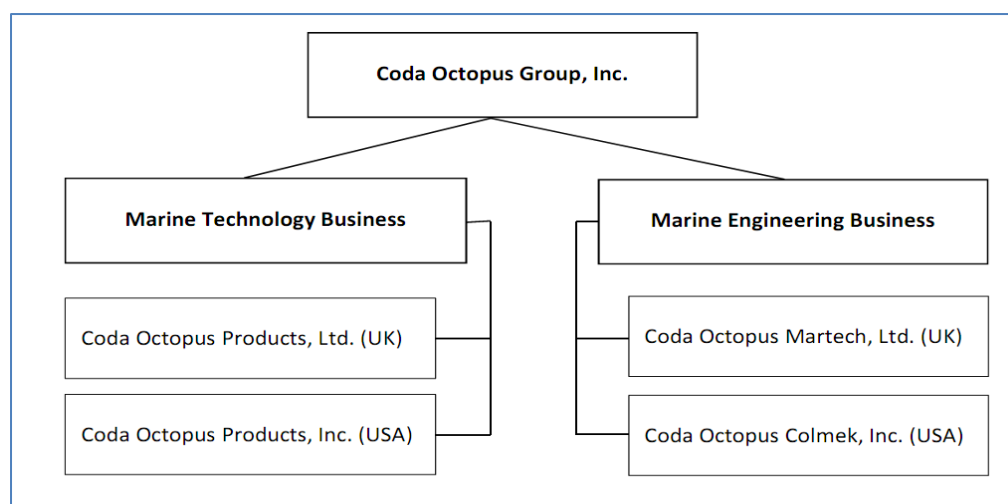
Coda Octopus Group, Inc. ("the Company", "we", "us", "our Group") are experts in sub-sea marine technology and are also engaged in marine engineering provided through two of our wholly owned subsidiaries.

Our Group comprises the sub-sea marine technology operations which are conducted through our two wholly owned subsidiaries, Coda Octopus Products Limited based in the United Kingdom and Coda Octopus Products Inc. based in the USA. We believe that our sub-sea marine technology operations have a unique market lead over our competitors as the Company is the holder of patented real time 3D subsea technology, marketed under the name Echoscope®. The 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 sound underwater intelligence in real time. We are unaware of any other sonar devices which have 3D real time visualization capabilities with the range and resolution of the Echoscope®. Our cutting edge software used with the Echoscope® provides excellent real time images of subsea environments. Furthermore, we 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 and defense engineering operations conducted through two of our subsidiaries, Coda Octopus Colmek, Inc. ("Colmek") based in the USA and Coda Octopus Martech Limited ("Martech") based in the United Kingdom. Our marine engineering defense operations, which have long established 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 missile program for several years running. Similarly, Martech is currently prototyping a decontamination oven which is expected to form part of the ground equipment for jet fighter aircraft and will be used for decontaminating pilots' high-tech and sensitive headsets. If the prototyping is successful, we would expect that the customer will take this to the production phase in the last quarter of the fiscal year ending October 31, 2012.

Both of our engineering companies are ISO9001 accredited.

Our Group Structure is as follows:



We also 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.

Our Group has been the subject of restructuring since October 2009.

Since the Group became a public company trading on the Pink Sheet in 2004 and moved its headquarters to New York in 2005, it has reported continuing and significant losses.

A new senior management and board were put in place in September 2009 to address these and other historical problems of the Group. Since September 2009, the focus and strategy of the new management has been to restructure the Group by (i) negotiating the removal of certain barriers to new investments that were contained in a series of securities purchase agreements; (ii) reducing the Group's cost base significantly; (iii) simplifying the Group structure; (iv) restructuring some of the Group's debts; and (v) taking the business to sustainable growth and profitability.

In respect of its cost reduction strategy, the new management focused initially on stripping out the costs associated with having an extended New York administrative center (including the rent and salaries of the then senior management that was based in New York). Closing the New York administrative center resulted in approximately \$1,200,000 per annum savings in salaries associated with our headquarters operations. We have drastically reduced the number of headquarters employees and consultants and have now co-located our headquarters with our US marine technology operational arm, Coda Octopus Products, Inc. in Lakeland, Florida.

The Selling, General and Administrative (SG&A) expenses of the Group have been gradually brought down to a level which positions the Group operations to be viable and become profitable in the near future. As we cautiously increase sales and marketing staff, we envisage SG&A of the Group will continue to be under \$6,000,000 compared to:

<u>Fiscal year –November 1 – October 31</u>	<u>Status of Financial Information</u>	<u>SG&A</u>	<u>Revenues</u>	<u>SG&A / Revenues</u>
Full Fiscal Year 2007 – 08	Audited	\$13.2m	\$17.0m	78%
Full Fiscal Year 2008 – 09	Audited	\$11.2m	\$13.2m	85%
Full Fiscal Year 2009 – 10	Unaudited	\$7.7m	\$11.5m	67%
Nine Months from November 1, 2010 to July 31, 2011 (inclusive)	Unaudited	\$3.8m	\$10.3m	36%

Initially the new management was faced with a Group which, besides having SG&A approximating closely to revenues, had (as at October 2009) Accumulated Payables and Accrued Expenses and Other Current Liabilities of \$7,016,203. This was made up of \$4,626,164 of Accrued Expenses and Other Current Liabilities, which included provision for settlement of a number of disputes and other matters, and \$2,390,039 of Payables. This figure was a threat to the Group's continued existence and required us, over the restructuring period to, amongst other things, reschedule some of the Group's liabilities with its creditors, particularly in Coda Octopus Martech and to use most of the income generated in the course of the business to satisfy these.

Since October 2009 we have managed to reduce the \$4,626,164 of Accrued Expenses and Other Current Liabilities to \$2,687,130 as of July 31 2011, a reduction of 42%, whilst the Payables have increased slightly to \$2,509,945 reflecting the increased activity in the Group.

As of July 31, 2011 the remaining extraordinary items within our Accrued Expenses and Other Current Liabilities is approximately \$800,000. It is our expectation that this amount will be reduced to zero over the coming months. Looking forward, the management expectation is that the total figure for Accrued Expenses and Other Current Liabilities will be reduced over the next two or three quarters to approximately \$1.5 million to \$2.0 million. This will largely comprise ordinary and current items such as sales pre-payments and provision for taxes and other matters.

A key achievement of our restructuring has been to reschedule in October 2010 certain liabilities of our wholly owned subsidiary Coda Octopus Martech Limited ("Martech"). In this connection, \$945,000 has been rescheduled over four years. This amount has now been reduced to approximately \$700, 000. Martech pays approximately \$200,000 per year. As of the date of this document, Martech is current under this arrangement, and will need to keep current to avoid adverse consequences.

Since February 21, 2008 our Balance Sheet also includes a \$12 million convertible secured debt ("Debt"). A primary focus of our restructuring has been to rehabilitate our income statement in such a way as to reach a level where the annual coupon obligations associated with this Debt are serviceable. Current revenues and costs levels of the Group are in keeping with the obligations of servicing this Debt. The failure to maintain our Selling, General and Administrative (SG&A) costs at around \$6million per annum would threaten our ability to sustain our profitability going forward.

Marine Technology Business

Our sub-sea Marine Technology Business sells worldwide a number of proprietary marine products in two market segments:

- Commercial Marine Geophysical Survey (including Oil and Gas); and
- Underwater Defense, Security and Construction

In the commercial marine geophysical survey sector our products comprise geophysical data acquisition systems and analysis software. Our products acquire data and interpret these for the users who are generally survey companies, research institutions and salvage companies.

In the Underwater Defense, Security and Construction markets we believe we have an important and unique technology which gives us a significant advantage over competitors. This is our range of products based on our patented Echoscope® which we believe are revolutionizing the sonar market, particularly in real time data acquisition, visualization and post-acquisition processing of subsea images and positioning. This patented technology is the result of more than twenty years of research and development by our subsidiary, Coda Octopus R&D AS, Norway, which we acquired in 2002. Since the acquisition of this company we have significantly advanced our research and development in respect of this technology in both hardware and software terms, filed further patents and brought to the market the second generation of the Echoscope® and the Underwater Inspection System (UIS™). The UIS™ integrates the Echoscope® with, amongst other elements, our positioning device, the Octopus F180™ to make a real time underwater inspection and surveillance device which provides superb visualization combined with absolute positioning at accuracies of up to 2 cm (<1”) and is used primarily in port and harbour security. Since our acquisition of Coda Octopus R&D AS we have spent around \$15 million in research and development efforts relating to the Echoscope®, both on the hardware and software elements.

