UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2018

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-38154

CODA OCTOPUS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**34-200-8348** (I.R.S. Employer Identification Number)

9100 Conroy Windermere Road, Suite 200, Windermere, Florida, 34786
(Address, Including Zip Code of Principal Executive Offices)

(801) 456-8684
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:
COMMON STOCK, $0.001 PAR VALUE PER SHARE

Securities registered under Section 12(g) of the Exchange Act:
NONE

- Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

- Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

- Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

- Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

- Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

- Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

- State issuer's revenues for its most recent fiscal year: $18,019,429

- State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of April 30, 2018, representing the last business day of the registrant's most recently completed second fiscal quarter: approximately $12,973,000.

- State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 10,664,381 as of February 1, 2019.

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K for the year ended October 31, 2018 (the "Form 10-K"), is filed for the sole purpose of correcting a number of typographical errors, as follows:

- Item 7. Management's Discussion and Analysis of Financial Condition and Results Operations included in the Form 10-K. Specifically, the subsection entitled "Operating Activities" under "Liquidity and Financial Resources," showed three errors in the figures representing net cash generated from operating activities, and net income.

- Item 8. Financial Statements and Supplementary Data. The Consolidated Statements of Cash Flows for the Years Ended October 31, 2018 and 2017, under the line item "unbilled receivables" should have shown a negative figure of (289,944).

Except as specifically amended herewith, the Form 10-K remains unchanged.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OPERATIONS

Forward-Looking Statements

The information herein contains forward-looking statements. All statements other than statements of historical fact made herein are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as "believes," "estimates," "could," "possibly," "probably," anticipates," "projects," "expects," "may," "will," or "should" or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

General Overview

We operate two distinct business segments: Products Segment and Services Segment

Our Products Segment designs and manufactures products for the subsea market including our range of flagship patented real time 3D sonar solutions ("Products Segment"). These products are used primarily in the underwater construction market, offshore oil and gas, offshore wind energy industry, and in the complex dredging, port security, mining and marine sciences sectors. Our customers include service providers to major Oil and Gas ("O&G") companies, law enforcement agencies, ports, mining companies, defense bodies, research institutes and universities.

Our Services Segment supplies engineering services to prime defense contractors ("Services Segment") such as Raytheon and Northrop Grumman. We have long-standing relationships with prime defense contractors and we use these credentials to secure more business. We support some significant defense programs by supplying and maintaining proprietary parts (or parts which we are preferred suppliers of) through obsolescence management programs. These services provide recurring stream of revenues for our Services segment.

In recent years, the Products and Services Segment have each generated 50% of our revenues. As a general rule, however, the Product Segment yields a higher Gross Profit Margin than the Services Segment. In both 2017 and 2018 fiscal years the Services Segment revenues and Net Income were substantially down and off plan due to the failure of new US Administration to pass a defense budget. This impact continued in 2018 on the Services Segment. In 2018 fiscal year therefore, Products Segment generated 64% of the Company's consolidated revenues and the Services Segment generated 36%. We consider this to be atypical and would anticipate in 2019 fiscal year Services Segment revenues will be more in line with 50% of our overall revenues.

The Services Segment has now started to receive the backlog orders that were due in both fiscal years 2017 and 2018 and have now contracted a backlog of $2,504,380 (for the 2017/2018 orders) and we expect the further outstanding backlog to be contracted in the first half of 2019. Our biggest risks for the 2019 fiscal year for this Segment is that of timely execution of its mounting backlog of orders. The current level of this Segment's order book is approximately $7.2m.

Although our Products Segment continues to be affected by the contraction in expenditures in Offshore O&G activities, we have continued to find new markets for our subsea products, mainly our real time 3D sonar series and the launch of our Echoscope$^{4G®}$ Surface saw an increase in the number of units sold. We also continue to become a key sensor in Offshore Wind Energy where our technology is used for real time 3D visualization of the cable pull in points and cable touch down point. Our increased efforts including expenditures in research and development is designed to capture new markets in the subsea defense space where new technologies such as underwater drones present new challenges for governments. We continue to believe that our real time 3D sonar technology is significant for the subsea defense market which is worth billions annually. Our unique and patented real time 3D solutions are a significant advancement on the current technology available in the subsea sonar imaging market due to its real time capability providing real time volumetric data of underwater targets – both static and moving - in low or zero visibility conditions.

Since introducing this product, we have made progress in getting our core real time 3D technology, the Echoscope®, adopted by a significant number of ports in the USA (the CodaOctopus® Underwater Inspection System where it is used for port and harbor security. In 2015 we secured the first sale of our Underwater Inspection System to a foreign government body in East Asia and in 2016 we sold two additional full system to this body.

We have also made progress in expanding the markets (and applications) for our real time 3D sonars. Recently, we have sold a number of systems to mining companies. Increasingly, our customers involved in offshore wind energy and renewables are adopting the technology as the primary tool for scour management, subsea cable installation and associated cable protection tasks.

In addition, in recent years we have started to rent our real time 3D solutions with engineering services. Given the contraction in capital expenditures budget in the O&G market, rentals are increasingly becoming an important part of the composition of the Company's revenues and these O&G operators are more prepared to utilize operational budgets. Furthermore, our rental offering generally yields a higher gross margin for the Company.

Our business is affected by a number of factors including those set out below:

A. **United Kingdom's withdrawal from the European Union ("Brexit") including the possibility that such withdrawal will take place without a deal on their future relationship ("No Deal Brexit Issue")**

We derive a significant portion of our net operating revenues from our UK operations (both Coda Octopus Products Limited and Coda Octopus Martech).

Following a national referendum, the United Kingdom Government has served notice to leave the European Union under Article 50 of the Lisbon Treaty. The date of the UK leaving the European Union and the deadline for concluding a deal is currently March 29, 2019. Failing to conclude a deal could result in a No Deal Brexit or the UK Parliament intervening and seeking an extension on the March 29, 2019 date.

A No Deal Brexit could affect our UK operations which represents a significant part of our earnings (Coda Octopus Products Limited (Edinburgh-based) and Coda Octopus Martech Limited (Portland, England-based).

The ongoing uncertainty also impacts the British Pound (which is the trading currency of our UK operations). This has adverse impact on revenues reported (due to depreciation of the British Pound against other major currencies including the US Dollar) and devaluation of our consolidated balance sheet assets.

Because there is no precedent for a European Union member state leaving the Union, the full implications for the Company are not clear. The outcome is dependent on the type of future relationship that is struck between the United Kingdom and the European Union. In a worst-case scenario, where no deal on the future of the UK relationship with European Union is struck, it is widely believed that the World Trade Organization (WTO) rules will apply. Operating on this basis would have far-reaching implications for our Company particularly in the area of costs associated with import/export arrangements for our products including custom duties on purchases and sales and delays and increased compliance costs in the supply chain (both purchasing and selling). We currently benefit from mutual recognition rules in a number of areas including export control requirements and quality standards which allow us to distribute our products freely in European Union. If these are removed it is likely to involve new qualifications requirements that we would need to meet with the attendant costs and delays involved. Furthermore, if free movement is restricted this will also limit our ability to utilize our trained engineers and experts on customer projects in the European Union.

Furthermore, if the UK were to have an unplanned withdrawal this would compound the issues for our Company further as it is commonly believed that there would be resulting chaos and uncertainty, which would adversely affect the Company.

It is also widely believed that in a worst-case scenario, the British Pound will be exposed to extreme exchange rate fluctuations between the major currencies including US Dollar and Euro.

Many companies are seeking to mitigate the impact by seeking certain trading licenses in European Union member state countries.

In anticipation of a No Deal Brexit, we are taking steps to mitigate this and have established a company, Coda Octopus Products A/S, in Denmark to maintain a presence in the European Union and to address the foreseeable issues. However, we can give no assurance that this in itself would be sufficient to address the impact of both a No Deal Brexit and an unplanned No Deal Brexit (i.e. crashing out of the European Union).

B. **Currency Risks:**

The Company's operations are split between the United States, United Kingdom, Australia, and Denmark. A large proportion of our revenues (approximately 58%) and costs are incurred outside of the USA with a significant part (56% of our total revenues) of that in the United Kingdom ("UK"). In addition, a significant part of our assets (both current and fixed) are held in British Pounds by our foreign subsidiaries. The depreciation of the British Pound against major currencies adversely impacts our revenues as a whole which are reported in U.S. Dollars. Furthermore, a large part of our assets is held in British Pounds while the majority of our liabilities (which comprise our senior secured debentures – see Note 8 of the audited Consolidated Financial Statements) are maintained in U.S. Dollars. In the 2018 period as compared to the same 2017 period, we realized a consolidated balance sheet loss on our assets due to the weakening of the British Pound against the US Dollar prevailing at October 31, 2018. In fiscal year 2018 compared to the 2017 period, we incurred a loss on our exchange rate translations in respect of our comprehensive income and loss account. See Note 2, paragraph n, of the audited Consolidated Financial Statements October 31, 2018 and 2017 regarding our Foreign Currency Translation policy.

This currency risk is further exacerbated by the uncertainty around Brexit.

C. **Trade Disputes:**

The costs of our raw materials could become a serious concern due to inter-country trade disputes. Our US Services Segment has suffered increased cost of raw materials sourced within the United States due to ongoing trade dispute between the USA, China and Canada.

D. **Price of Commodities:**

The price of commodities, in particular O&G. The decline in O&G prices since 2014 with a partial recovery since 2016 has resulted in large scale reductions in capital and operational expenditures, which directly impact on the Products Segment by reducing the quantity of sales and rentals into O&G and related markets. O&G has remained very competitive and customers are increasingly seeking significant discounts to place orders.

E. **Government Spending for Defense**:

The allocation of funds to defense procurement by governments in the United States and the United Kingdom

F. **Political Landscape**:

Global-political uncertainties affecting the markets into which we sell our goods and services.

Global trends which make certain geographical regions more competitive in providing engineering solutions because of lower labor costs (e.g. India and China) are likely to affect our Services Segments (which provides engineering services).

G. **Resourcing Levels**

Being a small technology company, we are unable to compete for certain specialized electronic engineering skills as our remuneration package is not as competitive as those offered by bigger companies.

H. **Investments:**

We lack the financial resources to advance our flagship technology at the commercially appropriate pace required to capture new markets and increase our sales which could facilitate new entrants to the market. For example, Teledyne Technologies Incorporated, a multi-billion company, has recently acquired a number of subsea companies that may speed up their entry into our market.

The Company has limited external sources of capital available, and as such is reliant upon its ability to sell its products and services to provide sufficient working capital for its operations and obligations.

I. **Technological Advancement:**

A significant part of our growth strategy is predicated on our patented real time 3D sonar technology. The technology space is inherently uncertain due to the fast pace of innovations and therefore we can give no assurance that we can maintain our leading position in the real time 3D imaging sonar market or that innovations in other areas may not surpass our unique capability that we currently supply to subsea market.

