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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE PERIOD ENDED JULY 31, 1997

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

COMMISSION FILE NUMBER 1-13490

MITCHAM INDUSTRIES, INC.
(Name of small business issuer as specified in its charter)

TEXAS	76-0210849
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

44000 HIGHWAY 75 SOUTH
HUNTSVILLE, TEXAS 77340
(Address of principal executive offices)

(409) 291-2277
(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 7,380,639 shares of Common Stock, $.01 par value, were outstanding as of August 22, 1997.

Transitional Small Business Disclosure Format (check one): Yes No X

MITCHAM INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MITCHAM INDUSTRIES, INC.
BALANCE SHEETS
(IN THOUSANDS)

ASSETS	July 31, 1997	January 31, 1997
CURRENT ASSETS:		
Cash	$ 8,007	$ 301
Accounts receivable, net	8,102	3,598
Installment notes receivable, trade	4,878	1,141
Inventory	2,388	473
Prepaid expenses and other current assets	77	100
Total current assets	23,452	5,613
Seismic equipment lease pool, net	19,991	17,963
Property plant and equipment, net	745	619
Other assets	50	98
Total assets	$44,238	$24,293

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Notes payable to bank	-	999
Current installments of long-term debt	-	938
Accounts payable	4,856	1,941
Income taxes payable	147	267
Deferred income taxes payable	920	902
Accrued liabilities and other current liabilities	1,275	685
Total current liabilities	7,198	5,732
LONG-TERM DEBT, NET OF CURRENT INSTALLMENTS	-	2,674
DEFERRED INCOME TAXES	645	645
Total liabilities	7,843	9,051
STOCKHOLDERS' EQUITY:		
Preferred stock, $1.00 par value; 1,000,000 shares authorized none issued and outstanding	-	-
Common stock, $.01 par value; 20,000,000 shares authorized 7,380,639 and 4,474,880 shares, respectively, issued and outstanding	74	45
Additional paid-in capital	27,025	8,819
Retained earnings	9,289	6,378
Cumulative translation adjustment	7	-
Total stockholders' equity	36,395	15,242
Total liabilities and stockholders' equity	$44,238	$24,293

See accompanying notes.

MITCHAM INDUSTRIES, INC.
STATEMENTS OF INCOME
(IN THOUSANDS EXCEPT PER SHARE DATA)

	Three months ended July 31,		Six months ended July 31,	
	1997	1996	1997	1996
REVENUES:				
Leases of seismic equipment	$ 2,746	$1,142	$ 6,862	$ 2,946
Sales of seismic equipment	8,200	932	9,620	1,398
Total revenues	10,946	2,074	16,482	4,344
COSTS AND EXPENSES:				
Seismic equipment subleases	131	64	173	111
Sales of seismic equipment	6,787	521	7,768	894
General and administrative	736	416	1,322	778
Provision for doubtful accounts	271	13	560	153
Depreciation	1,387	556	2,606	1,086
Total costs and expenses	9,312	1,570	12,429	3,022
OTHER INCOME (EXPENSE):				
Interest, net	(15)	(80)	140	(128)
Other, net	175	150	221	169
Total other income (expenses)	160	70	361	41
INCOME BEFORE INCOME TAXES	1,794	574	4,414	1,363
PROVISION FOR INCOME TAXES	604	206	1,501	490
NET INCOME	$ 1,190	$ 368	$ 2,913	$ 873
Primary earnings per common and common equivalent share	$ 0.16	$ 0.08	$ 0.42	$ 0.20
Primary shares used in computing earnings per average common and common equivalent share outstanding	7,669,911	4,592,933	6,978,740	4,285,970

See accompanying notes.