A series of trials conducted in 2011 by independent experts have validated our longstanding position that the Echoscope® performance exceeds that of the current standard industry tools (such as the multi-beam sonar) in a number of applications and provides unparalleled image resolution and beam density. We believe that these capabilities combined with our unique real time visualization advantage, places the Echoscope® in a position to become the sonar of choice for many applications in the future. Moreover, many users in complex situations such as underwater construction are reporting significant time savings, and health and safety benefits, which allow them to out-perform their competitors. In summary, we believe that this real time visualization lead which we have, and which has led to Echoscope® being referred to by one of our significant customers, Van Oord, as “[their] underwater eyes”, is making progress in shifting the traditional and conservative approach of the sonar market. It is our belief that our next generation of the Echoscope® will become the tool of choice for a number of applications in marine electronics and sonar industry.

The Echoscope® has a very wide range of applications including:

- inspection of harbor walls;
- inspection of ship hulls;
- inspection of bridge pilings;
- inspection of offshore installations such as gas and oil rigs and wind turbines;
- Remotely Operated Vehicle (ROV) navigation (obstacle avoidance);
- Autonomous Underwater Vehicle (AUV) navigation and target recognition (obstacle avoidance);

- construction - pipeline touchdown placement and inspection;
- obstacle avoidance navigation;
- bathymetry (measurement of water depth to create 3D terrain models);
- managing underwater construction tasks;
- underwater intruder detection;
- dredging and rock dumping;
- contraband detection;
- locating and identifying objects undersea, including mines;
- detection and study of individual species in real time 3D (fish, etc.);
- oil and gas leak detection;
- fish school detection and analysis;
- diver tracking and guidance; and
- underwater archaeological and salvation site mapping.

The Echoscope® technology is protected by patents including a number of complementary patents such as our patent which covers our visualization methodology.

We market the Echoscope® both as a stand-alone sonar device and as a fully integrated system, the UIS™ (Underwater Inspection System) which is specifically aimed at the port security market. Since the introduction of the product to the market we have sold and delivered around 50 systems at market prices of between \$200,000 for standalone devices and \$500,000 for integrated UIS™ systems. Recently we are seeing repeat customers for the equipment leading us to believe that this product is getting more market acceptance and penetration and that these customers are getting significant returns on investments in deploying this device leading to their repeat orders. Furthermore, a significant US prime defense contractor has identified the Echoscope® as the sonar of choice for integration into an Autonomous Underwater Vehicle (AUV) being brought to market to service the oil and gas market. With the success of this vehicle will come a substantial opportunity for our Group.

Intellectual Property

Our product portfolio and technologies are protected by strong intellectual property rights including trademarks, copyrights and patents. We have a number of fundamental patents including a patent covering the stitching together of acoustic imagery. This covers the real time acoustic image generation element of what we do, and we believe it provides us with a competitive advantage.

Our patented inventions along with our strategy to enhance these inventions are at the heart of the Company's strategy for growth and development.

Our Patent portfolio consists of the following:

Patent Number	Description
US Patent No. 6,438,071	Concerns the “Method for Producing a 3-D Image” and is also recorded in the European Patents Register # EP 1097393 B1; Australia #55375/99 and Norway #307014. This patent relates to the method for producing a 3D image of a submerged object, e.g. a shipwreck or the sea bottom.
US Patent No. 6,532,192	Concerns “Subsea Positioning System and Apparatus”
US Patent No. 7,466,628	Concerns a “Method of constructing mathematical representations of objects from reflected sonar signals.”
US Patent No. 7,489, 592	Concerns a “Method of automatically performing a patch test for a sonar system, where data from a plurality of overlapping 3D sonar scans of a surface, as the platform is moved, are used to compensate for biases in mounting the sonar system on the platform”.
US Patent No. 7,898,902	Concerns a “method of representation of sonar images” allowing sonar three dimensional data to be represented by a two dimensional image.

Trademarks

In marketing and branding our products and services we use the following registered and unregistered trademarks: Coda®, Octopus®, Octopus & Design®, F180™, Echoscope®, UIS™, Survey Engine™, GeoSurvey™ and DAseries™.

In addition, we have registered a number of internet domain names.

Our Marine Engineering Operations

We operate in the space of marine engineering and defence through our two engineering services subsidiaries, Coda Octopus Martech Ltd., based in Weymouth, England, United Kingdom, and Coda Octopus Colmek, Inc., based in Salt Lake City, Utah, USA.

We provide engineering services to a wide variety of clients in the subsea and defense markets. A significant part of these services are provided to prime and second level defense contractors and are often for prototype productions which lead to long term manufacturing contracts. The intellectual property rights are often retained by the customers but the know-how obtained during the prototype development and manufacturing often gives us preferred supplier status for the long term manufacturing contracts and the obsolescence management and after-service care. The engineering capabilities within our Group are increasingly being combined with our product offerings, bringing opportunities to provide complete systems, installation and support to our products. Currently, Martech is a key provider of various parts of our underwater inspection system and has been assisting in the optimizing of a number of our marine products.

Our Unique Selling Propositions and Prospects

We believe that we have the ability to capitalize on the opportunity that the Echoscope® technology presents as a result of:

- First mover advantage in the 3D real-time sonar markets underpinned by cutting edge proprietary software. We believe we are the first to bring to the market a sonar device with the capabilities of our patented Echoscope® technology. Our research and development efforts from which this product derives have extended over two decades and we believe we have the real advantage in the knowledge and skills that we have in this field.
- We believe the barriers to entry into the 3D real time sonar market for competitors are high given the extensive research and development required and the number of years and costs required to develop such technologies. We are aware of a number of research and development programs by large players to develop real time 3D sonar which have failed. Our lead comes from our 20 years of research and development in this field.
- Our technology has been validated by well-respected bodies and customers as a tool which has important capabilities in port security and underwater construction. The United States Coast Guard has a number of our Underwater Inspection Systems UIS™ (which are powered by our Echoscope® and our other proprietary product, the Octopus F180™).
- We are the patent holders of a number of key patents in this area.
- We believe we are now in a position to exploit the Echoscope® technology by expanding this technology into a range of more competitive products without significant further research and development costs or time delay.
- We believe that our technology is poised to be the next generation sonar tool in a number of sectors including in the underwater construction sector where significant time savings and health and safety benefits are consistently reported and in the port security area where our Underwater Inspection System™ gains equal praise for its capabilities, and is currently recognized as the only available solution.
- The Echoscope® is now being recognised as a product capable of delivering significant benefits in multiple applications. This is highly desirable for many customers who have the need for survey, monitoring and inspection and who typically otherwise would require two or more different sonars and configurations. Many customers now use the Echoscope® in this manner and are achieving considerable savings in time, and hence money and also health and safety benefits in the underwater construction market.
- The real time visualization capabilities of the Echoscope® have made it a device of serious interest to the search and recovery arm of law enforcement agencies. It is evident that in this scenario a tool that can provide real time images will have the lead over a conventional sonar tool whose proposition is to “see later”. As we continue our next generation of this technology we believe this will be seen as the sonar tool of choice in these types of recovery operations.

- We also believe that the Echoscope® will transform certain segments of the sonar product market as it has the ability to change the current industry standard practice and expectations in respect of the method for visualization and imaging of underwater objects and environment.
- We believe that the market opportunities in underwater security and defense could grow at a rapid pace over the next several years, even as defense budgets are cut, since surveillance and terror prevention remain high priorities even in these difficult economic times.

Customer and Experts Experiences

- Our customers are reporting significant return on investment from using the Echoscope® technology. For example, Van Oord, a Dutch based contractor specialized in dredging, marine engineering and offshore projects, and which has purchased a number of the Echoscope® devices, attests that in using the Echoscope® as the key tool during the construction of a breakwater in Ras Laffan, Qatar, where 37,000 Accropodes (specially shaped concrete blocks) had to be installed, they achieved significant time savings and health and safety improvements. Van Oord fitted an Echoscope® to the arm of a hydraulic crane and this allowed the crane operator, unskilled in interpreting sonar images, to see where the Accropode was and – even more importantly – where the Accropode block in question was, in relation to the other Accropode blocks, and team members operating underwater. According to Van Oord:

“the project helped us form a good working relationship with the supplier of highly specialized equipment (i.e. Coda Octopus). In this way we were able to perfect the system for marine contractors. Later on, yet another useful tool was added to our arsenal.... Now, as soon as the Echoscope® detects an Accropode and the software recognises it, it gets coloured in on the operator’s screen and is therefore presented in an easily visible manner. Thanks to the new application of an existing product, the project (i.e. the Ras Laffan project) became safer for divers and the Accropodes could be installed twice as quickly”. Van Oord continues: “The Echoscope® can be used in any number of applications including the installation and inspection of wind turbines and accompanying j-tubes (tubes designed to carry electrical cables)... We have used the equipment successfully on Amsterdam’s North-South Metro-Line under the city’s central train station. We are also using the Echoscope® on the Maasvlakte 2 port expansion project to clear out the existing sea wall built of 2mx2m concrete blocks. In short we are glad to have a useful tool like the Echoscope®”.