Critical Accounting Policies

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements that have been prepared under accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with US GAAP requires our management to make estimates and assumptions that affect the reported values of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported levels of revenue and expenses during the reporting period. Actual results could materially differ from those estimates.

Below is a discussion of accounting policies that we consider critical to an understanding of our financial condition and operating results and that may require complex judgment in their application or require estimates about matters which are inherently uncertain. A discussion of our significant accounting policies, including further discussion of the accounting policies described below, can be found in Note 2, "Summary of Accounting Policies" of our Consolidated Financial Statements.

Revenue Recognition

Our revenue is derived from sales of underwater technologies and equipment for imaging, mapping, defense and survey applications and from the engineering services which we provide. Revenue is recognized when evidence of a contractual arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No right of return privileges are granted to customers after delivery.

For arrangements with multiple deliverables, we recognize revenue by allocating the total consideration to each deliverable based on the relative fair value of each deliverable. Revenue from equipment and software sales are recognized when delivered, and revenue for installation and other services are recognized as they are performed.

Our contracts sometimes require customer payments in advance of revenue recognition. These amounts are reflected as liabilities and recognized as revenue when the Company has fulfilled its obligations under the respective contracts.

For software license sales for which any services rendered are not considered essential to the functionality of the software, we recognize revenue upon delivery of the software, provided (1) there is evidence of a contractual arrangement for this, (2) collection of our fee is considered probable and (3) the fee is fixed and determinable.

For arrangements that are generated from time and material contracts where there is a signed agreement and approved purchase order in place that specifies the fixed hourly rate and other reimbursable costs to be billed based on material and direct labor hours incurred, revenue is recognized on these contracts based on material and direct labor hours incurred. Revenues from fixed-price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred (materials and direct labor hours) to date to estimated total services (materials and direct labor hours) for each contract. This method is used as expenditures for direct materials and labor hours are considered to be the best available measure of progress on these contracts. Losses on fixed-price contracts are recognized during the period in which the loss first becomes apparent based upon costs incurred to date and the estimated costs to complete as determined by experience from similar contracts. Variations from estimated contract performance could result in adjustments to operating results.

Rental revenue is recognized monthly over the term of the rental period.

On November 1, 2018 the Company will adopt Accounting Standards Codification ASC 606, Revenue From Contracts with Customers (ASC 606). While terminology and requirements change in ASC 606, we believe that our existing revenue accounting is compliant with ASC 606 and that our accounting for revenue will not change. Accordingly, our disclosures about our revenue in accordance with ASC 606 will expand to comply with the new requirements, including expansion of quarterly revenue reporting requirements.

We defer costs on projects for service revenue. Deferred costs consist primarily of direct and incremental costs to customize and install systems, as defined in individual customer contracts, including costs to acquire hardware and software from third parties and payroll costs for our employees and other third parties.

We recognize such costs in accordance with our revenue recognition policy by contract. For revenue recognized under the completed contract method, costs are deferred until the products are delivered, or upon completion of services or, where applicable, customer acceptance. For revenue recognized under the percentage of completion method, costs are recognized as products are delivered or services are provided in accordance with the percentage of completion calculation. For revenue recognized ratably over the term of the contract, costs are recognized ratably over the term of the contract, commencing on the date of revenue recognition. At each balance sheet date, we review deferred costs, to ensure they are ultimately recoverable. Any anticipated losses on uncompleted contracts are recognized when evidence indicates the estimated total cost of a contract exceeds its estimated total revenue.

Stock Based Compensation

We recognize the expense related to the fair value of stock based compensation awards within the consolidated statements of income and comprehensive income. We use the fair value method for equity instruments granted to non-employees and use the Black-Scholes model for measuring the fair value. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the periods in which the related services are rendered.

Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification Topic 740, Income Taxes (ASC 740). Under ASC 740, deferred income tax assets and liabilities are recorded for the income tax effects of differences between the bases of assets and liabilities for financial reporting purposes and their bases for income tax reporting. The Company's differences arise principally from the use of various accelerated and modified accelerated cost recovery system for income tax purposes versus straight line depreciation used for book purposes and from the utilization of net operating loss carry-forwards.

Deferred tax assets and liabilities are the amounts by which the Company's future income taxes are expected to be impacted by these differences as they reverse. Deferred tax assets are based on differences that are expected to decrease future income taxes as they reverse. Correspondingly, deferred tax liabilities are based on differences that are expected to increase future income taxes as they reverse. Note 7 to the Consolidated Financial Statements discusses the amounts of deferred tax assets and liabilities, and also presents the impact of significant differences between financial reporting income and taxable income.

For income tax purposes, the Company uses the percentage of completion method of recognizing revenues on long-term contracts which is consistent with the Company's financial reporting under U.S. GAAP.

Intangible Assets

Intangible assets consist principally of the excess of cost over the fair value of net assets acquired (or goodwill), customer relationships, non-compete agreements and licenses. Goodwill was allocated to our reporting units based on the original purchase price allocation. Goodwill is not amortized and is evaluated for impairment annually or more often if circumstances indicate impairment may exist. Customer relationships, non-compete agreements, patents and licenses are being amortized on a straight-line basis over periods of 2 to 15 years. The Company amortizes its limited lived intangible assets using the straight-line method over their estimated period of benefit. We periodically evaluate the recoverability of intangible assets and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its' carrying amount, including goodwill. If the fair value, which is based on future cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The Company will early adopt Accounting Standards Codification 2017 – 04, Simplifying the Test for Goodwill Impairment, which permits the Company to impair the difference between carrying amount in excess of the fair value of the reporting unit as the reduction in goodwill. ASC 2017-04 eliminates the requirement in previous GAAP to perform Step 2 of the goodwill impairment test.

At the end of each year, we evaluate goodwill on a separate reporting unit basis to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the goodwill over the fair value of the reporting unit.

Fiscal Year 2018 Consolidated Results of Operations

We operate two distinct business segments. Our Marine Technology Business designs, manufactures, sells and rents patented real time 3D sonar solutions and other leading products to the subsea market ("Products Segment"). Our Marine Engineering Business supplies engineering services (from design, prototyping to manufacturing) to mainly prime defense contractors ("Services Segment").

Our products and associated services are sold and/or rented to the offshore wind energy, dredging and marine construction, marine and port security, mining including deep sea mining, marine sciences sector and O&G sector. During the fiscal years ended October 31, 2018 and 2017, respectively, the Product Segment generated 64% and 61% of our total revenues.

Our Services Segment designs and supplies engineering services largely for prime and sub-prime defense contractors.

During the fiscal years ended October 31, 2018 and 2017, respectively, the Services Segment generated 36% and 39% of our total revenues.

Comparison of fiscal year ended October 31, 2018 ("2018 period") to fiscal year ended October 31, 2017 ("2017 period")

See Segment information below for a full breakout of the financial performance of each Segment for the 2018 and 2017 periods, respectively.

The information provided below pertains to the consolidated analysis of both segments (Products and Services) operating in our Group.

Revenue:

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	18,019,429	$	18,025,173	Decrease of 0.03%

We suffered a small decrease in revenues in the 2018 period compared to the 2017 period. This is largely due to the Services Segment not achieving its revenue plan for fiscal year 2018 because of the delay in securing anticipated annual defense contracts resulting from the delay in the US Administration approving its defense budget. During the fiscal year ended 2018, the Products Segment generated revenues of $11,499,416 and Services Segment $6,570,013. During the 2018 period the Products Segment revenues grew by 4.2% over the 2017 period and the Services Segment revenues declined by 6.7% over the said period.

The Services Segment has now contracted backlog orders in the amount of $2,504,380 in respect of 2017 and 2018 and we expect the further outstanding backlog to be contracted in the first half of 2019. This Segment currently has an order book of $7.2m.

During the 2018 period, the Company had one customer from whom it generated sales greater than 10% of net revenues. Revenue from this customer was $2,882,761 or 16% of net revenues during the period. Total accounts receivable from this customer at October 31, 2018 was $24,993 or 1% of accounts receivable.

Gross Margin:

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	70.3%	$	66.4%	Increase of 3.9 percentage points
(gross profit of $12,662,362)		(gross profit of $11,967,725)		

The increase in gross margin reflects the different mix of consolidated sales in the 2018 period. In particular, the Products Segment, which generally yields a higher gross profit margin generated more revenues than the Services Segment. Furthermore, the Products Segment's gross profit margin is affected by the mix of outrights sales versus rentals. Rentals also yield a greater gross profit margin than outright sales. Within the mix of sales for the Products Segments there is an increase percentage relating to rentals and sale of newly launched 4G Products.

Research and Development (R&D):

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	2,571,714	$	1,380,381	Increase of 86.3%

The increase in our R&D expenditure in the 2018 period mainly reflects an increase in our R&D expenditure in the Products Segment.

R&D expenditures in the Products Segment increased by 122.7% from $919,863 in the 2017 period to $2,048,285 in the 2018 period. This increase is in line with our budgetary plans and is a reflection of the increased activities in developing our 4G/5G of products.

Our goal will be to bring more competitively priced and technologically advanced products to the market under a 12-18 months roll out plan. The first of our series of products in our 4G of products was launched in January, 2018, and we expect to launch further products within our 4G/5G series of sonar throughout 2019.

R&D expenditures in the Services Segment were $523,429 in the 2018 period compared to $460,518 in the 2017 period, an increase of 13.7%. These expenditures are in line with our budgetary plans as we are investing significantly in the refreshing the Thermite® range of products which is a significant part of our growth strategy (Services Segment). The Thermite® is a product which we acquired from Quantum 3D in 2014 and it has a prestigious customer base. We believe that the technically refreshed Thermite presents a substantial opportunity to grow this part of our business and we have now completed the first development of the new Thermite® Octal and have received the first orders from 2 significant customers for trial versions. Thermite® enjoys a prestigious existing customer base which we intend to re-engage with this new Thermite® Octal.

In general, we expect R&D expenditures to continue to increase in the 2019 period for the reasons explained above. Notwithstanding this increase, it is the Company's current belief that it can fund these activities from its operating income.

Our products are complex and, despite the increase in our R&D expenditures, we can give no assurance that we will realize our stated goals. We may incur significant R&D expenditures without realizing any commercially viable products or there may be glitches with our product launch.

Selling, General and Administrative Expenses (SG&A) :

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	6,779,881	$	6,769,327	Increase of 0.2%

The increase in our SG&A expenditures in the 2018 period is broadly attributed to the increased costs associated with legal and transaction costs pertaining to a private placement consummated in January 2018. In fiscal year 2019, we do not anticipate this category of expenditure to increase as in fiscal year 2018 we incurred non-recurring one-off costs associated with re-organization of our Company to finance our R&D efforts. Approximately $586,436 of the increased amount in our SG&A expenditures constitutes non-recurring costs attributed to employees' separation payments and a further $90,000 associated with surrendering leased business property in Edinburgh.