MITCHAM INDUSTRIES, INC.
STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Six months ended July 31, 1997	Six months ended July 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,913	$ 873
Adjustments to reconcile net income to net cash flows from operating activities:		
Receivables	(8,392)	(1,146)
Accounts payable and other current liabilities	333	606
Depreciation	2,606	1,086
Provision for doubtful accounts, net of charge offs	151	165
Inventory	(1,915)	(619)
Deferred income taxes	18	--
Other, net	76	129
Net cash provided by (used in) operating activities	(4,210)	1,094
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(5,267)	(1,849)
Proceeds from sale of lease pool equipment	3,746	--
Purchases of property and equipment	(187)	(80)
Net cash used in investing activities	(1,708)	(1,929)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on short-term borrowings	(1,937)	(400)
Proceeds from long-term debt	--	3,126
Payments on long-term debt and capitalized lease obligations	(2,674)	(476)
Proceeds from issuance of common stock, net of offering expenses	18,235	4,229
Net cash provided by financing activities	13,624	6,479
NET INCREASE IN CASH	7,706	5,644
CASH, BEGINNING OF PERIOD	301	637
CASH, END OF PERIOD	$ 8,007	$6,281
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 71	$ 191
Taxes	$ 1,501	$ 230
Equipment purchases in accounts payable	$ 3,052	$ 184

See accompanying notes.

1. BASIS OF PRESENTATION
The financial statements of Mitcham Industries, Inc. ("the Company") have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with the generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report to Shareholders and the Annual Report on Form 10-KSB for the year ended January 31, 1997. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of July 31, 1997, and the results of operations and cash flows for the six months ended July 31, 1997 and 1996 have been included. The foregoing interim results are not necessarily indicative of the results of the operations for the full fiscal year ending January 31, 1998.

2. As discussed in the Company's Annual Report on Form 10-KSB for the fiscal year ended January 31, 1997, during March 1997 the Company completed the successful public offering of a total of 3,450,000 shares of its common stock, par value $0.01, of which 2,875,000 shares were sold by the Company and 575,000 shares were sold by the selling shareholders. The net proceeds to the Company from the Offering (after deducting underwriting discounts and commissions and estimated expenses of the Offering) were approximately $18.2 million. Of the net proceeds, the Company used $4.3 million to pay outstanding debt owed to the Company's commercial lenders and $1.0 million for expenses related to the opening of the Company's Calgary, Alberta, Canada office. The Company plans to use the reminder of the net proceeds primarily to purchase additional 3-D seismic data acquisition equipment, improve computer inventory and tracking systems and for general corporate purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the normal course of its business, in an effort to keep its shareholders and the investing public informed about the Company's operations, the Company may issue or make certain statements that are or contain forward-looking statements. The words "expect," "believe," "anticipate," "estimate" and similar words generally identify forward-looking statements. Statements in this report that the Company considers forward-looking are denoted with an *, and the following cautionary language applies to all such statements, as well as any other statements in this report that are not based on historical facts. Investors are cautioned that all forward-looking statements involve risks and uncertainties and several factors could cause actual results to differ materially from expected results reflected in the forward-looking statements. Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.

In particular, the Company may from time to time make forward-looking statements relating to its revenue mix between seismic equipment sales and leases and the related growth of each segment of the Company's business, future capital expenditures and additions to the Company's lease pool, and prospects for expansion, including international expansion, and related revenue growth. The following factors, among others, could cause actual results to differ materially from those reflected in forward-looking statements: 1) with respect to its revenue mix and related growth of each segment of the Company's business, uncertainties regarding customer determinations to lease versus purchase seismic equipment and dependence upon suppliers; 2) with respect to future capital expenditures and additions to the Company's lease pool, uncertainties regarding continued available capital and regarding customer demand that would warrant such expenditures and additions, and dependence upon third party suppliers; and 3) with respect to prospects for expansion, including international expansion, and related revenue growth, uncertainties regarding availability of and customers' demand for different types of seismic equipment as they are added to the lease pool, uncertainties associated with international expansion, including political, social and economic instability, exchange rate fluctuations and foreign governmental regulations, and uncertainties regarding the continued demand for the Company's services.

OVERVIEW

The Company leases and sells seismic data acquisition equipment to companies engaged in the oil and gas industry. The Company provides short-term leasing of peripheral seismic equipment to meet a customer's requirements, as well as offering maintenance and support during the lease term. The Company leases its seismic equipment primarily to seismic data acquisition companies and major oil and gas exploration companies conducting land-based seismic surveys in North and South America. The Company also sells and services new and used seismic data acquisition systems and peripheral equipment to companies engaged in oil and gas exploration.

All leases at July 31, 1997 were for a term of one year or less. Seismic equipment held for lease consists primarily of 3-D channel boxes, and is carried at cost, net of accumulated depreciation.