- During 2011 the Echoscope® was identified by a significant US Prime Defense Contractor as the key sensor to be used on its fleet of Autonomous Underwater Vehicles (AUV) which it intends to bring to the Oil and Gas market. We have supplied a number of our Echoscope® to this customer and expect this relationship to continue over the next few years. This customer has also reported significant time savings in deploying the Echoscope®, thus reducing its costs significantly.
- Through several recent trials by highly respected independent experts, the Echoscope® has been directly compared to the current top flight multibeam and sidescan systems for seabed mapping and seabed object detection. The results have confirmed our long standing position that the Echoscope® can directly match and exceed the performance of these industry standard sensors in a number of key applications. The implications are that

Echoscope® potentially can displace the old technology used in the field of sonar and become the new technology to be adopted by this market.

Corporate History

We began as Coda Technologies Limited (now operating under the name of Coda Octopus Products Ltd), a United Kingdom corporation which was formed in 1994 as a start-up company with its origins as a research group at Heriot-Watt University, Edinburgh, Scotland. Our operations consisted primarily of developing software for subsea mapping and visualization using sidescan sonar, a technology widely used in commercial offshore geophysical survey and naval mine-hunting to detect objects on, and textures of, the surface of the seabed.

In June 2002, we acquired by way of merger Octopus Marine Systems Ltd, a United Kingdom corporation, and changed our name from Coda Technologies Ltd to Coda Octopus Ltd. At the time of its acquisition, Octopus Marine Systems was producing geophysical products broadly similar to those of Coda Technologies Limited, but targeted at the less sophisticated, easy-to-use, “work-horse” market. It was also finalizing the development of a new motion sensing device (the “F180™”), which was to be employed aboard vessels conducting underwater surveys to augment sonar measurement by providing precise positioning and compensation for vessel motion.

In December 2002, Coda Octopus Ltd acquired OmniTech AS, a Norwegian company, which became a wholly-owned subsidiary of the Company and now operates under the name Coda Octopus R&D AS. Before we acquired OmniTech AS, it had been engaged for over ten years in developing revolutionary sonar imaging and visualization technology to produce three-dimensional, real time underwater images for use in the subsea construction industry.

This technology (now marketed by us under the name of Echoscope®), which continues to be developed by our Research and Development teams in Norway and Edinburgh, allowed the Company to start to shift the original focus on hydrographic and geophysical survey to include port security and defense, with particular emphasis on the US market.

On July 13, 2004, pursuant to the terms of a share exchange agreement between The Panda Project, Inc., a Florida corporation, and Fairwater Technology Group Ltd. (“Fairwater”) – an affiliate of the then Chief Executive Officer – Panda acquired the shares of Coda Octopus Ltd, Fairwater’s wholly-owned subsidiary, in consideration for the issuance of a total of 20,050,000 shares of common stock to Fairwater and other shareholders of Coda Octopus Ltd in The Panda Project, Inc. The shares issued represented approximately 90.9% of the issued and outstanding shares of Panda Project Inc. The share exchange was accounted for as a reverse acquisition of The Panda Project Inc. by Coda. Subsequently, The Panda Project Inc. was reincorporated in Delaware and changed its name to Coda Octopus Group, Inc. Following this transaction we became a US public company.

Following the reverse merger and in continuance of our program to capture more of the market in the United States and our focus on port security and defense, we established a presence in the United States in New York which included our headquarters.

In June 2006, we acquired a United Kingdom based design and engineering firm, Martech Systems (Weymouth) Ltd (now Coda Octopus Martech Limited), which provides high quality bespoke engineering solutions in the fields of electronic data acquisition, transmission and recording, instrumentation and special test equipment and now manufactures and supports some of our marine products.

In April 2007, we acquired a Utah-based engineering firm, Colmek Systems Engineering (now Coda Octopus Colmek, Inc.), which is a custom engineering service provider of subsea and other engineering solutions, particularly in the fields of data acquisition, storage and display. This company has particular links into the US defense industry, both directly and through its links with prime and second level defense contractors.

During April and May 2007, we entered into a series of securities purchase agreements with a group of accredited individuals and institutional investors ("Subscribers") providing for the issuance of 15,000,000 shares of our common stock and five year warrants to purchase 7,500,000 shares of common stock at \$1.30 and 7,500,000 shares of common stock at \$1.70. These securities purchase agreements and warrants contained certain price protection and anti-dilution provisions ("Agreements"). On December 5, 2010 in exchange for the termination of the Agreements the Company issued 21,857,143 shares of common stock to more than 85% of these Subscribers. This issuance represents approximately 44% increase in our issued and outstanding share capital. The surrendered warrants were cancelled by the Company.

On 21 February 2008, we borrowed \$12 million under a convertible secured promissory note ("Bond"). Our obligations under the Bond are secured against all our assets and undertakings. The Bond incurs interest of 8.5% per annum, payable bi-annually and is convertible at the bondholder's option at any time. The Company can also force the conversion of the Bond if the conditions are met. The Company's conversion conditions require that the common stock close on 40 consecutive trading days at or above \$2.50 between the second and third anniversaries of the agreement; at or above \$2.90 between the third and fourth anniversaries of the agreement; and at or above \$3.50 after the fourth anniversary of the 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. The maturity date for the Bond is February 21, 2015.

In March 2009 we entered into a Cash Control Framework Agreement with the bondholder under which up to \$2.15m was made available to us to finance our ongoing operations in the ordinary course of our business. This has now been discharged by agreement between the parties.

In September 2009, the Company replaced its senior management and board, including the Chief Executive Officer, the Chief Financial Officer, the Chairman of the Board, and a number of Senior Vice Presidents in December 2009. In September 2009, the Company appointed Geoff Turner as its Chief Executive Officer and a member of the Board of Directors. In March 2010, Michael Hamilton was appointed as Chairman of the Board of Directors. In September 2011, Annmarie Gayle was appointed Chief Executive Officer. Mr Turner continues as a director and Group Officer.

As part of the new management's cost cutting program, the Company consolidated its offices and facilities. This resulted in the closure of its New York premises and migration of the administrative center of the business to its operating subsidiaries in both Florida and Salt Lake City, Utah.

Financial information

The Company's fiscal year runs from November 1 to October 31.

During the fiscal year ended October 31, 2011 we have seen an increase in the number of Echoscope® and Underwater Inspection Systems (UIS™) being sold and we have received orders in the last fiscal year totalling in excess of \$7,800,000 dollars for products and solutions based on the Echoscope® technology.

In the fiscal year ended October 31, 2009 (the most recent year for which audited financial statements are available) we achieved revenues of \$13.2 million. In the fiscal year ended October 31, 2010, we achieved revenues of \$11.5 million (unaudited). Based on unaudited internal management accounts we believe our revenues for the fiscal year ended October 31, 2011 are in excess of \$15 million. Our operating subsidiaries are currently being audited for this period and this number is subject to our audit review.

Following the departure of the previous senior management of the business, the new management as part of its restructuring efforts embarked upon a sustainable and comprehensive cost reduction program for the business under which it reduced all the administrative expenses relating to headquarters personnel and overheads associated with those. In other words, we significantly reduced all costs relating to our headquarters activities. The current Selling, General and Administrative expenses (SG&A) of the Group, is in large part (approximately 95%) attributable directly to revenue generating operations and not to maintaining an administrative center. As we cautiously increase sales and marketing staff, we envisage SG&A of the Group will continue to be under \$6,000,000 compared to:

<u>Fiscal year – November 1 – October 31</u>	<u>Status of Financial Information</u>	<u>SG&A</u>	<u>Revenues</u>	<u>SG&A / Revenues</u>
Full Fiscal Year 2007 – 08	Audited	\$13.2m	\$17.0m	78%
Full Fiscal Year 2008 – 09	Audited	\$11.2m	\$13.2m	85%
Full Fiscal Year 2009 – 10	Unaudited	\$7.7m	\$11.5m	67%
Nine Months from November 1, 2010 to July 31, 2011 (inclusive)	Unaudited	\$3.8m	\$10.3m	36%

For the first time in our recent history we expect to achieve a profit in the fiscal year ended October 31, 2011.

Our Group has been the subject of restructuring since October 2009.

Following sustained historical losses and a persistent unviable SG&A profile, a new management was put in place to address these and other systemic problems in the Group.

Initially the new management was faced with a Group which, besides SG&A approximating closely to revenues, had (as at October 2009) Accumulated Payables and Accrued Expenses and Other Current Liabilities of \$7,016,203. This was made up of \$4,626,164 of accrued expenses and other current liabilities, which included provision for settlement of a number of disputes and other matters, and \$2,390,039 of payables. This figure was a threat to the Group's continued existence and required us, over the restructuring period to, amongst other things, reschedule some of the Group's liabilities with its creditors, particularly in Coda Octopus Martech and to use most of the income generated in the course of the business to satisfy these. .