Key Areas of SG&A Expenditure across the Group for the year ended October 31, 2018 compared to the year ended October 31, 2017

Expenditure	October 31, 2018		October 31, 2017		Percentage Change
Wages and Salaries	$	3,070,548	$	4,010,778	Decrease of 23.4%
Legal and Professional Fees (including accounting, audit and investment banking services)	$	1,054,379	$	934,937	Increase of 12.8%
Rent for our various locations	$	84,462	$	101,728	Decrease of 17%
Marketing	$	125,411	$	222,589	Decrease of 43.7

Although there is a modest decrease in Wages and Salaries category of expenditures, we would expect that in the 2019 fiscal year this category will increase to reflect the investments we are making in our business including in the area of sales and marketing and quality control.

The increase in our Legal and Professional Fees in the 2018 period is attributed to the increased costs associated with becoming a SEC reporting company and our listing on the NASDAQ.

Upon surrender of our leased properties in Edinburgh in February 2019, we anticipate that the category of expenditures constituting "Rent" will decrease significantly.

We also expect that the category Marketing expenditures in the fiscal year 2019 will increase to reflect increased marketing efforts on our new generation of products both in the Products and Services Segment.

Operating Income:

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	3,310,767	$	3,818,017	Decrease of 13.3%

The decrease in Operating Income in the 2018 period compared to the 2017 period is attributed to the increase of our R&D expenditures by 86.3% ($2,571,714 in the 2018 period compared to $1,380,381) for the reasons discussed earlier in conjunction with revenues remaining flat.

Interest Expense:

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	249,090	$	597,011	Decrease of 58.3%

This category of expenditures includes interest on the various loans described below.

In the 2017 period, we had a Senior Secured Convertible Debenture which attracted 8.5% in interest. In the 2017 period we repaid this Senior Debenture in full and in the said period paid approximately six months interest payments.

In the 2018 period, interest is attributed to the HSBC Loan and a loan made by our CEO to one of our subsidiaries.

On or around April 28, 2017, we entered into a new Senior Secured Debenture with HSBC NA where we borrowed $8,000,000, the proceeds of which were used to repay the Senior Secured Convertible described above. This new HSBC Debenture attracts a more favorable interest rate of 4.56% per annum. In addition, on March 28, 2018 the Company repaid a portion of the new HSBC Debenture thus reducing the principal outstanding amount under this agreement to $1,917,602 at that date. As at October 31, 2018, the amount outstanding under the HSBC Debenture is $1,524,239. The amortization schedule for this loan is set out in Note 8 of the audited Consolidated Financial Statements of October 31, 2018 and 2017.

Our Interest Expense Category also includes interest payable on a loan by our Group CEO to one of our subsidiaries, Coda Octopus Colmek, Inc.

On a going forward basis, we expect the category of Interest Expense to decrease as on December 2018 we repaid in full the loan to our CEO and the principal amount outstanding on the HSBC Debenture is reducing.

***Other Income**:*

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	41,222	$	121,278	Decrease of 66.0%

The make-up of this category is UK Value Added Tax rebates from purchases made outside of the European Union by our UK operations and is subject to fluctuations as it usually reflects Value Added Tax rebates (equivalent of the US Sales Tax) from purchases made outside of the European Union by our UK operations and changes according to the level of purchases we make outside of the European Union in the period.

Net Income before Income taxes for the year ended October 31, 2018 compared to the year ended October 31, 2017

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	3,102,899	$	3,342,284	Decrease of 7.2%

Net Income before Income taxes fell largely because revenues remained flat (due to the delays in the Services Segment contracting certain defense contracts) and our increased expenditures in research and development, which increased by 86.3% (from $1,380,381 in the 2017 period to $2,571,714 in the 2018 period).

Net Income after Income taxes for the year ended October 31, 2018 compared to the year ended October 31, 2017

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	4,988,531	$	3,339,663	Increase of 49.4%

Net Income after Income taxes increased because the Company has recognized and recorded in the 2018 period the full deferred tax asset of $1,754,169 due to management judgement that based on the Company's performance the likelihood of utilizing the Company's Net operating loss ("NOLs") carry forwards has materially increased and therefore the NOLs are realizable in the future.

Comprehensive Income for the year ended October 31, 2018 compared to the year ended October 31, 2017

Year Ended October 31, 2018		Year Ended October 31, 2017		Percentage Change
$	4,798,299	$	3,638,669	Increase of 31.9%

Comprehensive Income increased in the 2018 period compared to the 2017 period due to the recognition of deferred tax asset (NOLs) in the amount of $1,754,169. Without this inclusion Comprehensive Income fell by 16.3% in the 2018 period compared to the 2017 period.

There are a number of reasons for the decline of our Comprehensive Income. In addition to loss of $190,232 in foreign currency translation (as compared to a gain of $299,006 in the 2017 period), Net Income fell by 32% in the 2018 period largely because revenues remained flat while Research and Development expenditures increased significantly in the 2018 period.

Since the UK decided to leave the European Union the British pound has been falling significantly against the US dollar (see Note 2 paragraph n of Notes to the audited Consolidated Financial Statements for October 31, 2018 and 2017 for fuller information regarding our Foreign Currency Translation policy).

Segment Analysis

We are operating in two reportable segments, which are managed separately based upon fundamental differences in their operations. Segment operating income is total segment revenue reduced by operating expenses identifiable with the business segment. Overhead includes general corporate administrative costs.

The Company evaluates performance and allocates resources based upon operating income. The accounting policies of the reportable segments are the same as those described in the summary of accounting policies.

There are inter-segment sales in the table below which have been eliminated from our financial statements. However, for the purpose of segment reporting, these are included in the table below only.

The following tables summarize certain balance sheet and statement of operations information by reportable segment for the financial years ending October 31, 2018 and 2017, respectively.

Year Ended October 31, 2018	Marine Technology Business (Products)	Marine Engineering Business (Services)	Overhead	Total
Revenues from External Customers	$ 11,449,416	$ 6,570,013	$ -	$ 18,019,429
Cost of Revenues	1,894,808	3,462,259	-	5,357,067
Gross Profit	9,554,608	3,107,754	-	12,662,362
Research & Development	2,048,285	523,429	-	2,571,714
Selling, General & Administrative	2,882,049	2,366,226	1,531,606	6,779,881
Total Operating Expenses	4,930,334	2,889,655	1,531,606	9,351,595
Income (Loss) from Operations	4,624,274	218,099	(1,531,606)	3,310,767
Other Income (Expense)				
Other Income	39,122	2,100	-	41,222
Interest (Expense) Income	(12,154)	(59,599)	(177,337)	(249,090)
Total Other Income (Expense)	26,968	(57,499)	(177,337)	(207,868)
Net Income (Loss) before income taxes	4,651,242	160,600	(1,708,943)	3,102,899
Income refund (expense)	133,419	-	(1,956)	131,463
Deferred tax benefit	-	-	1,754,169	1,754,169
Income benefit (expense)	133,419	-	1,752,213	1,885,632
Net Income (Loss)	$ 4,784,661	$ 160,600	$ 43,270	$ 4,988,531
Supplemental Disclosures				
Total Assets	$ 15,061,693	$ 11,674,640	$ 2,000,278	$ 28,736,611
Total Liabilities	$ 1,142,661	$ 1,498,828	$ 1,708,172	$ 4,349,661
Revenues from Intercompany Sales - eliminated from sales above	$ 1,176,438	$ 437,387	$ 3,100,000	$ 4,713,825
Depreciation and Amortization	$ 461,429	$ 282,836	$ 14,143	$ 758,408
Purchases of Long-lived Assets	$ 499,262	$ 61,329	$ 76,561	$ 637,152

	Marine Technology Business (Products)	Marine Engineering Business (Services)	Overhead	Total
Fiscal Year Ended October 31, 2017				
Revenues from External Customers	$ 10,986,268	$ 7,038,905	$ -	$ 18,025,173
Cost of Revenues	2,246,881	3,810,567	-	6,057,448
Gross Profit	8,739,387	3,228,338	-	11,967,725
Research & Development	919,863	460,518	-	1,380,381
Selling, General & Administrative	3,220,635	2,714,054	834,638	6,769,327
Total Operating Expenses	4,140,498	3,174,572	834,638	8,149,708
Operating Income (Loss)	4,598,889	53,766	(834,638)	3,818,017
Other Income (Expense)				
Other Income	117,106	4,172	-	121,278
Interest (Expense) Income	(709,763)	(56,697)	169,449	(597,011)
Total other income (expense)	(592,657)	(52,525)	169,449	(475,733)
Income (Loss) before income taxes	4,006,232	1,241	(665,189)	3,342,284
Income tax benefit (expense)	22,578	-	(25,199)	(2,621)
Net Income	$ 4,028,810	$ 1,241	$ (690,388)	$ 3,339,663
Supplemental Disclosures				
Total Assets	$ 12,374,214	$ 11,479,953	$ 205,906	$ 24,060,073
Total Liabilities	1,109,003	1,475,442	7,648,208	10,232,653
Revenues from Intercompany Sales - eliminated from sales above	1,895,015	387,142	1,797,775	4,079,932
Depreciation and Amortization	528,667	412,220	12,739	953,626
Purchases of Long-lived Assets	2,419,092	129,989	12,470	2,561,551

The Company's reportable business segments operate in three geographic locations: the United States, Europe and Australia.

Information concerning principal geographic areas is presented below according to the area where the activity is taking place for the years ended October 31, 2018 and 2017 respectively:

External Revenues by Geographic Locations	USA	Europe	Australia	Total
Year ended October 31, 2018	$ 7,617,891	$ 10,029,806	$ 371,732	$ 18,019,429
Year ended October 31, 2017	$ 7,499,900	$ 9,056,589	$ 1,468,684	$ 18,025,173

The reason for the decline in our Australia revenues is because we restructured our Australian operations in January 2018, whereby most of the sales in this territory are now done by our UK Edinburgh operations. This was done to reduce our overheads associated with sales.

Liquidity and Capital Resources

At October 31, 2018, the Company had an accumulated deficit of $33,748,575, working capital of $14,881,096 and stockholders' equity of $22,632,781. For the period then ended, the Company generated cash flow from operations of $2,430,649.

We believe that our current level of cash and cash generation will be sufficient to meet our short- and medium-term liquidity needs. At October 31, 2018, we had cash on hand of approximately $7.5 million and both billed and unbilled receivables of approximately $6.3 million. Our current cash balance represents approximately one-year of Selling, General and Administrative Expenses. The Company continues to critically evaluate the level of expenses that we incur and reduce those expenses as appropriate.

Our main liquidity issues are: funding our research and development program ("R&D") which requires significant expenditures in attracting engineering skills and incurring non-recoverable and non-recurring costs for researching, developing and prototyping products; managing our currency exposure; and servicing our senior secured debentures.

Our Colmek subsidiary received on or around October 24, 2016 a $1 million loan from the CEO of Coda to fund the purchase of long lead-time inventory (which are typically subject to a lead time of 12-32 weeks) in order to be able to comply with delivery dates for contracts when they are secured. Subsequent to the year end, this loan and associated interest were repaid in full and all obligations under this loan have now been extinguished.