Revenues from foreign customers totaled $6.9 million for the second quarter of fiscal 1998 and $1.2 million for the comparable prior year period, increasing to $10.4 million for the six months ended July 31, 1997 as compared to $2.4 million for the same prior year period. The Company has some transactions with foreign customers that are denominated in Canadian dollars. The Company has not experienced material gains or losses resulting from currency fluctuations and has not engaged in hedging activities.

SEASONALITY

There is some seasonality to the Company's expected lease revenues from customers operating in Canada. Historically, seismic equipment leasing has been somewhat susceptible to weather patterns in certain geographic regions. For example, in Canada, a significant percentage of seismic activity occurs in the winter months, from October through March. During the months in which the weather is warmer, certain areas are not accessible to trucks, earth vibrators and other equipment because of the muddy terrain. This increased leasing activity by the Company's customers has historically resulted in increased lease revenues in the Company's first and fourth quarters.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED JULY 31, 1997 AND JULY 31, 1996

Revenues of $10.9 million for the three months ended July 31, 1997 increased 428% over revenues of $2.1 million for the same prior year period. Leasing services generated revenues of $2.7 million for the three months ended July 31, 1997, a 141% increase as compared to leasing revenues for the same prior year period. This increase reflected additions of lease fleet equipment throughout fiscal 1997 and the first half of fiscal 1998 to meet lease demand. Seismic equipment sales for the three months ended July 31, 1997 were $8.2 million, an increase of $7.3 million, or 780%, as compared to $932,000 for the same prior year period. The increase in sales was due primarily to the exercise of purchase options on leased equipment totaling $6.6 million. As the Company continues to add new 3-D seismic equipment to its lease pool, more customers are exercising their options to purchase the equipment at the end of a lease term. However, management is continuing to pursue a growth strategy primarily in its seismic equipment leasing business and does not necessarily anticipate that equipment sales revenues will continue to increase significantly either in dollar amount or as a percentage of total revenues.*

The Company's leasing revenues increased by $1.6 million during the three months ended July 31, 1997 as compared to the same prior year period. Sublease costs (for equipment the Company does not ordinarily carry in its lease pool and may sublease as an accommodation to customers) increased by $67,000 and depreciation increased by $831,000 due primarily to an increase in the lease fleet, resulting in an increase in net leasing revenues of $706,000.

Gross margins on seismic equipment sales were 17% and 44% for the three months ended July 31, 1997 and 1996, respectively. Gross margins decreased substantially in the quarter ended July 31, 1997 because the Company sold primarily newer technology equipment when customers exercised purchase options on leased equipment that had only recently been purchased and added to the Company's lease pool. In the same prior year quarter and in the past, the Company sold primarily older technology, fully depreciated equipment, yielding significantly greater margins. In general, margins on sales of new and used equipment vary based upon the size of the transaction, availability of the equipment sold and the means by which the equipment was acquired. Higher dollar transactions tend to yield lower margins than do lower dollar transactions, while readily available equipment yields lower margins than equipment that is difficult to locate. In addition, the Company's costs on a specific piece of equipment may differ substantially based upon whether it was acquired through a bulk purchase or a discrete search.

General and administrative expenses increased 72% or $307,000 in the quarter ended July 31, 1997 as compared to the same prior year period but were 7% and 21% of total revenues for the three months ended July 31, 1997 and 1996, respectively. Although general and administrative expenses increased, due in part to increased personnel costs and costs associated with the office in Canada, general and administrative expenses decreased as a percent of total revenues, due to overhead expenses remaining relatively constant as revenues increased.

The Company's provision for doubtful accounts expense increased to $271,000 in the second quarter of fiscal 1997 from $13,000 in the same prior year period. The increase was a result of additional provisions for the allowance account in connection with the bankruptcy filing of one of the Company's customers, Grant Geophysical, Inc. ("Grant"). As of July 31, 1997, the Company's allowance for doubtful accounts receivable amounted to $1.7 million, which is an amount management believes is sufficient to cover any potential losses in trade accounts receivable as of that date.*

Net income for the quarter ended July 31, 1997 was $1.2 million, which increased by $822,000, as compared to the same prior year period. The increase resulted primarily from the increase in net leasing and sales revenues offset by increases in general and administrative expenses and the provision for doubtful accounts.