Since October 2009 we have managed to reduce the \$4,626,164 of "Accrued Expenses and Other Current Liabilities" to \$2,687,130 as of July 31 2011, a reduction of 42%, whilst the payables have increased slightly to \$2,509,945 reflecting the increased activity in the Group.

As of July 31, 2011 the remaining extraordinary items within our Accrued Expenses and Other Current Liabilities is approximately \$800,000. It is our expectation that this amount will be reduced to zero over the coming months. Looking forward, the management expectation is that the total figure for Accrued Expenses and Other Current Liabilities will be reduced over the next two or three quarters to approximately \$1.5 million to \$2.0 million. This will largely comprise ordinary and current items such as sales pre-payments and provision for taxes and other matters.

A key achievement of our restructuring has been to reschedule in October 2010 certain liabilities of our wholly owned subsidiary Coda Octopus Martech Limited ("Martech"). In this connection, \$945,000 has been rescheduled over four years. This amount has now been reduced to approximately \$700,000. Martech pays approximately \$200,000 per year to service this obligation. As of the date of this document, Martech is current under this arrangement, and will need to keep current to avoid adverse consequences.

Since February 21, 2008 our Balance Sheet also includes a \$12 million convertible secured debt ("Debt"). A primary focus of our restructuring has been to rehabilitate our income statement in such a way as to reach a level where the annual coupon obligations associated with this Debt are serviceable. Current revenues and costs levels of the Group are in keeping with the obligations of servicing this Debt. The failure to maintain our Selling, General and Administrative (SG&A) costs at around \$6million per annum would threaten our ability to sustain our profitability going forward.

Our ability to survive is currently dependent on our capacity to generate revenues and cash from the sale of our products and services.

If we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources in the short term, on terms acceptable to us, this could have a material adverse effect on our business, results of operations liquidity and financial condition. In order to fund our operations during the current fiscal year, we estimate that we need to generate additional cash to be able to continue our operations at their current levels. However, there can be no assurance that we will be successful in generating sufficient revenues from operations to generate this cash.

Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity

or debt securities, stockholders may experience additional and probably significant dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we would have to curtail our operations.

Competition

Competition in Subsea Sector and relevant to our Marine Technology Business

The markets for underwater technologies, including data collection, mapping and imaging are substantial, with a broad range of industry applications. According to a report by industry experts Douglas Westwood Associates, annual global product sales total roughly \$3 billion into industry segments like oil and gas, defense/security, ports and harbours, construction, hydrography, telecommunications, law enforcement, search and recovery operations, universities and research institution, environmental monitoring and power generation.

The Company's goal is to establish industry leadership in the segments in which it competes.

We compete with numerous companies, some of which are much larger than we are with much greater financial, technical and human resources.

Products

Data Acquisition Products: The sonar equipment industry is fragmented with several companies occupying niche areas, and we face specific competition from different competitors with respect to our different products. In the field of geophysical products Triton Imaging Inc., a US-based company, now part of the ECA Group (Toulon, France), Chesapeake, a US-based company, and Oceanic Imaging Consultants, Hawaii, USA, dominate the market with an estimated of 25% each of world sales, while we believe that we are just behind this with 15% of world-wide sales.

Motion Sensing Products: In the field of motion sensing equipment, where our product addresses a small part of the overall market, we believe that we have four principal competitors - TSS (International) Ltd in Watford, England which is focused on the mid-performance segments with about 25% of the world market; Ixsea, a French company which covers all segments, with about 20% of the market; Seatex, a Norwegian company, part of Kongsberg Simrad which has products across all segments, with about 15% of the market; and Applanix, a Canadian company, now part of Trimble which has one major product focused on the high end of the market, with about 20% of the market. We believe that our market share in the field of motion sensing equipment is only about 10% at present.

Real Time 3D Sonar: In the field of 3D real time imaging we believe that we have no direct competition at present since we are unaware of other companies offering such a product. The entry into this market is dependent upon specialized marine electronics and acoustic skills. The learning curve, which has resulted in the advancement of our real time 3D sonar device, is the culmination of two decades of research and development into this field. We are also aware of a number of high

profile and substantial real time 3D projects which have failed. Over the last several years there have been lower grade sonars entering the market of 3D imaging. Companies such as Tritech International Ltd., United Kingdom, and BlueView Technologies Inc., USA, are examples, but none of these sonar offerings are direct comparisons or competitions as they do not have the same capabilities as our patented Echoscope® technology in terms of generating real time 3D images of submerged objects and environments.

We seek to compete on the basis of producing high quality products employing cutting edge technology that is easy to use by operators without specialist skills in sonar technology. We intend to continue our research and development activities to continually improve our products, seek new applications for our existing products and to develop new innovative products.

Competition in Services relevant to our Marine Engineering Operations

Through our Marine Engineering operations, Coda Octopus Colmek, Inc., and Coda Octopus Martech Ltd we are involved in custom engineering for the defense industry in the US, and for the defense and nuclear industries in the United Kingdom. The size of these companies means that there is significant competition provided by other small engineering contracting firms, but the largest competition comes from the potential decisions by larger companies to proceed with a project in-house instead of outsourcing to a sub-contractor like Martech or Colmek. In essence, the potential of each company is determined by their ability to be known and trusted by potential clients, and the make in-house or buy from outside decisions made by those potential clients.

Risk Factors as they relate to our Group

Our business involves a high degree of risk. Potential investors should carefully consider the risks and uncertainties described below and the other information in this statement before deciding whether to invest in shares of our common stock. If any of the following risks actually occur, our business, financial condition, and results of operations could be materially and adversely affected. This could cause the trading price of our common stock to decline, with the loss of part or all of an investment in the common stock.

If we are unable to obtain additional funding, we may have to reduce our business operations.

Because of a lack of financial resources we have been unable to fully capitalize on the potentially game changing patented Echoscope® technology including bringing to the market a suitably priced 3D sonar product for the traditional 2D sonar users, thus making 2D sonar redundant. We will need to raise additional financing to secure our ongoing operations.

We have no current arrangements with respect to any additional financing. Consequently, there can be no assurance that any additional financing on commercially reasonable terms is or will be available at all when needed.

The inability to obtain additional capital may reduce our ability to continue to conduct business operations. Any additional equity financing may involve substantial dilution to our existing

stockholders. Our ability to raise additional capital for our operations will depend upon many factors, including:

- (i) Continued scientific progress in our Research and Development programs;
- (ii) Competing technological and market developments;
- (iii) Our ability to establish additional collaborative relationships;
- (iv) The effect of commercialization activities and facility expansions if and as required; and
- (v) Our ability to renegotiate the terms of the existing secured loan agreement under which we owe \$12 million and which matures in February 2015 unless converted into our Common Stock.

Any renegotiation of our existing secured loan may result in significant dilution of our existing shareholders.

We have limited financial resources and the financial year ended October 31, 2011, is our first year where based on internal unaudited management accounts we expect to have realized positive cash flow from operations.

The underwater visualization markets are highly competitive and we expect that competition will increase in these markets. Our ability to compete successfully in our markets depends on a number of factors, including:

- success in designing and subcontracting the manufacture of new products that implement new technologies;
- product quality, reliability and performance;
- customer support;
- ready availability of electronic components;
- price; and
- market acceptance of our products against our competitors' products.

If we cannot compete in all these areas, our revenues will suffer and we may not be profitable.

Our operating results may fluctuate because of a number of factors, many of which are beyond our control. Some of the factors that affect our results, but which are difficult to control or predict, are:

- ability to maintain our selling, general and administrative expenses at the \$6m level annually;
- fluctuations in the timing and amount of customer requests for product shipments;
- the reduction, rescheduling or cancellation of orders by customers;
- increases in the costs of manufacturing our products;
- the gain or loss of key customers;
- availability of capital;
- customer payment cycles;
- supply chain pressures;
- our ability to introduce and deliver new products and technologies on a timely basis;
- competitive pressures on selling prices;
- market acceptance of our products and our customers' products which incorporate our products; and

- the amounts and timing of investments in research and development and the ability of our research and development effort to design and incorporate new technologies into our existing technologies.

Our business, financial condition and operating results would be harmed if we do not achieve anticipated revenues. Our expense levels are expected to be relatively fixed and will be based on our expectations of future revenues. We have limited ability to reduce expenses quickly in response to any revenue shortfalls. Thus, a shortfall in revenues would have a deleterious effect on our survival.