Substantially all our properties are owned by the Company and there are no mortgage obligations on those properties.

We have a significant concern about adverse currency fluctuations and the effect that those currency fluctuations have on our operations and profitability. As mentioned previously, Brexit has had a significant negative effect on the value of the British pound versus the U. S. dollar. A significant portion of our business is in the United Kingdom and the substantial decrease in the value of the British pound is reflected in lower revenues for our product sales. In addition, all our loans are denominated in U. S. dollars, which means that the dollar value of those loans has effectively gone up since these are partially serviced with British Pounds. While we have chosen not to hedge any of our currency exposure, we continue to evaluate the need to do so and will consider a hedging strategy if and when appropriate.

Operating Activities

Net cash generated from operating activities for the year ended October 31, 2018 was $2,430,649. We recorded net income for the period of $4,988,531. Other items in uses and sources of funds from operations included non-cash charges related to depreciation and amortization and stock-based compensation, which collectively totaled $1,206,907. Changes in operating assets decreased net cash from operating activities by $4,136,911 and changes in current liabilities increased net cash from operating activities by $372,122.

<u>Investing Activities</u>

Net cash used by investing activities for the year ended October 31, 2018 was $637,152 due to the sale and purchase of fixed assets.

<u>Financing Activities</u>

Net cash used in financing activities for the year ended October 31, 2018 was $942,382 as a result of paying down the debt of the Company and issuing stock for cash.

Secured Promissory Note

On April 28, 2017, Coda Octopus Group, Inc. (the "Company") together with its wholly owned US subsidiaries, Coda Octopus Products, Inc. and Coda Octopus Colmek, Inc. (together, the "Subsidiaries"), entered into a loan agreement with HSBC Bank NA (the "Lender") for a loan in the principal amount of $8,000,000 (the "Loan"). The annual interest rate is fixed at 4.56%. Commencing on May 28, 2017 and continuing on the 28th day of each month thereafter, the Company was required to make monthly principal and interest payments of $149,350 until April 28, 2022 (making our annual payments under this Note $1,792,200). In addition, within 30 days after the delivery to the Lender of the Company's annual audited consolidated financial statements, the Company was required to make an annual principal payment of $700,000 during the term of the Loan. Such annual payments will reduce the balance of the principal outstanding. As a result, it was expected that the Loan will be repaid within a period of approximately 45 months. The Loan may be prepaid in whole or in part at any time subject to a break funding charge as detailed in the promissory note evidencing the Loan.

The obligations in connection with the repayment of the Loan are secured by all assets of the Company and its Subsidiaries. In addition, the repayment of the Loan is guaranteed by three of the Company's overseas subsidiaries.

On or around March 28, 2018, with the consent of the lender, HSBC NA, we reduced our indebtedness under the loan to HSBC significantly (including the annual amounts of $700,000 which was required under the loan) and as of October 31, 2018, the Company is indebted to this lender in the amount of $1,524,239. We did not incur any penalty or costs for the early pre-payments of these amounts. See Note 8 to the audited Consolidated Financial Statements For the Years Ended October 31, 2018 and 2017. We now anticipate that the remaining balance (principal and interest) will be repaid within 41 months from date of loan.

Private Placement

On January 29, 2018 ("Transaction Date"), the Company consummated the sale and issuance of 1,125,950 shares of its common stock in a private placement of shares of common stock at $4.40 per share (the "Offering"). Total gross proceeds from the Offering were $4,954,180. The purchase price per share was based on a 10% discount of the volume weighted average price of the common stock on the Nasdaq Capital Market for the 30-consecutive trading-day period ending on January 22, 2018. For a period of 36 months from the Transaction Date, the investors also have the right to purchase, based on their pro-rata ownership of common stock, shares (or securities convertible into shares) offered in subsequent offerings, subject to certain limited exceptions.

Foreign Currency

The Company maintains its books in local currency: US Dollars for its US operations, Pounds Sterling for its United Kingdom operations, Norwegian and Danish Kroner for its Norwegian and Danish operations respectively and Australian Dollars for its Australian operations.

For the fiscal year ended 2018, 42% of the Company's operations were conducted inside the United States and 58% outside the United States through its wholly owned subsidiaries. As a result, fluctuations in currency exchange rates may significantly affect the Company's sales, profitability, balance sheet valuations and financial position when the foreign currencies of its international operations are translated into U.S. dollars for financial reporting. In addition, we are also subject to currency fluctuation risks with respect to certain foreign currency denominated receivables and payables. Although the Company cannot predict the extent to which currency fluctuations may affect the Company's business and financial position, there is a risk that such fluctuations will have an adverse impact on the Company's sales, profits, balance sheet valuations and financial position. Because differing portions of our revenues and costs are denominated in foreign currency, movements could impact our margins by, for example, decreasing our foreign revenues when the dollar strengthens and not correspondingly decreasing our expenses. The Company does not currently hedge its currency exposure. In the future, we may engage in hedging transactions to mitigate foreign exchange risk.

The translation of the Company's UK operations' British Pound denominated balance sheets and results of operations into US dollars was affected by changes in the average value of the US dollar against the British Pound. The average exchange rate during the 2018 period was $1.3420 USD to the GBP against $1.2829 during the 2017 period – an appreciation of the value of the GBP against the USD of 4.6%.

The translation of the Company's Australian operations' Australian Dollar denominated balance sheets and results of operations into US dollars was affected by changes in the average value of the US dollar against the Australian Dollar. The average exchange rate during the 2018 period was $0.7534 USD to the AUD against $0.7626 during the 2017 period – a depreciation of the value of the AUD against the USD of 1.2%.

The translation of the Company's Danish operation's Danish Kroner (DKK) denominated balance sheets and results of operations into US dollars has been affected by the currency fluctuations of the US dollar against the DKK from an average rate of $0.1535 during the period from March to October 2017, to $0.1590 during the 2018 period - an appreciation of the value of the DKK against the USD of 3.6%.

The Company's Norwegian subsidiary is now dormant and the limited activities in that subsidiary is not material for the understanding of the impact of exchange rate fluctuations on Company's results. The Norwegian operations are therefore not included in the below table.

These are the values that have been used in the calculations below.

The impact of these currency fluctuations on the 2018 period is shown below:

	British Pounds		**Australian Dollar**		**Danish Kroner**		**US Dollar**
	Actual Results	**Constant Rates**	**Actual Results**	**Constant Rates**	**Actual Results**	**Constant Rates**	**Total Effect**
Revenues	10,071,499	9,627,844	369,878	374,421	0	0	439,112
Costs	(7,317,789)	(6,995,437)	(251,606)	(254,696)	(6,268)	(6,052)	(319,478)
Net profit (losses)	2,753,710	2,632,407	118,272	119,725	(6,268)	(6,052)	119,634
Assets	14,343,504	14,886,646	229,085	247,541	13,225	13,631	(562,004)
Liabilities	(1,266,940)	(1,314,915)	(771)	(833)	437	450	48,024
Net assets	13,076,564	13,571,731	228,314	246,708	13,662	14,081	(513,980)

This table shows that the effect of constant exchange rates, versus the actual exchange rate fluctuations, increased net income for the year by $119,634 and decreased net assets by $513,980. All of these amounts are material to our overall financial results.

As a result of Brexit, we expect economic uncertainty to increase until the negotiations for the British exit have been completed and the future relationship between the UK and the EU is fully clarified. This uncertainty will most likely continue to have a profound effect on the value of the British Pound. Since approximately 56% of our revenues are transacted and generated in that British Pound, we expect our revenues to continue to be impacted by the adverse movement of the British Pound against the US Dollar. We also expect our direct costs of sales for components sourced outside of the UK for our UK operations to increase. Furthermore, our balance sheet will be affected since a significant part of our assets (fixed and current) are held in British Pounds by our UK subsidiaries.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements.

Inflation

The effect of inflation on the Company's operating results was not significant during the 2018 period.

Seasonality

Results of operations for our Products Segment are impacted by the offshore drilling season. During the winter months, when less offshore drilling takes place, demand for our oil and gas related technology is typically at its lowest.

Item 8. Financial Statements and Supplementary Data.

CODA OCTOPUS GROUP, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Coda Octopus Group, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Coda Octopus Group, Inc. and subsidiaries (the "Company") as of October 31, 2018 and 2017, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years ended October 31, 2018 and 2017, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2018 and 2017, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2014.

Frazier & Deeter, LLC

Tampa, Florida
January 31, 2019

CPAMERICA INTERNATIONAL AICPA PKF

CODA OCTOPUS GROUP, INC.
Consolidated Balance Sheets
October 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 7,512,422	$ 6,851,539
Accounts Receivable, Net	3,326,623	1,418,114
Inventory	3,823,243	3,652,249
Unbilled Receivables	3,013,116	2,723,172
Other Current Assets	219,424	320,814
Prepaid Expenses	227,479	291,623
Total Current Assets	18,122,307	15,257,511
FIXED ASSETS		
Property and Equipment, net	5,246,183	5,213,281
OTHER ASSETS		
Goodwill and Other Intangibles, net	3,613,952	3,589,281
Deferred Tax Asset	1,754,169	-
Total other assets	5,368,121	3,589,281
Total Assets	$ 28,736,611	$ 24,060,073

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

CODA OCTOPUS GROUP, INC.
Consolidated Balance Sheets (Continued)
October 31, 2018 and 2017

	2018	2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 988,148	$ 981,994
Accrued Expenses and Other Current Liabilities	685,454	519,208
Loans and Note Payable, current	964,695	2,212,951
Deferred Revenue, Current	602,914	402,955
Total Current Liabilities	3,241,211	4,117,108
LONG TERM LIABILITIES		
Deferred Revenue, long term	48,906	49,143
Loans and Note Payable, long term	1,059,544	6,066,402
Total Long Term Liabilities	1,108,450	6,115,545
Total Liabilities	4,349,661	10,232,653
STOCKHOLDERS' EQUITY		
Preferred stock, Series C, $.001 par value; 5,000,000 shares authorized 0 and 1,000 shares issued and outstanding as of October 31, 2018 and 2017, respectively	-	1
Common stock, $.001 par value; 150,000,000 shares authorized, 10,640,416 and 9,136,121 shares issued and outstanding as of October 31, 2018 and 2017, respectively	10,641	9,136
Additional paid-in capital	58,599,378	52,839,651
Accumulated other comprehensive loss	(2,228,663)	(2,038,431)
Accumulated deficit	(31,994,406)	(36,982,937)
Total Stockholders' Equity	24,386,950	13,827,420
Total Liabilities and Stockholders' Equity	$ 28,736,611	$ 24,060,073

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

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Income and Comprehensive Income
For the Years Ended October 31, 2018 and 2017