FOR THE SIX MONTHS ENDED JULY 31, 1997 AND JULY 31, 1996

Revenues of $16.5 million for the six months ended July 31, 1997 increased 280% over revenues of $4.3 million for the same prior year period. Leasing services generated revenues of $6.9 million for the six months ended July 31, 1997, a 133% increase compared to leasing revenues for the same prior year period. This increase reflected additions of lease fleet equipment throughout fiscal 1997 and 1998 to meet lease demand. Seismic equipment sales for the six months ended July 31, 1997 were $9.6 million, an increase of $8.2 million, or 588%, as compared to $1.4 million for the same prior year period. The increase in sales was due primarily to the exercise of lease purchase option contracts in the period totaling $7.5 million.

The Company's leasing revenues increased by $3.9 million during the six months ended July 31, 1997 as compared to the same prior year period. Sublease costs increased by $62,000 and depreciation increased by $1.5 million due primarily to an increase in the lease fleet, resulting in an increase in net leasing revenues of $2.3 million.

Gross margins on seismic equipment sales were 19% and 36% for the six months ended July 31, 1997 and 1996, respectively. Gross margins decreased substantially in the six months ended July 31, 1997 because the Company sold primarily newer technology equipment when customers exercised purchase options on leased equipment that had only recently been purchased and added to the Company's lease pool. In the same prior year period and in the past, the Company sold primarily older technology, fully depreciated equipment, yielding significantly greater margins.

General and administrative expenses increased 42% or $391,000 in the six months ended July 31, 1997 as compared to the same prior year period but were 8% and 21% of total revenues for the six months ended July 31, 1997 and 1996, respectively. Although general and administrative expenses increased, due in part to increased personnel costs and costs associated with the office in Canada, general and administrative expenses decreased as a percent of total revenues due to overhead expenses remaining relatively constant as revenues increased.

The Company's provision for doubtful accounts expense increased to $560,000 for the six months ended July 31, 1997 as compared to the same prior year period. The increase was a result of additional provisions for the allowance account in connection with the bankruptcy filing of Grant.

Net income for the six months ended July 31, 1997 was $2.9 million, which increased by $2.0 million, as compared to the same prior year period. The increase resulted primarily from the increase in net leasing and sales revenues offset by increases in general and administrative expenses and the provision for doubtful accounts expense.

LIQUIDITY AND CAPITAL RESOURCES

Net cash from operating activities for the six months ended July 31, 1997 decreased by $6.2 million or 565%, as compared to the same prior year period. At July 31, 1997, of the Company's customers with trade receivables more than 90 days past due, four customers had an aggregate of $2.3 million more than 90 days past due. As of July 31, 1997, amounts due from Grant totaled $2.4 million, an increase of approximately $907,000 from the amount Grant owed at April 30, 1997, due to the Company's $1.2 million sale to Grant in May 1997 of the seismic equipment it was previously leasing. Because the profits on the sale of the equipment have been deferred until payment is actually received, management did not feel it was appropriate to correspondingly increase its allowance for trade accounts receivable. As of the date of this report, the Company has received payments from Grant totaling $325,000 and is receiving scheduled bimonthly payments of approximately $65,000 pending shareholder approval of Grant's proposed plan of reorganization, and the Company is no longer leasing seismic equipment to Grant. The Company's allowance for trade accounts receivable balance at July 31, 1997 is $1.7 million, which management believes is adequate to cover any potential loss associated with Grant and the Company's remaining trade accounts receivable.*

During March 1997, the Company completed the successful public offering (the "Offering") of a total of 3,450,000 shares of its common stock, of which 2,875,000 shares were sold by the Company and 575,000 shares were sold by the selling shareholders. The net proceeds to the Company from the Offering (after deducting underwriting discounts and commissions and estimated expenses of the Offering) were approximately $18.2 million. The net proceeds will be used to purchase additional 3-D seismic data acquisition equipment and for certain other purposes (See Note 2).