Our customers are concentrated in small well-networked groups. The loss of one or more key customers or the diminished demand for our products from a key customer could significantly reduce our revenues and profits. A relatively small number of customers have accounted for a significant portion of our revenues. We have no long-term volume purchase commitments from any of our key customers. One or more of our key customers may discontinue operations as a result of consolidation, liquidation or otherwise. We cannot give assurance that our current customers will continue to place orders with us, or that we will be able to obtain orders from new customers.

Our markets are subject to rapid technological change, so our success depends heavily on our ability to develop and introduce new products. The markets for our products are characterized by:

- changing technologies;
- changing customer needs;
- competition; and
- product obsolescence.

The pursuit of technological advances may require substantial time and expense and may ultimately prove unsuccessful. If we are not successful in introducing such advances, we will be unable to bring to market new products and our revenues will suffer.

Our dependence on third-party manufacturing and supply relationships increases the risk that we will not have an adequate supply of products to meet demand or that our cost of materials will be higher than expected. The risks associated with our potential dependence upon third parties which manufacture, assemble or package certain of our products, include:

- reduced control over delivery schedules and quality;
- difficulties selecting and integrating new subcontractors;
- limited warranties on products supplied to us;
- potential increases in prices; and
- potential misappropriation of our intellectual property.

The complexity of our products may lead to errors, defects and bugs when they are first introduced, which could negatively impact our reputation with customers. Products as complex as ours may contain errors, defects and bugs when first introduced, when new versions are released or if there are flaws or errors in the production process with subcontractors / suppliers. Delivery of products with production defects or reliability, quality or compatibility problems could significantly delay or

hinder market acceptance of the products or result in a costly recall. Any of these events, could, in turn, damage our reputation and adversely affect our ability to retain existing customers and to attract new customers. Errors, defects or bugs could cause problems, interruptions, delays or cessation of sales to our customers causing a material adverse effect on our business, financial condition and results of operations.

Our future success depends in part on the continued service of our key design engineering, sales, marketing, manufacturing, and executive personnel and our ability to identify, hire and retain additional, qualified personnel. There is intense competition for well qualified personnel in the visualization industry, in particular hardware and software design, product and test engineers. We may not be able to continue to attract and retain engineers or other qualified personnel necessary for the development of our business, or to replace engineers or other qualified personnel who may leave our employment in the future. Loss of the services of, or failure to recruit, key design engineers or other technical and management personnel could be significantly detrimental to our product development.

We have in the past and may in the future make acquisitions that will involve numerous risks. We may not be able to address these risks successfully without substantial expense, delay or other operational or financial problems. The potential risks involved with acquisitions include:

- potential dilution to our stockholders, or use of a significant portion of our available cash;
- diversion of management's attention in integrating acquired companies;
- failure to retain key personnel of the acquired companies;
- difficulty in completing an acquired company's in-process research or development projects;
- the cost associated with acquisitions including one time charges or increased debt or contingent liabilities;
- difficulties competing in markets that are unfamiliar to us;
- ability of the acquired companies to meet their financial projections; and
- unanticipated events or circumstances.

Any of these risks could materially harm our business, financial condition and results of operations. Future acquisitions could adversely affect operating results.

We may not be able to protect our intellectual property adequately. We rely in great part on patents to protect our intellectual property. We cannot provide assurance that our pending patent applications or any future applications will be approved, or that any issued patents will adequately protect the intellectual property in our products or will not be challenged by third parties, or, if challenged, will be found to be valid or enforceable. Furthermore, others may independently develop similar products or processes, duplicate our products or processes or design around any patents that may be issued to us. The failure or inability by us to meaningfully protect our intellectual property and to persecute infringements of our intellectual property rights could have a material adverse effect on our business, financial condition and operating results.

Our marketplace contains companies with greater financial resources than ours. Our technology and our products based on our technology compete against other geophysical and sonar products manufactured by large corporations. These corporations have significantly greater financial

resources than we do. Some of the top tier defense contractors, such as Raytheon, BAE Systems, Northrop Grumman and L3, have significant development capabilities and financial strength to create, develop, manufacture and market new competing products. We are also competing with those companies as they are constantly considering whether to outsource contracts to our engineering companies or to keep the tasks in-house.

An active market for our common stock may not develop, making it difficult for you to sell your stock.

There has been only a limited public market for our common stock. It is uncertain the extent to which an active trading market will develop or how liquid that market might become. An illiquid market for our stock may result in price volatility and poor execution of buy and sell orders for investors.

Item 9: The nature of products or services offered.

The markets and segments we address through our sub-sea Marine Technology Business are split between commercial and defense and are defined broadly as:

Commercial Seabed Survey

- oil & gas
- pipe and cable route surveys
- subsea construction
- academic research
- hydrographic charting
- dredging and mineral extraction

Defense & Security

- harbor security
- intruder detection and protection
- ship protection
- obstacle avoidance
- mine countermeasures
- naval hydrography

Product Lines in General

Our products are marketed under two distinct brands, “Coda” and “Octopus”, each with specific brand values and niche appeal. Coda branded products are generally feature-rich, sophisticated, professional, productivity enhancing, top-end products and, as such, the Coda brand is applied to the GeoSurvey™ and Echoscope® product lines. The Octopus brand applies to simple-to-use, rugged, “work-horse” products and covers the 760 series Geophysical Acquisition Systems, F180™ Position and Attitude Sensors and our range of thermal printers.

Data acquisition and interpretation systems

Coda GeoSurvey™ data acquisition and interpretation software provides feature rich solutions and productivity enhancing tools for the most exacting survey requirements, backed by 24/7 technical support. Designed specifically for side-scan and sub-bottom data acquisition, Coda GeoSurvey™ has been purchased by numerous leading survey companies throughout the world.

This product range includes:

GeoSurvey™ Acquisition products: A range of hardware and software solutions for field acquisition of sidescan sonar and sub-bottom profiler, which includes analogue and digital interfaces compatible with all geophysical survey systems. This is our original product range, and main products within this range include:

- DA2000, Sidescan sonar and sub-bottom profiler simultaneously
- DA1000, Sidescan sonar and sub-bottom profiler separately
- DA500, Sidescan sonar or sub-bottom profiler

GeoSurvey™ Productivity Suite: An integrated suite of software automating the tasks of analyzing, annotating and mosaicing complex data sets – thereby ensuring faster and more precise results.

Octopus Instruments: Simple, solid and robust solutions for sidescan sonar and sub-bottom profilers. Used throughout the world by leading survey companies, navies and academic organizations, Octopus instruments are ideal where minimal training and simple installation and set-up is paramount. Coupled with intuitive but powerful post processing software, the Octopus range meets the requirements of survey applications from the smallest inshore survey, rapid deployment naval reconnaissance to large scale site investigations.

This product range includes:

760 Series: A combined sidescan sonar and sub-bottom profiler acquisition system, for analogue and digital data acquisition. This product range brings together the latest hardware and software technology as a package and retains simplicity of operation. It is sold as four different variants:

- 760S, for combined sidescan sonar or sub-bottom profiler data acquisition;
- 760D, for combined sidescan sonar and sub-bottom profiler data acquisition;
- 460+, for sidescan sonar data acquisition only;
- 360+, for sub-bottom profiler data acquisition only.

460P Portable Sidescan Sonar Acquisition system and **460PX complete portable sidescan sonar** system. The splash-proof, rugged and highly portable design allows for operation on the smallest of boats and in the most demanding of conditions. Options include a portable 24V battery pack and integrated dual frequency sidescan (460PX).

Positioning Systems

The **Octopus F180™** applies technology originally developed for the extreme world of motor racing to the marine environment. Modifications and enhancements have resulted in a simple-to-use, off-the-shelf product that brings accurate positioning and motion data into extreme offshore conditions for precision marine survey applications worldwide. Variants within the F180™ series include the F190, exclusively configured for use 'inland', e.g. within ports and harbors, and the F185, with enhanced precision positioning to 2 cm accuracy (<1"). We also sell Octopus iHeave, an intelligent software product for dealing with long period ocean swell compensation, fully integrated with the F180™ series.

3-D Imaging

Our Echoscope® real-time 3D Imaging Sonar represents the Company's most exciting area for growth in the medium term.

Echoscope®, developed over 20 years, is a unique, patented technology delivering high resolution 3D images of the underwater environment in real time, with extremely accurate positioning. Comparatively, Echoscope® generates over 100 times more information than the nearest alternatives. Echoscope® is small (around the size of a brief case), connects to a regular PC and is low cost relative to most naval sonars of lesser performance, and gives significant benefits over other commercially available sonars. Substantial interest has already been shown in the product, particularly for defense applications in the United States, and for commercial applications worldwide. Key applications include:

- harbor defense, where the product is used to inspect vessels and harbor walls below sea level;
- examination of oil and gas installations on the sea-bed;
- location and navigation of areas where underwater construction is being undertaken;
- verification of the effects of dredging a channel in a harbour (for example);
- real time monitoring of moving objects in the water column, typically in construction or surveillance operations;
- forward looking obstacle avoidance, where the product is used to guide a vessel to avoid obstacles;
- swimmer identification, where the product is used to detect divers for defensive purposes or to find missing persons in water (rescue or recovery services).