	Year Ended	
	October 31, 2018	October 31, 2017
Net Revenues	$ 18,019,429	$ 18,025,173
Cost of Revenues	5,357,067	6,057,448
Gross Profit	12,662,362	11,967,725
OPERATING EXPENSES		
Research & Development	2,571,714	1,380,381
Selling, General & Administrative	6,779,881	6,769,327
Total Operating Expenses	9,351,595	8,149,708
INCOME FROM OPERATIONS	3,310,767	3,818,017
OTHER INCOME (EXPENSE)		
Other Income	41,222	121,278
Interest Expense	(249,090)	(597,011)
Total Other Income (Expense)	(207,868)	(475,733)
NET INCOME BEFORE INCOME TAXES	3,102,899	3,342,284
INCOME TAX BENEFIT (EXPENSE)		
Current tax benefit (expense)	131,463	(2,621)
Deferred tax benefit	1,754,169	-
Total Income Tax Benefit (Expense)	1,885,632	(2,621)
NET INCOME	$ 4,988,531	$ 3,339,663
NET INCOME PER SHARE:		
Basic	$ 0.49	$ 0.37
Diluted	$ 0.49	$ 0.36
WEIGHTED AVERAGE SHARES:		
Basic	10,093,538	9,111,356
Diluted	10,093,538	9,311,356
NET INCOME	$ 4,988,531	$ 3,339,663
Other Comprehensive Income		
Foreign currency translation adjustment	(190,232)	299,006
Total Other Comprehensive (Loss) Income	(190,232)	299,006
COMPREHENSIVE INCOME	$ 4,798,299	$ 3,638,669

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

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended October 31, 2018 and 2017

	Preferred Stock Series C		Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Deficit	Total
Balance, October 31, 2016	1,100	$ 1	9,094,156	$ 9,094	$52,805,455	$ (2,337,437)	$(40,322,600)	$10,154,513
Stock Issued to Board of Directors	-	-	21,429	21	93,717	-	-	93,738
Stock Issued to Consultants	-	-	20,536	21	40,479	-	-	40,500
Redemption of Series C Preferred Stock	(1,100)	(1)	-	-	(1,099,999)			(1,100,000)
Issuance of Series C Preferred Stock in lieu of interest obligations	1,000	1	-	-	999,999			1,000,000
Foreign currency translation adjustment	-	-	-	-	-	299,006	-	299,006
Net Income	-	-	-	-	-	-	3,339,663	3,339,663
Balance, October 31, 2017	1,000	$ 1	9,136,121	$ 9,136	$52,839,651	$ (2,038,431)	$(36,982,937)	$13,827,420
Stock Issued to Investors	-	-	1,203,727	1,204	5,311,528	-	-	5,312,732
Stock Issued to Consultants	-	-	37,500	38	170,962	-	-	171,000
Stock Issued to Former Officer	-	-	63,068	63	277,436			277,499
Redemption of the Series C Preferred Stock	(1,000)	(1)	-	-	(999,999)			(1,000,000)
Issuance of Stock to Redeem Series C Preferred Stock	-	-	200,000	200	999,800			1,000,000
Foreign currency translation adjustment	-	-	-	-	-	(190,232)	-	(190,232)
Net Income	-	-	-	-	-	-	4,988,531	4,988,531
Balance, October 31, 2018	-	$ -	10,640,416	$ 10,641	$58,599,378	$ (2,228,663)	$(31,994,406)	$24,386,950

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

CODA OCTOPUS GROUP, INC.
Consolidated Statements of Cash Flows
For the Years Ended October 31, 2018 and 2017

	Year Ended	
	October 31, 2018	**October 31, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,988,531	$ 3,339,663
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	758,408	953,626
Stock compensation	448,499	134,238
Realized gain on the sale of fixed assets	-	(109,413)
(Increase) decrease in operating assets:		
Accounts receivable	(1,908,509)	1,856,090
Inventory	(349,823)	(1,053,324)
Unbilled receivables	(289,944)	683,521
Other current assets	101,390	(179,860)
Prepaid expenses	64,144	(178,739)
Deferred tax assets	(1,754,169)	96,374
Increase (decrease) in operating liabilities:		
Accounts payable and other current liabilities	172,400	(689,341)
Deferred revenues	199,722	(12,443)
Net Cash provided by Operating Activities	2,430,649	4,840,392
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(637,152)	(2,561,551)
Proceeds from the sale of fixed assets	-	504,802
Restricted cash	-	13,694
Net Cash used in Investing Activities	(637,152)	(2,043,055)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments - loans and notes payable	(6,255,114)	(746,571)
Issuance of stock for cash	5,312,732	-
Redemption of Series C preferred stock	-	(1,100,000)
Net Cash used in Financing Activities	(942,382)	(1,846,571)
EFFECT OF CURRENCY EXCHANGE RATE ON CHANGES IN CASH	(190,232)	299,006
NET INCREASE IN CASH	660,883	1,249,772
CASH AT THE BEGINNING OF THE PERIOD	6,851,539	5,601,767
CASH AT THE END OF THE PERIOD	$ 7,512,422	$ 6,851,539
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 291,802	$ 697,877
Cash paid for taxes	$ 27,192	$ 64,993
Non-cash transactions		
Preferred stock issued for accrued interest	$ -	$ 1,000,000
Transfer of Demo assets from inventory to property and equipment	$ 178,829	$ -
Common stock issued for Series C preferred stock	$ 1,000,000	$ 0
Payment of secured debt directly with proceeds of note payable	$ -	$ 8,000,000

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

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Coda Octopus Group, Inc. ("Coda," "the Company," or "we") operates two distinct business segments: Products Segment and Services Segment. The Product Segment develops, manufactures and distributes subsea products including its flagship patented real time 3D sonar technology (referred to as "Product Segment") which it supplies to companies operating in the subsea/marine sector. The Services segment supplies proprietary engineering parts to defense and subsea companies.

The consolidated financial statements include the accounts of Coda Octopus Group, Inc. and our domestic and foreign subsidiaries. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

a. Basis of Presentation

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities, and all of the Codification's content carries the same level of authority.

b. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. At times such investments may be in excess of federal deposit insurance limits.

c. Trade Accounts Receivable

Trade accounts receivable are recorded net of the allowance for doubtful accounts. The Company provides for an allowance for doubtful collections that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Balances still outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The allowance for doubtful accounts was $47,807 and $36,553 as of October 31, 2018 and 2017 respectively.

d. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for minor replacements, maintenance and repairs which do not increase the useful lives of the property and equipment are charged to operations as incurred. Major additions and improvements are capitalized. Depreciation and amortization are computed using the straight-line method over their estimated useful lives which is typically three to five years for equipment and 30 years for buildings.

e. Advertising

Coda follows the policy of charging the costs of advertising to expense as incurred, which aggregated $0 for the years ended October, 31 2018 and 2017.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

f. Inventory

Inventory is stated at the lower of cost (weighted average method) or net realizable value. Inventory consisted of the following components:

	October 31, 2018	October 31, 2017
Raw materials and parts	$ 2,887,505	$ 2,651,511
Work in progress	472,204	501,692
Demo goods	-	349,480
Finished goods	463,534	149,566
Total Inventory	$ 3,823,243	$ 3,652,249

g. Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues including unbilled and deferred revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include estimates related to the percentage of completion method used to account for contracts including costs and earnings in excess of billings, billings in excess of costs and estimated earnings and the valuation of goodwill.

h. Revenue Recognition

Our revenue is derived from sales of underwater technologies and equipment for imaging, mapping, defense and survey applications and from the engineering services which we provide. Revenue is recognized when evidence of a contractual arrangement exists, delivery has occurred or services have been rendered, the contract price is fixed or determinable, and collectability is reasonably assured. No rights of return privileges are granted to customers after delivery.

For arrangements with multiple deliverables, we recognize product revenue by allocating the revenue to each deliverable based on the relative fair value of each deliverable, and recognize revenue when equipment is delivered, and for installation and other services as they are performed.

Our contracts sometimes require customer payments in advance of revenue recognition. These amounts are reflected as liabilities and recognized as revenue when the Company has fulfilled its obligations under the respective contracts.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

h. Revenue Recognition (continued)

For software license sales for which any services rendered are not considered essential to the functionality of the software, we recognize revenue upon delivery of the software, provided (1) there is evidence of a contractual arrangement for this, (2) collection of our fee is considered probable and (3) the fee is fixed and determinable.

For arrangements that are generated from time and material contracts where there is a signed agreement and approved purchase order in place that specifies the fixed hourly rate and other reimbursable costs to be billed based on material and direct labor hours incurred, revenue is recognized based on material and direct labor hours incurred. Revenues from fixed-price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred (materials and direct labor hours) to date to estimated total services (materials and direct labor hours) for each contract. This method is used as expenditures for direct materials and labor hours are considered to be the best available measure of progress on these contracts. Losses on fixed-price contracts are recognized during the period in which the loss first becomes apparent based upon costs incurred to date and the estimated costs to complete as determined by experience from similar contracts. Variations from estimated contract performance could result in adjustments to operating results.

Rental revenue is recognized monthly over the term of the rental period.

On November 1, 2018 the Company adopted Accounting Standards Codification ASC 606, entitled Revenue From Contracts with Customers. While terminology and requirements change in ASC 606, we believe that our existing revenue accounting is compliant with ASC 606 and that our accounting for revenue will not change. Accordingly, our disclosures about our revenue in accordance with ASC 606 will expand to comply with the new requirements, including expansion of quarterly revenue reporting requirements.

i. Concentrations of Risk

Credit losses, if any, have been provided for in the consolidated financial statements and are based on management's expectations. The Company's accounts receivable are subject to potential concentrations of credit risk, since a significant part of the Company's sales are to a small number of companies and, even though these are generally established businesses, market fluctuations such as the price of oil may affect our customers' ability to meet their obligations to us.

The Company's bank deposits are held with financial institutions both in and out of the USA. At times, such amounts may be in excess of applicable government mandated insurance limits. The Company has not experienced any losses in such accounts or lack of access to its cash, and believes it is not exposed to significant risk of loss with respect to cash.

j. Contracts in Progress (Unbilled Receivables and Deferred Revenue)

Costs and estimated earnings in excess of billings on uncompleted contracts represent accumulated project expenses and fees which have not been invoiced to customers as of the date of the balance sheet. These amounts are stated on the consolidated balance sheets as Unbilled Receivables of $3,013,116 and $2,723,172 as of October 31, 2018 and 2017, respectively.

Our Deferred Revenue of $602,914 and $402,955 as of October 31, 2018 and 2017, respectively, consists of billings in excess of costs and revenues received as part of our warranty obligations upon completing a sale – elaborated further in the last paragraph of this note.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

j. Contracts in Progress (Unbilled Receivables and Deferred Revenue) (Continued)

Revenue received as part of sales of equipment includes a provision for warranty and is treated as deferred revenue, along with extended warranty sales, with these amounts amortized over 12 months, our stated warranty period, from the date of sale. These amounts are stated on the balance sheets as a component of Deferred Revenue of $335,646 and $452,098 as of October 31, 2018 and 2017, respectively.

k. Income Taxes

The Company accounts for income taxes in accordance with Accounting Standards Codification 740, *Income Taxes* (ASC 740). Under ASC 740, deferred income tax assets and liabilities are recorded for the income tax effects of differences between the bases of assets and liabilities for financial reporting purposes and their bases for income tax reporting. The Company's differences arise principally from the use of various accelerated and modified accelerated cost recovery systems for income tax purposes versus straight line depreciation used for book purposes and from the utilization of net operating loss carry-forwards.