In January 1997, the Company established a revolving line of credit with Bank One, Texas, N.A. of up to $4.0 million (the "Equipment Revolver") to be used solely for short-term financing of up to 75% of the seismic equipment purchased by the Company for approved lease/purchase contracts, and a term loan of $1.0 million (the "Term Loan") to be used solely for long-term financing of up to 80% of the purchase price of other seismic equipment. Interest on the Equipment Revolver and the Term Loan accrues at a floating rate of interest equal to the Base Rate plus 0.5%. Interest on amounts advanced under the Equipment Revolver is payable monthly, and the principal amount is due six months after the date of the initial advance; provided, however, that if the lessee under a lease/purchase contract does not purchase the seismic equipment subject to the lease, and there has been no default (as defined) under the lease, then the Company may extend the maturity date for an additional 18 months (the "Extended Term"). In such event, the principal amount of any interest on the amount advanced under the Equipment Revolver would be payable in ratable monthly installments over the Extended Term. Interest on and the principal amount of the Term Loan is payable in ratable monthly installments over a two-year period through and including January 1999. At July 31, 1997, the Company had approximately $4.0 million of available credit under the Equipment Revolver and $1.0 million of available credit under the Term Loan.

Capital expenditures for the six months ended July 31, 1997 totaled approximately $8.5 million and the Company has budgeted capital expenditures of approximately $16.0 million for the 1998 fiscal year, including approximately $10.0 million of 3-D seismic data acquisition equipment to be purchased with the net proceeds of the Offering.* The Company has met or exceeded all minimum purchase requirements for the quarter ended July 31, 1997 under its Exclusive Lease Referral Agreement with Input/Output, Inc., and SERCEL, S.A., and any remaining purchase requirements in fiscal year 1998 have been included in the Company's budgeted capital expenditures. The Company believes that the net proceeds of the Offering, cash provided by operations, and funds available from its commercial lenders will be sufficient to fund its operations and budgeted capital expenditures for the 1998 fiscal year.*

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Company held its Annual Meeting of Shareholders on June 11, 1997. Shareholders of record at the close of business on April 30, 1997 were entitled to vote.

(b) The Shareholders elected each of the seven directors nominated for the board of directors as follows:

NAME OF NOMINEE	FOR	AGAINST	ABSTAINING	WITHHELD
Billy F. Mitcham, Jr.	6,583,038	--	--	10,875
Roberto Rios	6,583,938	--	--	9,975
William J. Sheppard	6,582,088	--	--	11,825
Paul C. Mitcham	6,584,038	--	--	9,875
John F. Schwalbe	6,577,488	--	--	16,425
Randal Dean Lewis	6,576,438	--	--	17,475
Gordon M. Greve	6,578,588	--	--	15,325

(c) The Shareholders ratified the appointment of Hein & Associates as the Company's independent certified public accountants as follows:

FOR	AGAINST	ABSTAIN	NON-VOTE
6,679,788	19,650	17,470	--

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 11: Computation of Earnings Per Common and Common Equivalent Share for the six months ended July 31, 1997 and 1996.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended July 31, 1997.

SIGNATURE

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 9, 1997

MITCHAM INDUSTRIES, INC.

/s/ ROBERTO RIOS

ROBERTO RIOS,
VICE-PRESIDENT - FINANCE, SECRETARY
AND TREASURER
(AUTHORIZED OFFICER AND PRINCIPAL
ACCOUNTING OFFICER)

EXHIBIT 11

MITCHAM INDUSTRIES, INC.
Computation of Earnings per Common
and Common Equivalent Share
(Unaudited)

	Six months ended July 31, 1997	Six months ended July 31, 1996
COMPUTATION OF PRIMARY EARNINGS PER COMMON SHARE:		
Net income	$2,913,000	$ 873,000
Weighted average number of common shares outstanding	6,723,297	3,807,415
Net effect of dilutive stock options and warrants, based on the treasury stock method, using average market price	255,443	478,555
Common shares outstanding	6,978,740	4,285,970
Earnings per common share	$0.42	$0.20
COMPUTATION OF EARNING PER COMMON SHARE ASSUMING FULL DILUTION:		
Net income	$2,913,000	$ 873,000
Weighted average number of common shares outstanding	6,723,297	3,807,415
Net effect of dilutive stock options and warrants based on the treasury stock method, using the end-of-period market price	313,677	547,059
Common shares outstanding assuming full dilution	7,036,974	4,354,474
Earnings per common share assuming full dilution	$ 0.41	$ 0.20

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FORM 10-QSB FOR THE PERIOD ENDED JULY 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS
JAN-31-1997
FEB-01-1997
JUL-31-1997
8,007
0
14,631
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2,388
23,452
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