We believe that the Echoscope® is unique, in that we are unaware of any other product with the capabilities of the Echoscope®. The heightened awareness of terrorist attacks over the last decade has resulted in a demand for practical, effective and rapid methods of detecting potential threats (explosives in harbors or on ship hulls). We believe that the Echoscope® is ideally suited for this task.

The Echoscope® systems will sometimes require additional items of equipment to form a complete solution allowing us to leverage existing products and services, such as motion sensors and imaging processing software, into a wider market, and this in turn offers further opportunity for other products from the portfolio, such as our F180™ positioning systems.

Most of the recent breakthroughs in application acceptance and client adoption are through the considerable investment we have made into the application software and visualization technology that we have developed. Several patented techniques have been developed that process the unique 3D image data from the Echoscope® and generate photograph-like images in real time to assist the instant decision making of the operators. In addition, we have successfully created and deployed a real time model tracking algorithm to allow the augmentation of real time sonar data with CGM (Computer Generated Models) for greater operator assistance, efficiency and safety and is particularly useful in laying acropodes or mattresses in underwater construction.

Unlike many competitors, we are fully leveraging the synergy between the hardware and the software which allows us to tailor solutions and provide custom development to our clients for their increased efficiency and commercial gain.

Our marine engineering businesses, Coda Octopus Martech Limited (based in Weymouth, England, United Kingdom) and Coda Octopus Colmek, Inc (based in Salt Lake City, Utah, USA) operate in the defense space. We provide engineering services to a wide variety of clients in the subsea and defense markets. A significant part of these services are provided to prime and second level defense contractors and are often for prototype productions which lead to long term manufacturing contracts. This arrangement often gives these companies preferred supplier status for long term manufacturing contracts and the obsolescence management for such customers. The engineering capabilities within our Group are increasingly being combined with our product offerings, bringing opportunities to provide complete systems, installation and support.

Martech

Martech provides bespoke design and manufacturing services. It operates in the very specialized niche of high quality design and manufacturing services mainly to the United Kingdom defense and nuclear industries. Its services are provided on a custom sub-contract basis where high quality and high integrity devices are required, but in quite small quantities. Martech is accredited to ISO 9001-2000 and Tick-IT.

An example of Martech's design and engineering services is the development of a ruggedized display unit in military vehicles capable of displaying variables such as wind speed, air temperature and humidity independent of the vehicle's computer.

In the past, the Company has designed products such as an air traffic management software system, military sonar test equipment, and equipment for production testing of sensors used in blood analysis equipment. Contracts ranged in amounts between a few thousand dollars up to approximately a million dollars.

In late 2010 Martech was awarded a significant contract to design and build two pre-production decontamination ovens which will become ground equipment for a major international military aircraft program. We are optimistic that we will secure the work for the production of these and that this will become a significant revenue stream for Martech over the coming years.

Martech competes with larger contractors in the defense industry. Typical amongst these are Ultra Electronics, BAE Systems, and Thales, all of whom are also partners on various projects. Martech is like many smaller companies a competitor to its customers, who have in-house design facilities, and has to manage these relationships carefully.

The Company enjoys certain pre-approvals to allow it to be short-listed for certain types of government work. Much of the more significant business gained by Martech is gained this way through the formal Government or government contractor tendering process.

Currently Martech is a key provider of various parts of our marine products and has been assisting in the further development of a number of those products.

As part of the Group's new management strategy to rehabilitate the Group, Martech entered into a restructuring program in October 2010 under which certain of its liabilities were rescheduled over a long term period which is scheduled to expire in around three years' time.

Colmek

Colmek operates in the same specialized niche of high quality design and manufacturing services as Martech but primarily to the US defense sector as well as to the commercial sectors in the US. Its services are also provided on a custom sub-contract basis where high quality and high integrity devices are required.

Colmek is a service provider of deep ocean and other engineering solutions, particularly in the fields of data acquisition, storage, transmission and display. It has grown and diversified since beginning its operations in 1977 and now provides services and products to a wide range of defense, research and exploration organizations in the US. Colmek designs, manufactures and supports systems that are reliable and effective in multiple military and commercial applications where ruggedness and reliability under extreme operational conditions are paramount and where lives depend on accurate and precise information.

An example of the type of business conducted by Colmek is a contract to produce a system to monitor the build-up of ice on the bows of oil tankers in use in the Barents Sea. Colmek staff developed a monitoring system using strain-gauge sensors, attached directly to the hull of the vessel where temperatures could drop well below the specifications of standard, off-the-shelf, equipment. In the past, Colmek has also been engaged on projects such as the design and production of a pipeline inspection vehicle and helicopter-based mine hunting system incorporating sonar, laser, and acoustic payload configurations.

Colmek also markets some products:

Stinger™ family of Rugged Small-Form-Factor PCs

Colmek takes a unique "Total Systems Solutions" approach to meeting customers' requirements for rugged small-form-factor PCs. Typically our competitors try to fit standard products into complicated applications, while Colmek looks at all the requirements and builds the product accordingly. By taking a modular design approach, Colmek can formulate the best total solution for our customer/partner and do so economically. Colmek has successfully deployed Stinger products on Unmanned Aerial Systems (UAS), and shipboard for satellite-based tracking systems.

RhinoTuff™ family of Rugged Touch Screen Computers

The robust RhinoTuff™ rugged touch screen computer is built exclusively for reliable operation in the world's harshest environments. It is modular and user-definable affording maximum flexibility. This all-weather, all terrain, all-in-one PC thrives in a field where the average "tough" computer is simply not tough enough, including, mining and construction sites, oil fields, marine environments, and military battlefields.

Rugged Chassis/Enclosures:

The chassis and enclosures offered by Coda Octopus Colmek are fully customizable to military/industrial needs. Colmek is a key supplier on high profile programs including Raytheon's Phalanx Close-In Weapons System (CIWS) and Northrop Grumman's airborne mine hunting sonar AN/AQS-24. We also offer a variety of enclosures technologies.

Other products offered by Colmek include subsea telemetry & data acquisition systems, rugged workstations, analog-to-digital converters, Endurance™ rugged routers, Marathon™ rugged switches, rugged LCD displays, and rugged printers.

Item 10: The nature and extent of the issuer's facilities.

The Company has the following facilities:

Lakeland, Florida, USA. 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. The lease provides for a monthly rent of \$1,200 and expires on November 30, 2012.

Salt Lake City, Utah, USA. Our wholly owned subsidiary, Coda Octopus Colmek, Inc. d/b/a Colmek Systems Engineering, leases 7,170 square feet of business premises at 1775 and 1785 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 \$6,900 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. 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. The space houses sales and support staff and our software product development team. 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 lease provides for an annual rental for September 2011 – September 2012 of the equivalent of \$48,278, for the year September 2012 – September 2013 an annual rent of the equivalent of \$64,370 and for the year September 2013 – September 2014 an annual rent of the equivalent of \$77,244 and expires on September 26, 2016. The rent is stated in British Pounds and is therefore subject to exchange rate fluctuations. Pursuant to the provisions of the lease, we may subject to giving 9 months' notice terminate the lease without penalty on or after the third anniversary of the lease agreement. Our wholly owned subsidiary, Coda Octopus R&D Ltd, is also located here.

Weymouth, England, United Kingdom. Our wholly owned United Kingdom subsidiary, Coda Octopus Martech Ltd, leases business premises located at 14 Albany Road, Granby Industrial Estate, Weymouth, Dorset, DT4 9TH, United Kingdom, comprising 5,000 square feet. This space comprises both office space and manufacturing and testing facilities. The lease provides for an annual rent of the equivalent of \$47,076 (the rent is stated in British Pounds and is therefore subject to exchange rate fluctuations) and expires on September 30, 2013. The lease provides for an annual rent increase of 3% of the last annual rent. Our wholly owned subsidiary, Coda Octopus (United Kingdom) Holdings Ltd, is also located here.

Bergen, Norway. 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 \$50,800 (the rent is stated in Norwegian Kroners and is therefore subject to exchange rate fluctuations) per annum and expires on May 31, 2015.

All non-US rents are stated at the exchange rates that prevailed at or around February 20, 2012.

Part D Management Structure and Financial Information

Item 11: The name of the chief executive officer, members of the board of directors, as well as control persons.