Deferred tax assets and liabilities are the amounts by which the Company's future income taxes are expected to be impacted by these differences as they reverse. Deferred tax assets are based on differences that are expected to decrease future income taxes as they reverse. Correspondingly, deferred tax liabilities are based on differences that are expected to increase future income taxes as they reverse. Note 7 below discusses the amounts of deferred tax assets and liabilities, and also presents the impact of significant differences between financial reporting income and taxable income.

For income tax purposes, the Company uses the percentage of completion method of recognizing revenues on long-term contracts which is consistent with the Company's financial reporting under U.S. generally accepted accounting principles.

l. Intangible Assets

Intangible assets consist principally of the excess of cost over the fair value of net assets acquired (or goodwill), customer relationships, non-compete agreements and licenses. Goodwill was allocated to our reporting units based on the original purchase price allocation. Goodwill is not amortized and is evaluated for impairment annually or more often if circumstances indicate impairment may exist. Customer relationships, non-compete agreements, patents and licenses are being amortized on a straight-line basis over periods of 2 to 15 years. The Company amortizes its limited lived intangible assets using the straight-line method over their estimated period of benefit. We periodically evaluate the recoverability of intangible assets and take into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

l. Intangible Assets (Continued)

The first step of the goodwill impairment test used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value, which is based on future cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The Company will early adopt Accounting Standards Codification 2017 – 04, Simplifying the Test for Goodwill Impairment, which permits the Company to impair the difference between carrying amount in excess of the fair value of the reporting unit as the reduction in goodwill. ASC 2017-04 eliminates the requirement in previous US GAAP to perform Step 2 of the goodwill impairment test.

At the end of each year, we evaluate goodwill on a separate reporting unit basis to assess recoverability, and impairments, if any, are recognized in earnings. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of the goodwill over the fair value of the reporting unit.

There were no impairment charges recognized during the years ended October 31, 2018 and 2017.

m. Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and notes payable. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair values because of the short-term nature of these instruments. The aggregate carrying amount of the notes payable approximates fair value as they bear interest at a market interest rate based on their term and maturity. The fair value of the Company's long-term debt approximates its carrying amount based on the fact that the Company believes it could obtain similar terms and conditions for similar debt.

n. Foreign Currency Translation

Assets and liabilities are translated at the prevailing exchange rates at the balance sheet dates, related revenue and expenses are translated at weighted average exchange rates in effect during the period and stockholders' equity, fixed assets and long-term investments are recorded at historical exchange rates. Resulting translation adjustments are recorded as a separate component in stockholders' equity as part of accumulated other comprehensive income or (loss) as may be appropriate. Foreign currency transaction gains and losses are included in the consolidated statements of income and comprehensive income.

o. Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment loss was recognized during the years ended October 31, 2018 and 2017, respectively.

p. Research and Development

Research and development costs consist of expenditures for the development of present and future patents and technology, which are not capitalizable. Under current legislation, we are eligible for UK tax credits related to our qualified research and development expenditures.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

p. Research and Development (Continued)

Tax credits are classified as a reduction of research and development expense. During the years ended October 31, 2018 and 2017, we had $140,015 and $416,624 respectively.

q. Stock Based Compensation

We recognize the expense related to the fair value of stock based compensation awards within the consolidated statements of income and comprehensive income. We use the fair value method for equity instruments granted to non-employees and use the Black Scholes model for measuring the fair value. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the periods in which the related services are rendered.

r. Comprehensive Income

Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Comprehensive income includes gains and losses on foreign currency translation adjustments and is included as a component of stockholders' equity.

s. Earnings per Share

We compute basic earnings per share by dividing the income attributable to common shareholders by the weighted average number of common shares outstanding. Diluted earnings per share include the dilutive effect, if any, from the potential exercise of stock options and warrants.

Following is a reconciliation of earnings from continuing operations and weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share:

Fiscal Period	Year Ended October 31, 2018	Year Ended October 31, 2017
Numerator:		
Net Income	$ 4,988,531	$ 3,339,663
Denominator:		
Basic weighted average common shares outstanding	10,093,538	9,111,356
Conversion of Series C Preferred Stock	-	200,000
Diluted outstanding shares	10,093,538	9,311,356
Earnings from continuing operations		
Basic	$ 0.49	$ 0.37
Diluted	$ 0.49	$ 0.36

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

t. Recent Accounting Pronouncements

There have been no new accounting pronouncements made effective during fiscal 2018 that have significance, or potential significance, to our Consolidated Financial Statements.

Recent Accounting Pronouncements Not Yet Effective

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of the new revenue standard for periods beginning after December 15, 2016 to December 15, 2017, with early adoption permitted but not earlier than the original effective date. We have evaluated the effects of this updated standard and determined that it will not have a significant impact on our consolidated financial statements but will expand the related disclosures, particularly for quarterly reporting purposes.

On February 24, 2016, the FASB issued ASU No. 2016-02, Leases, requiring lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the balance sheet. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition and requires application of the new guidance at the beginning of the earliest comparative period presented. We own substantially all of our facilities and rental asset and the effect of adopting this standard was immaterial.

On March 30, 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies various aspects related to the accounting and presentation of share-based payments. The amendments require entities to record all tax effects related to share-based payments at settlement or expiration through the income statement and the windfall tax benefit to be recorded when it arises, subject to normal valuation allowance considerations. All tax-related cash flows resulting from share-based payments are required to be reported as operating activities in the statement of cash flows. The updates relating to the income tax effects of the share-based payments including the cash flow presentation must be adopted either prospectively or retrospectively. Further, the amendments allow the entities to make an accounting policy election to either estimate forfeitures or recognize forfeitures as they occur. If an election is made, the change to recognize forfeitures as they occur must be adopted using a modified retrospective approach with a cumulative effect adjustment recorded to opening retained earnings. The effective date of the new standard for public companies is for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years. Early adoption is permitted. We have evaluated this standard and determined that it did not have a significant impact on our consolidated financial statements and related disclosures.

With the exception of the updated standards discussed above, there have been no new accounting pronouncements not yet effective that have significance, or potential significance, to our Consolidated Financial Statements.

u. Liquidity

At October 31, 2018, we had cash on hand of approximately $7.5 million and both billed and unbilled receivables of approximately $6.3 million. Our current cash balance represents approximately one-year of Selling, General and Administrative Expenses. The Company continues to critically evaluate the level of expenses that we incur and reduce those expenses as appropriate.

NOTE 3 - INTANGIBLE ASSETS AND GOODWILL

Goodwill and Other Intangible Assets are evaluated on an annual basis. If there is reason to believe that their values have been diminished or impaired, write-downs will be included in results from operations.

The identifiable intangible assets acquired and their carrying value as of October 31, 2018 and 2017, are as follows:

Amortization of patents, customer relationships, non-compete agreements and licenses included as a charge to income amounted to $47,190 and $163,519 for the years ended October 31, 2018 and 2017, respectively. Goodwill is not being amortized.

	October 31, 2018		October 31, 2017	
Customer relationships (weighted average life of 10 years)	$	896,624	$	896,624
Non-compete agreements (weighted average life of 3 years)		198,911		198,911
Patents and other (weighted average life of 10 years)		366,036		294,175
Total identifiable intangible assets - gross carrying value		1,461,571		1,389,710
Less: accumulated amortization		(1,229,727)		(1,182,537)
Total intangible assets, net	$	231,844	$	207,173

Future estimated annual amortization expenses as of October 31, 2018 as follows:

Years Ending October 31,		Amount
2019		46,318
2020		39,121
2021		34,620
2022		34,297
2023		30,831
Thereafter		46,657
Totals	$	231,844

NOTE 3 - INTANGIBLE ASSETS AND GOODWILL (Continued)

As a result of the acquisitions of Coda Octopus Martech, Ltd., Coda Octopus Colmek, Inc. and Coda Octopus Products, Ltd. the Company has goodwill in the amount of $3,382,108 as of October 31, 2018 and 2017, respectively. The carrying amount of goodwill as of October 31, 2018 and 2017, respectively, are recorded below:

	October 31, 2018	October 31, 2017
Breakout of Goodwill:		
Coda Octopus Colmek, Inc.	$ 2,038,669	$ 2,038,669
Coda Octopus Products, Ltd	62,315	62,315
Coda Octopus Martech, Ltd	1,281,124	1,281,124
Total Goodwill	$ 3,382,108	$ 3,382,108

Considerable management judgment is necessary to estimate fair value of goodwill. We enlisted the assistance of an independent valuation consultant to determine the values of our intangible assets and goodwill at the dates of acquisition and by management for the dates thereafter.

Based on various market factors and projections used by management, actual results could vary significantly from management's estimates.

The Company's policy is to test its goodwill balances for impairment on an annual basis, in the fourth quarter of each year, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The goodwill assets of the Company arise chiefly from the acquisition of two wholly owned subsidiaries that comprise the Company's Services Segment – Coda Octopus Colmek and Coda Octopus Martech. The goodwill impairment evaluation was conducted at the end of the financial year 2018 and management's opinion is that the carrying values are reasonable.

Based on these evaluations, the fair value of goodwill exceeds its carrying value. As such no impairment was recorded by management.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of:

	October 31, 2018	October 31, 2017
Buildings	$ 3,996,860	$ 4,082,346
Land	200,000	200,000
Office machinery and equipment	2,875,443	2,064,449
Furniture, fixtures and improvements	1,109,225	1,165,897
Totals	8,181,528	7,512,692
Less: accumulated depreciation	(2,935,345)	(2,299,411)
Property and Equipment – Net	$ 5,246,183	$ 5,213,281

Depreciation expense for the years ended October 31, 2018 and 2017 was $711,218 and $790,107, respectively.

NOTE 5 - OTHER CURRENT ASSETS

Other current assets consisted of the following at:

	October 31, 2018	October 31, 2017
Deposits	$ 21,007	$ 11,255
Other receivables	141,294	73,600
Prepaid Tax	57,123	235,959
Total Other Current Assets	$ 219,424	$ 320,814

NOTE 6 – CAPITAL STOCK

Common Stock

On or around January 11, 2017, the Company effected a one for fourteen (1 for 14) reverse stock split of our issued and outstanding common stock. All historical share numbers in this document have been adjusted retroactively to account for the reverse stock split. Effecting the reverse stock split reduced the number of issued and outstanding shares of common stock as of January 11, 2017 to 9,102,192.

NOTE 6 – CAPITAL STOCK (Continued)

Common Stock (Continued)

The Company is authorized to issue 150,000,000 shares of common stock with a par value of $0.001 per share.

On November 8, 2016, the Company issued 8,036 shares to two individuals for services rendered. These were valued at $10,500 which was charged to operations.