Michael Hamilton, Director and Chairman of the Board, Maywood, New Jersey, USA

Mr Hamilton was appointed by the Company's Board to fill an existing vacancy on its Board of Directors on June 7, 2010. He was also elected to be the Company's non-executive Chairman of the Board and also to act as the Chairman of the Company's audit committee. From December 2007 through to October 2009, Mr Hamilton has been the Chairman and Chief Executive Officer of MMC Energy, Inc., a NASDAQ listed company. He was also the non-executive Chairman of the Board of

MXenergy, Inc. from September 2009 through to June 2011, a retail gas and electric marketing company with operations in 14 states in the U. S. and two Canadian provinces. From 2003 to 2007, he was a senior managing director at FTI Consulting. From June 1, 1990 to February 28, 2003, Mr Hamilton was a partner at PriceWaterhouseCoopers (previously Price Waterhouse) where he acted as the partner in charge of that firm's utility audit and tax practice. In addition, he was the audit engagement partner on a number of his Firm's largest energy and utility audit clients. Mr Hamilton has been continuously involved in regulated industry-related activities since 1972. He has worked with numerous regulated industry companies, including companies in the electric, gas, water and telecommunications industries. He has been substantively involved in issues related to the competitiveness of the electric utility industry as it fundamentally restructured from a monopoly position to a competitive position. His activities have included a wide range of advisory, special studies, rate-making, tax and testimony activities. He has also been responsible for the day-to-day operations in virtually all of the financial operations of an investor-owned electric utility. Mr Hamilton holds a B.S. in Accounting from St. Francis College.

Annamarie Gayle, LL.B, LLM, Group Chief Executive Officer and Director

Ms Gayle rejoined the Company as Group Chief Executive Officer and Director in September 2011. Prior to her appointment she has spent the last two years assisting with the restructuring of our Group. She previously served with the Group as Senior Vice President of Legal Affairs between 2006 and 2007. Earlier in her career she worked for a major London law practice, the United Nations and the European Union and more recently for one of the smaller investment banks. Ms Gayle has a strong background in restructuring and has spent more than 12 years in a number of countries where she has been the lead adviser to a number of transitional administrations privatizing banks and reforming state owned assets in the CEE countries including banking, infrastructure and telecommunications assets. Ms Gayle has also managed a number of large European Union funded projects.

Ms Gayle brings to the Company a wealth of experience of corporate governance, large scale project management, restructuring, strategy, structuring and managing corporate transactions ranging from main market IPOs to disposals and acquisitions.

Ms Gayle holds a 2.1 Law degree gained at the University of London and a 2.1 Masters of Law degree from Cambridge University. She is a qualified solicitor to practice law in England & Wales.

Geoff Turner, Director, Group Affairs Officer, England, United Kingdom

Mr Turner has been with the Company since May 2006 and has during this time had a number of roles including the Company's Group Chief Executive Officer and Interim Chief Financial Officer, Senior Vice President - Mergers and Acquisitions and President European Operations. In March 2011 he was appointed as Group Affairs Officer. Previously, he served as a consultant from November 2005 to April 2006. He has been involved in technology businesses for over 30 years, in both technical and commercial roles. He spent the 13 years with General Electric (GE) Information Services, the then global market leader in Electronic Commerce, where he was Director of Business Development for Europe, Middle East and Africa. During this time, in addition to his business

development roles he held posts as Software Products Director, and in global channel sales management. Since leaving GE in 1999, Mr Turner has been involved as a shareholder and a consultant in a number of businesses ranging from financial services businesses to a provider of supply chain management software.

Dr Rolf Kahrs Hansen, Chief Scientist and Director, Bergen, Norway

Dr Hansen has been with Coda Octopus R&D AS (formerly OmniTech AS) since the acquisition of OmniTech AS by us in December 2002. Dr Hansen is one of the inventors of our key patent “*a method for producing a 3D image*” and is the Chief Scientist at Coda Octopus R&D AS, the Company’s wholly owned Norwegian subsidiary. During this time he has also been a consultant for EuroSleep AS, Norway, an entity that manages several hospital departments specialized in obstructive sleep apnea diagnosis and treatment, as well as a consultant for MRA AS, Norway, and MRA-Medical Ltd, United Kingdom. MRA produce and sell the ApneaGraph system for diagnosis of sleep apnea. In his capacity as Chief Scientist of Coda Octopus R&D AS, Dr Hansen was intimately involved in the development of acoustical underwater 3D sonar systems and the development and production of battery powered data acquisition system. He also is very involved in the Company’s patent strategy. Dr Hansen holds a doctoral degree from the University of Bergen and a M.Sc. from the University of Trondheim, Norwegian Institute of Technology, Department of Applied Physics.

Blair Cunningham, Chief Technology Officer and Head of R&D Operations, United Kingdom

Mr Cunningham has served as Chief Technology Officer and Head of R&D Operations of Coda Octopus Group, Inc., since 2005 and Technical Manager of Coda Octopus Products Ltd between July 2004 and July 2005. From March 1992 to December 2008 he served as a Director of Softworks Business Systems Solutions Ltd, a software company based in Aberdeen, Scotland, which developed turnkey software solutions for large public companies. Mr Cunningham has over 20 years technical and commercial experience in software and network technologies, providing solutions for public companies including RBS, Abbot Group plc, Danop/DONG, Bulthaup GmbH and Manchester Ship Canal Company. Mr Cunningham received an HND in Computer Science in 1989 from Moray College of Further Education, Elgin, Scotland.

Item 12: Financial information for the issuer’s most recent fiscal period.

Unaudited financial statements for Coda Octopus Group, Inc. for the nine months period ended July 31, 2011 have been posted through the OTC Disclosure and News Service as follows:

Publish date	Report Title	Period End Date
March 2, 2012	Quarterly Report	July 31, 2011

The said financial statements are incorporated in this disclosure statement by reference.

Item 13: Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Annual report for Coda Octopus Group, Inc. for the period ended October 31, 2009 (audited) and unaudited financial statements for the period ended October 31, 2010 have been posted through the OTC Disclosure and News Service as follows:

Publish date	Report Title	Period End Date
March 2, 2012	Annual Report	October 31, 2009
March 2, 2012	Annual Report	October 31, 2010

The said annual report and financial statements are incorporated in this disclosure statement by reference.

Item 14: Beneficial Owners.

The following persons are beneficially owning more than five percent (5%) 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	23,576,986 / (31.7%)
Vision Opportunity Master Fund Limited 317 Madison Avenue Suite 1220 New York NY 10017	3,806,900 / (5.1%)

Item 15: The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

Promoter:

None

Counsel:

Louis A. Brilleman, P.C.
 1140 Avenue of the Americas, 9th Floor
 New York, NY 10036
 Phone: 212-584-7805

Accountant or Auditor:

The operations of each operational subsidiary are audited in its local jurisdiction: Coda Octopus Products Limited are audited under the laws of United Kingdom, Coda Octopus Martech Limited are audited under the laws of the United Kingdom, Coda Octopus Colmek, Inc. are audited under the laws of the State of Utah and Coda Octopus R&D AS under the laws of Norway. Coda Octopus Group does not have any material operations in its own rights and as such has not been the subject of an audit since for the period ended October 31, 2010.

Item 16: Management's Discussion and Analysis or Plan of Operation.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The Company replaced its senior management and board in 2009. A new management was brought in to address historical problems in the Group, namely its historic loss making position, level of indebtedness and persistent failure to take forward the key technology of the Group.

The new management's focus since 2009 has been to bring down the Selling, General and Administrative (SG&A) of the Group through a considered cost-cutting program.

As a result of this cost reduction program, approximately \$1,200,000 per annum was saved in salaries at the headquarters level. The Selling, General and Administrative (SG&A) expenses of the Group have been gradually brought down to a level which positions the Group operations to be viable and to become profitable in the near future. As we cautiously increase sales and marketing staff, we envisage SG&A of the Group will continue to be under \$6,000,000 compared to:

<u>Fiscal year – November 1 – October 31</u>	<u>Status of Financial Information</u>	<u>SG&A</u>	<u>Revenues</u>	<u>SG&A / Revenues</u>
Full Fiscal Year 2007 – 08	Audited	\$13.2m	\$17.0m	78%
Full Fiscal Year 2008 – 09	Audited	\$11.2m	\$13.2m	85%
Full Fiscal Year 2009 – 10	Unaudited	\$7.7m	\$11.5m	67%
Nine Months from November 1, 2010 to July 31, 2011 (inclusive)	Unaudited	\$3.8m	\$10.3m	36%

Initially the new management was faced with a Group which, besides SG&A approximating closely to revenues, had (as at October 2009) Accumulated Payables and Accrued Expenses and Other Current Liabilities of \$7,016,203. This was made up of \$4,626,164 of accrued expenses and other current liabilities, which included provision for settlement of a number of disputes and other matters, and

\$2,390,039 of payables. This figure was a threat to the Group's continued existence and required us, over the restructuring period to, amongst other things, reschedule some of the Group's liabilities with its creditors, particularly in Coda Octopus Martech and to use most of the income generated in the course of the business to satisfy these.

Since October 2009 we have managed to reduce the \$4,626,164 of "Accrued Expenses and Other Current Liabilities" to \$2,687,130 as of July 31 2011, a reduction of 42%, whilst the payables have increased slightly to \$2,509,945 reflecting the increased activity in the Group.

As of July 31, 2011 the remaining extraordinary items within our Accrued Expenses and Other Current Liabilities is approximately \$800,000. It is our expectation that this amount will be reduced to zero over the coming months. Looking forward, the management expectation is that the total figure for Accrued Expenses and Other Current Liabilities will be reduced over the next two or three quarters to approximately \$1.5 million to \$2.0 million. This will largely comprise ordinary and current items such as sales pre-payments and provision for taxes and other matters.

A key achievement of our restructuring has been to reschedule in October 2010 certain liabilities of our wholly owned subsidiary Coda Octopus Martech Limited ("Martech"). In this connection, \$945,000 has been rescheduled over four years. This amount has now been reduced to approximately \$700, 000. Martech pays approximately \$200,000 per year. As of the date of this document, Martech is current under this arrangement, and will need to keep current to avoid adverse consequences.

Since February 21, 2008, our Balance Sheet also includes a \$12 million convertible debt (Debt). A primary focus of our restructuring has been to rehabilitate our income statement in such a way as to reach a level where the annual coupon obligations associated with this Debt are serviceable. Current revenues and costs levels of the Group are in keeping with the obligations of servicing this Debt. The failure to maintain our Selling, General and Administrative (SG&A) costs at around \$6million per annum would threaten our ability to sustain our profitability going forward.

Comparison of nine (9) months ended July 31, 2011, compared to nine (9) months ended July 31, 2010 and full year ended October 31, 2010.

Background

- i. The Group is subject to influence from at least three external factors: the price of oil, which affects the propensity of Oil and Gas companies and their suppliers to purchase technology such as that sold by the Group's Marine Products Business, the allocation of funds to defense procurement by governments in the United Kingdom and USA and the general economic environment.
- ii. The Group has no external sources of liquidity available, and as such is reliant upon its ability to sell its products and services to gain profit and cash for its operations. The Group is currently seeking to obtain certain overdraft facilities from its bankers. We, however, cannot guarantee that these discussions will be successful.
- iii. There are no material commitments in the Group for significant items of capital expenditure.

- iv. Other than the factors mentioned above there are no known trends, events, or uncertainties that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations.
- v. There are no known elements of income or loss that do not arise from continuing operations.
- vi. There are no known causes for material changes from period to period in one or more line items of the financial statements.
- vii. The Group's business is not subject to significant seasonality.

Revenues for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011*)	July 31, 2010	Percentage Change	Full Year Revenues to October 31, 2010
\$10,306,248	\$9,250,210	Increase of 11.4% ("Increase")	\$11,509,933

*) Not audited

We believe that the Increase in revenues in the July 31, 2011 period is due to business efficiencies such as turning our order book into revenue more quickly (through a combination of the cost reductions made in the previous year freeing up sufficient of the Company's cash for operational use, and the availability of short term finance to the operating entities from March 2011) combined with the slight recovery in the global economy after the recent financial crisis.

Gross Margins for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011*)	July 31, 2010	Full Year Gross Margins October 31, 2010
52.3% (gross profit of \$5,392,614)	56.9% (gross profit of \$5,261,870)	46.3% (gross profit of \$5,334,300)

*) Not audited

The reduction in our gross margin percentage in the July 31, 2011 period reflected a different mix of sales in our businesses (project work versus product sales). In particular the slowdown in the oil and gas market and in Government procurement had a direct impact on our product sales in the early part of that fiscal year. The Gross Margin achieved in the full year ending October 31, 2010 was 46.3%, and was impacted by changes in Work In Progress and revenue recognition accounting policies implemented in advance of the year end.

Research and Development (R&D) for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011*)	July 31, 2010	Percentage Change	Full Year R&D Expenditure to October 31, 2010
\$1,174,768	\$1,362,931	Decrease of 13.8%	\$1,762,035.

*) Not audited

This reduction in our Research and Development spending is consistent with our cost reduction program in the period. This reduced level of expenditure in research and development still allows us to devote considerable R&D resources to bring forward product variants of our core technology that we plan to introduce to the market over the next several months.

Selling, General and Administrative Expenses (SG&A) for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011*)	July 31, 2010	Percentage Change	Full Year SG&A to October 31, 2010
\$3,756,771	\$5,149,745	Reduction of 28% ("Reduction")	\$7,652,768

*) Not audited

This Reduction in the July 31, 2011 period reflects activity under the cost reduction plan, mainly in the areas of reducing salaries and consultancy fees connected to our headquarters activities, that has been executed between 2009 and 2011.

Key Areas of SG&A Expenditure for the nine months ended July 31, 2011 compared to the nine months ended July 31, 2010

Expenditure	July 31, 2011*)	July 31, 2010	Percentage Change
Wages and Salaries	\$2,897,793	\$3,646,881	Reduction of 20.5%
Legal and Professional Fees (including accounting, audit and investment banking services)	\$665,252	\$618,036	Increase of 7.6%
Travel Costs	\$179,285	\$282,312	Reduction of 36.5%
Rent for our various locations	\$293,991	\$446,386	Reduction of 34.1%
Marketing	\$36,192	\$186,106	Reduction of 80.5%

*) Not audited

The increase in Legal and Professional costs is attributable to the costs incurred in the renegotiation of some of the 2007 investment agreements, without which these costs would have reduced by 33%. We would anticipate going forward that we will start to reinvest in some of these areas, such as sales and marketing, which will probably involve also selectively increasing other areas of expenditure, such as travel costs, prudently.

Operating Profit for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011*)	July 31, 2010	Full Year October 31, 2010
\$461,075	(\$1,250,807)	(\$4,080,502)

*) Not audited

This turnaround in our operating profit in the July 31, 2011 period is attributable to cost savings made under the cost reduction program started in 2009 and the maintenance of Gross Profit at similar levels.

Interest Expense for the nine months ended July 31, 2011 compared to nine months ended July 31, 2010 and full year ended October 31, 2010

July 31, 2011^{*)}	July 31, 2010	Full Year October 31, 2010
\$1,394,506	\$1,554,225	\$2,005,836

^{*)} Not audited

In both years we have included amortization of the 30% redemption premium for our convertible note. We have accrued interest on the convertible bond of \$450,150, ahead of payment of this latter payment due in February 2012. Interest Expense in the full year to October 31, 2010 was \$2,005,836.

Off Balance Sheet Arrangements

There are no material off balance sheet arrangements in the Group, nor were there in the prior year.

Part E Issuance History

Item 17: List of securities offerings and shares issued for services in the past two years.

Date	Name	Purpose	Number of Shares	Value of issued Shares
4 May 2011	Louis Brilleman	For services rendered	300,000 shares of common stock	\$7,200
Between 28 October and 15 December 2010	A number of warrant holders	In exchange for (i) the surrender of warrants; and (ii) the cancellation of the share purchase agreements pursuant to which these purchasers had acquired the rights to the issuance of the warrants which contained certain price protection and anti-dilution provisions and operated as a barrier to new investment on commercially viable terms.	23,887,858 shares of common stock	\$528,840
15 November 2010	Fort Advisors	For services rendered	750,000 shares of common stock	\$27,000
27 July 2010	Fort Advisors	For services rendered	250,000 shares of common stock	\$28,140

7 June 2010	Michael Hamilton	For services rendered	50,000 options to purchase common stock at an exercise price of \$1.05 per share of common stock	\$7,959
5 March 2010	3 employees	In accordance with staff bonus plan	75,000	\$8,400

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item 18: Material Contracts.

- A. Every material contract, not made in the ordinary course of business that will be performed after the disclosure statement is posted through the OTC Disclosure and News Service or was entered into not more than two years before such posting.

Also include the following contracts:

- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;
 - 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements;
 - 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 per cent of such assets of the issuer; or
 - 4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer.
- B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance.

Item 19: Articles of Incorporation and Bylaws.

- A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

- B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

The Articles of Incorporation and Bylaws of the Company will be filed in conjunction with this statement and are incorporated herein as exhibits to this statement.

Item 20: Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

The Company repurchased 207 shares from 108 shareholders during the first half of the year 2011 for a total of US\$ 2,140. The repurchased shares have since been retired.

Item 21: Issuer's Certifications.

I, Annmarie Gayle, certify that:

1. I have reviewed this initial disclosure statement 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.

Date: March 2, 2012



Annmarie Gayle
Group CEO