On June 23, 2017, the Company issued 6,250 shares to two individuals for services rendered. These were valued at $15,000 which was charged to operations.

In June and August 2017, the Company issued 21,429 shares to three of our newly appointed directors for services rendered at a value of $93,738 which was charged to operations.

On October 13, 2017, the Company issued 6,250 shares to two individuals for services rendered. These were valued at $15,000 which was charged to operations.

On January 29, 2018, the Company issued 1,125,950 shares to two investors pursuant to the terms of a private placement for a total purchase price of $4,954,180.

On February 5, 2018, the Company issued to one of its directors pursuant to the terms of the private placement 75,000 shares for a purchase price of $345,750.

On February 12, 2018, the Company issued 2,777 shares to one investor pursuant to their pre-emption rights under the terms of the private placement effected on or around January 29, 2018 for a purchase price of $12,802.

On February 22, 2018 and March 6, 2018, the Company issued a total of 12,500 shares to two individuals for services rendered. These were valued at $57,250, which was charged to operations.

On April 19, 2018 the Company issued 63,068 shares of common stock to a former officer pursuant to the terms of a settlement entered into on or around January 14, 2011. These were valued at $277,499, which was charged to operations.

On August 12, 2018, the Company issued 25,000 shares of common stock to consultants for services rendered. These were valued $113,750, which was charged to operations.

On October 31, 2018, the Company issued 200,000 shares of common stock to the holders of the Series C Preferred Stock for a value of $1,000,000 pursuant to the terms of Certificate of Designation for the Series C Preferred Stock issued and outstanding which provided for a conversion price of $5.00 per share.

As of October 31, 2018, the Company had 10,640,416 shares of common stock issued and outstanding.

NOTE 6 – CAPITAL STOCK (Continued)

Preferred Stock

Series A and Series C Preferred Stock

The Company is also authorized to issue 5,000,000 shares of preferred stock with a par value of $0.001 per share. We have designated 50,000 preferred shares as Series A preferred stock and 50,000 preferred shares as Series C preferred stock. The remaining 4,900,000 shares of preferred stock are not designated.

On or around April 28, 2017, pursuant to the terms of an Exchange Agreement between the Company and the Holder, the Company issued 1,000 units of Series C Preferred Stock, each unit having a stated value equal to $1,000. Series C Preferred Stock is convertible by the Holder or the Company subject to the Conversion Conditions being met at a Conversion Price of $5.00 per share and, if not converted, are redeemable at a fixed price of $1,000,000. The Holder is entitled to receive value prior to holders of common stock in case of liquidating the Company. There are no Series C Preferred currently outstanding.

On or around October 31, 2018 the holders of the Series C Preferred Stock referred to in the preceding paragraph, elected to convert all 1,000 units of Series C Preferred Stock into the Company’s Common Stock.

As of October 31, 2018, there are no Series A or Series C Preferred Stock issued or outstanding.

NOTE 7 - INCOME TAXES

The Company files federal income tax returns in the U.S. and state income tax returns in the applicable states on a consolidated basis. The Company’s subsidiaries also file in the appropriate foreign jurisdictions as applicable, most notably the United Kingdom.

The Company is required to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. The Company has no significant unrecognized tax benefit during the year ended October 31, 2018.

There are no material tax positions included in the accompanying consolidated financial statements at October 31, 2018 and 2017 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The Company uses an asset and liability approach to financial accounting and reporting for income taxes. The difference between the financial statement and tax bases of assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized. Income tax expense is the current income tax payable or refundable for the period plus or minus the net change in the deferred tax assets and liabilities.

NOTE 7 - INCOME TAXES (Continued)

For income tax reporting purposes, the Company's aggregate U.S. unused net operating losses approximate $8,353,000 and $10,698,000 as of October 31, 2018 and 2017 respectively, which expire beginning in 2028 through 2029, subject to limitations of Section 382 of the Internal Revenue Code, as amended.

The Company has had sustained taxable income in recent years supporting the Company's judgement that the benefit of the U.S. Net operating loss carry forwards is more likely than not to be realizable in the future periods. As a result the Company has recorded the full deferred tax asset in fiscal year 2018.

The deferred tax asset related to the U.S. tax carry-forward is $1,754,169 and $4,172,200 as October 31, 2018 and 2017 respectively. The Company has recognized a deferred tax asset and deferred tax benefit of $1,754,169 for the year ended October 31, 2018 and provided a valuation reserve against the full amount of the net operating loss benefit of $4,172,200 for the year ended October 31, 2017. For the years ended October 31, 2018 and 2017, the Company had an Alternative Minimum Tax of $7,840 and $27,192 due.

For income tax reporting purposes, the Company's UK unused net operating losses approximate $525,308 with no expiration. The deferred tax asset related to the UK and Norway tax carry-forwards is approximately $110,314. The Company has provided a valuation reserve against a portion of the net operating loss benefit, because in the opinion of management which is based upon the earning history of the Company, it is more likely than not that the benefits allowed will not be fully realized. Those remaining and not allowed are recorded by the Company and are expected to be used in the near future.

Components of deferred tax assets as of October 31, 2018 and 2017 are as follows:

	October 31, 2018	October 31, 2017
Net operating loss carry-forward benefit	$ 1,754,169	$ 4,172,200
Valuation allowance		(4,172,200)
Net deferred tax (liability) asset	$ 1,754,169	$ -

The Company did not incur any regular income tax but did incur an Alternative Minimum Tax expense in the US. For financial purposes in its U.S. entities and other foreign entities not included above, as we have been able to use net operating loss carry-forwards and other timing differences during the current and prior year to offset any tax liabilities in the various tax jurisdictions. The use of these income tax benefits in the current and prior year have been adjusted for and offset by a valuation allowance as noted above. The Company believes the future use and benefit of these tax assets is still uncertain and may not be realized.

The Company's income tax returns are subject to audit by taxing authorities for the years beginning November 1, 2015.

On December 22, 2017, the US Congress passed the Tax Cuts and Jobs Act, which reduced the corporate tax rate from 35% to 21%. This change would reduce the deferred tax asset described in Note 7, from $4,172,200 to $2,246,718. The Company had provided full valuation allowance against the deferred tax asset for the year ended October 31, 2017. There was not an impact on the October 31, 2017 consolidated financial statements because of this tax law change.

A reconciliation between the amounts of income tax benefit determined by applying applicable U.S. statutory tax rate to pre-tax income is as follows:

	October 31, 2018	October 31, 2017
Federal statutory rate of 21% as of October 31, 2018 and 35% as of October 31, 2017	$ 651,609	$ 1,169,799
Alternative Minimum Tax	7,840	27,192
Foreign tax expense (benefit)	(139,303)	(24,571)
Recognition of deferred tax benefit	(1,754,169)	-
Use of NOL losses on consolidated tax returns	(651,609)	(1,169,799)
Total income tax expense (benefit)	$ (1,885,632)	$ 2,621

NOTE 8 - LOANS AND NOTES PAYABLE

Loans and notes payable consisted of the following at:

	October 31, 2018	October 31, 2017
Secured note payable to HSBC NA with interest payable on the 28th day of each month at 4.56% per annum. On March 28, 2018 the Company prepaid a portion of the principal and thereby reducing the principal outstanding under this loan to $1,917,602 resulting in the repayment obligations (principal and interest payments) being reduced to $43,777 per month. There was no prepayment penalty associated with the reduction of the principal. It is now expected that the Loan will be repaid within 41 months.	$ 1,524,239	$ 7,279,353
One of the subsidiaries has an unsecured working capital loan from the CEO of the Company. The note is due on November 30, 2018 and carries an interest rate of 4.5%. The loan was paid in full on December 24, 2018 and all obligations under this agreement have now been extinguished.	500,000	1,000,000
Total	2,024,239	8,279,353
Less: current portion	(964,695)	(2,212,951)
Total Long-Term Loans and Notes Payable	$ 1,059,544	$ 6,066,402

The HSBC loan is secured by a blanket lien on all of the Company's US subsidiaries. The foreign subsidiaries are guarantor of the obligations undertaken in the loan agreement.

We have an unused line of credit for up to $455,000 with HSBC UK to use specifically for performance bonds and bank guarantees. As of October 31, 2018, the balance is $0.

This table shows the principal maturities on the HSBC NA Senior Note as of October 31, 2018:

Years Ending October 31,	Amount
2019	$ 464,695
2020	486,624
2021	509,588
2022	63,332
Totals	$ 1,524,239

NOTE 9 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) consists of foreign currency translation adjustments. Total other comprehensive (loss) income was $(190,232) and $299,006 for the years ended October 31, 2018 and 2017, respectively.

A reconciliation of the other comprehensive income (loss) in the stockholders' equity section of the consolidated balance sheets is as follows:

		October 31, 2018		October 31, 2017
Balance, beginning of year	$	(2,038,431)	$	(2,337,437)
Total other comprehensive income for the year - foreign currency translation adjustment		(190,232)		299,006
Balance, end of period	$	(2,228,663)	$	(2,038,431)

NOTE 10 - CONCENTRATIONS

Significant Customers

During the year ended October 31, 2018, the Company had one customer from whom it generated sales greater than 10% of net revenues. Revenue from this customer was $2,882,761, or 16% of net revenues during the period. Total accounts receivable from this customer at October 31, 2018 was $24,993 or 1% of accounts receivable.

During the year ended October 31, 2017, the Company had one customer from whom it generated sales greater than 10% of net revenues. Revenues from this customer was $4,036,591, or 22% of net revenues during the year. Total accounts receivable from this customer at October 31, 2017 was $289,571 or 21% of accounts receivable.

NOTE 11 - EMPLOYEE BENEFIT PLANS

The Company's U.S. subsidiaries maintain a matching 401(k) retirement plan. The plan allows the Company to make matching contributions of 10 cents per dollar of employee contributions, up to a maximum of $1,850. U.S. employees who have at least nine months of service with the Company are eligible. In addition, the Company's UK subsidiaries operate pension schemes which provide for the payment of the full contribution by the Company. These schemes in the UK operate on a defined contribution money purchase basis and the contributions are charged to operations as they arise. Finally, the Company is obligated to provide pension funding according to Norwegian legislation for its subsidiary located in Norway. The Company has an arrangement that fulfills this requirement. Employee benefit costs for the above-noted plans for the years ended October 31, 2018 and 2017 were $51,693 and $53,498, respectively.

NOTE 12 - OPERATING LEASES

The Company occupies various office and warehouse facilities pursuant to both term and month-to-month leases. The leases expire at various times through February 28, 2019. The following schedule summarized the future minimum lease payments on the term operating leases:

Years Ending October 31,	Amount
2019	$ 35,373
Totals	$ 35,373

Rent expense for the years ended October 31, 2018 and 2017, was $93,773 and $93,797, respectively.

NOTE 13 -SEGMENT ANALYSIS

We are operating in two reportable segments, which are managed separately based upon fundamental differences in their operations. Coda Octopus Martech and Coda Octopus Colmek operate as contractors ("Services Segment), and the balance of our operations are comprised of product sales ("Products Segment").

Segment operating income is total segment revenue reduced by operating expenses identifiable with the business segment. Corporate includes general corporate administrative costs.

The Company evaluates performance and allocates resources based upon operating income. The accounting policies of the reportable segments are the same as those described in the summary of accounting policies.

There are inter-segment sales which have been eliminated in our financial statements but are disclosed in the tables below for information purposes.

The following table summarizes segment asset and operating balances by reportable segment for the years ended October 31, 2018 and 2017 respectively.

The Company's reportable business segments operate in three geographic locations. Those geographic locations are:

* United States

* Europe

* Australia

The Company evaluates performance and allocates resources based upon operating income. The accounting policies of the reportable segments are the same as those described in the summary of accounting policies. There are inter-segment sales which have been removed upon consolidation and for the purposes of the information shown below.

Information concerning principal geographic areas is presented below according to the area where the activity has taken place for the years ended October 31, 2018 and 2017 respectively:

NOTE 13 -SEGMENT ANALYSIS (Continued)

	Marine Technology Business (Products)	Marine Engineering Business (Services)	Overhead	Total
Year Ended October 31, 2018				
Revenues from External Customers	$ 11,449,416	$ 6,570,013	$ -	$ 18,019,429
Cost of Revenues	1,894,808	3,462,259	-	5,357,067
Gross Profit	9,554,608	3,107,754	-	12,662,362
Research & Development	2,048,285	523,429	-	2,571,714
Selling, General & Administrative	2,882,049	2,366,226	1,531,606	6,779,881
Total Operating Expenses	4,930,334	2,889,655	1,531,606	9,351,595
Income (Loss) from Operations	4,624,274	218,099	(1,531,606)	3,310,767
Other Income (Expense)				
Other Income	39,122	2,100	-	41,222
Interest (Expense) Income	(12,154)	(59,599)	(177,337)	(249,090)
Total Other Income (Expense)	26,968	(57,499)	(177,337)	(207,868)
Net Income (Loss) before income taxes	4,651,242	160,600	(1,708,943)	3,102,899
Current income benefit (expense)	133,419	-	(1,956)	(131,463)
Deferred tax benefit	-	-	1,754,169	1,754,169
Income benefit (expense)	133,419	-	1,752,213	1,885,632
Net Income (Loss)	$ 4,784,661	$ 160,600	$ 43,270	$ 4,988,531
Supplemental Disclosures				
Total Assets	$ 15,061,693	$ 11,674,640	$ 2,000,278	$ 28,736,611
Total Liabilities	$ 1,142,661	$ 1,498,828	$ 1,708,172	$ 4,349,661
Revenues from Intercompany Sales - eliminated from sales above	$ 1,176,438	$ 437,387	$ 3,100,000	$ 4,713,825
Depreciation and Amortization	$ 461,429	$ 282,836	$ 14,143	$ 758,408
Purchases of Long-lived Assets	$ 499,262	$ 61,329	$ 76,561	$ 637,152

NOTE 13 -SEGMENT ANALYSIS (Continued)

	Marine Technology Business (Products)	Marine Engineering Business (Services)	Overhead	Total
Year Ended October 31, 2017				
Revenues from External Customers	$ 10,986,268	$ 7,038,905	$ -	$ 18,025,173
Cost of Revenues	2,246,881	3,810,567	-	6,057,448
Gross Profit	8,739,387	3,228,338	-	11,967,725
Research & Development	919,863	460,518	-	1,380,381
Selling, General & Administrative	3,220,635	2,714,054	834,638	6,769,327
Total Operating Expenses	4,140,498	3,174,572	834,638	8,149,708
Income (Loss) from Operations	4,598,889	53,766	(834,638)	3,818,017
Other Income (Expense)				
Other Income	117,106	4,172	-	121,278
Interest Expense	(709,763)	(56,697)	169,449	(597,011)
Total Other Income (Expense)	(592,657)	(52,525)	169,449	(475,733)
Net Income (Loss) before income taxes	4,006,233	1,241	(665,189)	3,342,284
Income refund (expense)	22,578	-	(25,199)	(2,621)
Net Income	$ 4,028,810	$ 1,241	$ (690,388)	$ 3,339,663
Supplemental Disclosures				
Total Assets	$ 12,374,214	$ 11,479,953	$ 205,906	$ 24,060,073
Total Liabilities	$ 1,109,003	$ 1,475,442	$ 7,648,208	$ 10,232,653
Revenues from Intercompany Sales - eliminated from sales above	$ 1,895,015	$ 387,142	$ 1,797,775	$ 4,079,932
Depreciation and Amortization	$ 528,667	$ 412,220	$ 12,739	$ 953,626
Purchases of Long-lived Assets	$ 2,419,092	$ 129,989	$ 12,470	$ 2,561,551

NOTE 13 -SEGMENT ANALYSIS (Continued)

	USA	Europe	Australia	Total
External Revenues by Geographic Locations				
Year Ended October 31, 2018	$ 7,617,891	$ 10,029,806	$ 371,732	$ 18,019,429
Year Ended October 31, 2017	$ 7,499,900	$ 9,056,589	$ 1,468,684	$ 18,025,173

NOTE 14 – COMMITMENTS

Leases

Orlando, Florida

Our corporate offices are co-located with our subsidiary Coda Octopus Products, Inc. in Orlando where we lease premises on a month to month basis at $5,176 per month.

Edinburgh, Scotland (Lease will come to an end on February 28, 2019)

Our wholly owned United Kingdom subsidiary, Coda Octopus Products Ltd, leases office space comprising 4,099 square feet in Edinburgh, United Kingdom. The annual rent is fixed for the duration of the lease at the British Pounds equivalent of $54,130 (the rent is stated in British Pounds and is therefore subject to exchange rate fluctuations). We have now agreed the schedule of works to reinstate the premises to is original conditions (ordinary wear and tear excluded) with the landlord and these premises will be surrendered on February 28, 2019. Following surrender the Company will have no further obligations (either for rent or rates) for these premises.

NOTE 14 – COMMITMENTS (Continued)

Employment Agreements

Annmarie Gayle

Pursuant to the terms of an employment agreement dated March 16, 2017, the Company employs Ms. Gayle as its Chief Executive Officer on a full-time basis and a member of its Board of Directors. The annual salary is $230,000 payable on a monthly basis. Ms. Gayle is also entitled to an annual performance bonus of up to $100,000, upon achieving certain targets that are to be defined on an annual basis. The agreement provides for 30 days of paid holidays in addition to public holidays observed in Scotland.

The agreement has no definitive term and may be terminated only upon twelve months' prior written notice by Ms. Gayle. In the event that the Company terminates her at any time without cause, she is entitled to a payment equal to her annual salary as well as a separation bonus of $150,000. The Company may terminate the agreement for cause, immediately and without notice. Among others, "for cause" includes gross misconduct, a serious or repeated breach of the agreement and negligence and incompetence as reasonably determined by the Company's Board. The agreement includes a 12-month non-compete and non-solicitation provision.

Blair Cunningham

Under the terms of an employment contract dated January 1, 2013, our wholly owned subsidiary Coda Octopus Products, Inc. employs Blair Cunningham as its Chief Executive Officer and President of Technology. He is being paid an annual base salary of $175,000 with effect from January 1, 2018, subject to review by the Company's Chief Executive Officer. Mr. Cunningham is entitled to 25 vacation days in addition to any public holiday.

The agreement may be terminated only upon twelve-month prior written notice without cause. The Company may terminate the agreement for cause, immediately and without notice. Among others, "for cause" includes gross misconduct, a serious or repeated breach of the agreement and negligence and incompetence as reasonably determined by the Company's Board. The agreement includes a 18-month non-compete and non-solicitation provision.

Michael Midgley

Pursuant to the terms of an employment agreement dated June 1, 2011, Mike Midgley was appointed the Chief Executive Officer of our wholly owned subsidiary Coda Octopus Colmek, Inc. and our Chief Financial Officer. He is being paid an annual salary of $200,000 subject to an annual review by Colmek's Board of Directors and the Company's Chief Executive Officer. Mr. Midgley is entitled to 20 vacation days in addition to any public holiday.

The agreement may be terminated at any time upon 4-month prior written notice. The Company may terminate the agreement for cause, immediately and without notice. Among others, "for cause" includes gross misconduct, a serious or repeated breach of the agreement and negligence and incompetence as reasonably determined by the Company's Board. The agreement includes a 12-month non-compete and non-solicitation provision. On December 6, 2017, the board of directors of the Company appointed Mr. Midgley to be the Company's Chief Financial Officer. In connection with this appointment, all rights and obligations under Mr. Midgley's employment agreement with Colmek were transferred to and have been assumed by the Company.

NOTE 15 -SUBSEQUENT EVENTS

On or around November 16, 2018, Coda Octopus Products Limited (UK) purchased property for its business requirements for a purchase price of £521,400 (an equivalent of $669,350 at the exchange rate of $1.2837).

On or around November 16, 2018, the Company issued 23,965 shares of common stock for a purchase price of $105,446 to one investor pursuant to the terms of a private placement which was effected January 31 2018, under which certain pro-rata rights were triggered upon the conversion of the Series C Preferred Stock by the holders, on or around October 31, 2018.

On December 24, 2018, the Company repaid $500,000 plus interest to our CEO representing loan outstanding (for full details see Note 8 of our Consolidated Financial Statements for year ended October 31, 2018 and 2017). The loan was paid in full and no further amounts are payable to our CEO for this loan. All obligations under this loan agreement are now extinguished.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: February 7, 2019	CODA OCTOPUS GROUP, INC.
	/s/ Annmarie Gayle
	Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Annmarie Gayle, his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, severally, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Annmarie Gayle Annmarie Gayle	Chief Executive Officer and Chairman (Principal Executive Officer)	February 7, 2019
/s/ Michael Midgley Michael Midgley	Chief Financial Officer (Principal Financial and Accounting Officer)	February 7, 2019
/s/ Michael Hamilton Michael Hamilton	Director	February 7, 2019
/s/ Per Wimmer Per Wimmer	Director	February 7, 2019
/s/ Mary Losty Mary Losty	Director	February 7, 2019
/s/ G. Tyler Runnels	Director	February 7, 2019

Exhibit 31.1

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

I, Annmarie Gayle and Mike Midgley, certify that:

1. We have reviewed this annual report on Form 10-K/A of Coda Octopus Group, Inc.:

2. Based on our knowledge, this report 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 report;

3. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and us are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and us have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2019 */s/ Annmarie Gayle*

Date: February 7, 2019 */s/ Michael Midgley*

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Coda Octopus Group, Inc. (the “Company”) on Form 10-K/A for the year ended October 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Annmarie Gayle, Chief Executive Officer, and I, Michael Midgley, Chief Financial Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) This report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Annmarie Gayle	*/s/ Michael Midgley*
Chief Executive Officer	Chief Financial Officer
Date: February 7, 2019	Date: February 7, 2019