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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED APRIL 30, 1999

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

COMMISSION FILE NUMBER 001-13490

MITCHAM INDUSTRIES, INC.
(Name of registrant 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
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 9,551,112 shares of Common Stock, $0.01 par value, were outstanding as of May 24, 1999.

MITCHAM INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS	April 30, 1999 (Unaudited)	January 31, 1999
CURRENT ASSETS:		
Cash	$ 1,461	$ 2,525
Marketable securities, at market	18,435	17,335
Accounts receivable, net	5,889	7,880
Inventory	1,765	1,191
Income tax receivable	257	--
Deferred tax asset	483	483
Prepaid expenses and other current assets	145	88
Total current assets	28,435	29,502
Seismic equipment lease pool, property and equipment	65,128	65,116
Accumulated depreciation of seismic equipment lease pool, property and equipment	(32,511)	(31,472)
Deferred tax asset	4,028	4,028
Total assets	$ 65,080	$ 67,174

LIABILITIES AND SHAREHOLDERS' EQUITY	April 30, 1999	January 31, 1999
CURRENT LIABILITIES:		
Accounts payable	$ 712	$ 668
Deferred revenue	38	131
Accrued liabilities and other current liabilities	509	806
Income taxes payable	--	817
Total current liabilities	1,259	2,422
SHAREHOLDERS' EQUITY:		
Preferred stock, $1.00 par value; 1,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $0.01 par value; 20,000,000 shares authorized 9,545,658 and 9,545,658 shares, respectively, issued and outstanding	95	95
Additional paid-in capital	61,459	61,459
Retained earnings	3,002	4,244
Cumulative translation adjustment	(735)	(1,046)
Total shareholders' equity	63,821	64,752
Total liabilities and shareholders' equity	$ 65,080	$ 67,174

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

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	THREE MONTHS ENDED APRIL 30, 1999	THREE MONTHS ENDED APRIL 30, 1998
REVENUES:		
Short-term leasing	$ 1,298	$ 5,890
Leasing under lease/purchase agreements	184	1,200
Equipment sales under lease/purchase agreements	--	7,336
Other equipment sales	163	1,027
Total revenues	1,645	15,453
COSTS AND EXPENSES:		
Direct costs	96	697
Cost of sales under lease/purchase agreements	11	7,343
Cost of other equipment sales	109	390
General and administrative	1,092	1,218
Provision for doubtful accounts	50	608
Depreciation	2,251	2,712
Total costs and expenses	3,609	12,968
OPERATING INCOME (LOSS)	(1,964)	2,485
Other income - net	142	101
INCOME (LOSS) BEFORE INCOME TAXES	(1,822)	2,586
PROVISION (BENEFIT) FOR INCOME TAXES	(580)	906
NET INCOME (LOSS)	$ (1,242)	$ 1,680
Earnings (loss) per common share		
Basic	$ (.13)	$ .18
Diluted	$ (.13)	$ .17
Shares used in computing earnings per common share		
Basic	9,546,000	9,437,000
Dilutive effect of common stock equivalents	--	320,000
Diluted	9,546,000	9,757,000

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

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

	THREE MONTHS ENDED APRIL 30, 1999	THREE MONTHS ENDED APRIL 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (1,242)	$ 1,680
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation	2,251	2,712
Provision for doubtful accounts, net of charge offs	(91)	441
Deferred income taxes	--	361
Inventory	2	--
Trade accounts receivable	2,082	(5,427)
Federal income taxes	(1,074)	--
Accounts payable and other current liabilities	(346)	(7,888)
Other assets	(56)	(408)
Net cash provided by (used in) operating activities	1,526	(8,529)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(1,570)	(4,415)
Purchases of property and equipment	(26)	(88)
Sale (purchase) of marketable securities	(1,100)	155
Disposal of lease pool equipment	106	7,043
Net cash provided by (used in) investing activities	(2,590)	2,695
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock upon exercise of warrants and options	--	40
Net cash provided by financing activities	--	40
NET (DECREASE) IN CASH	(1,064)	(5,794)
CASH, BEGINNING OF PERIOD	2,525	7,498
CASH, END OF PERIOD	$ 1,461	$ 1,704
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 9	$ 143
Income taxes	$ 500	$ 2,835
Equipment purchases in accounts payable	$ --	$ 10,645

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

MITCHAM INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated 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 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 consolidated 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-K for the year ended January 31, 1999. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of April 30, 1999; the results of operations for the three months ended April 30, 1999 and 1998; and cash flows for the three months ended April 30, 1999 and 1998 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, 2000.

2. COMMITMENTS AND CONTINGENCIES

Supplier Agreements
Effective June 30, 1998, the Company and Input/Output, Inc. ("I/O") entered into a new Preferred Supplier Agreement (the "I/O Agreement"), replacing the parties' Exclusive Lease Referral Agreement, under which the Company had completely fulfilled its obligation. Under the I/O Agreement, the Company agreed to purchase a minimum of between $90 and $100 million of I/O products (after discounts) in stated increments over a five-year term. In addition, I/O agreed to refer rental inquiries from customers worldwide to the Company during the term of the agreement, and to not lease products covered by the I/O Agreement, except in limited circumstances. In a related transaction, I/O sold to the Company for $15 million a substantial portion of its subsidiary's equipment lease pool, some of which was subject to existing short-term lease agreements.

On April 26, 1999, the Company and I/O agreed to terminate the I/O Agreement, thereby releasing the Company from its obligation to make future minimum purchases. As a result of the termination, I/O is no longer obligated to refer rental inquiries to the Company and is free to enter the short-term leasing business.

Legal Proceedings
On or about April 23, 1998, several class action lawsuits were filed against the Company and its chief executive officer and then chief financial officer in the U.S. District Court for the Southern District of Texas, Houston Division. The first-filed complaint, styled Stanley Moskowitz v. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios, alleged violations of Section 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 12(a)(2) of the Securities Act of 1933. On or about September 21, 1998, the complaints were consolidated into one action. On November 4, 1998, the plaintiffs filed a consolidated amended complaint ("CAC"), which seeks class action status on behalf of those who purchased the Company's common stock from June 4, 1997 through March 26, 1998, and damages in an unspecified amount plus costs and attorney's fees. The CAC alleges that the Company made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On or about January 15, 1999, the Company filed a motion to dismiss the CAC. The motion is now fully briefed and the Company is awaiting a ruling by the Court.

The Company is also involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

3. RECLASSIFICATIONS

Certain 1998 amounts have been reclassified to conform to 1999 presentation.

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

OVERVIEW

The Company's sales are directly related to the level of worldwide oil and gas exploration activities and the profitability and cash flows of oil and gas companies and seismic contractors, which in turn are affected by expectations regarding the supply and demand for oil and natural gas, energy prices and finding and development costs. The Company believes that during the latter half of 1998, the exploration and production companies anticipated an extended period of low oil and gas prices and began to reduce their intended levels of expenditures for seismic data. Consolidation within the oil industry has also delayed seismic data acquisition projects.

Until the exploration and production companies can forecast with reasonable certainty that future oil prices will stabilize, seismic data acquisition activity is not expected to improve. Additional declines in oil prices, or expectations that the recent improvement in oil prices will not hold, could cause the Company's customers to further reduce their spending and further adversely affect the Company's results of operation and financial condition.

The Company leases and sells seismic data acquisition equipment primarily to seismic data acquisition companies and oil and gas companies conducting land and transition zone seismic surveys worldwide. The Company provides short-term leasing of seismic equipment to meet a customer's requirements and offers maintenance and support during the lease term. All leases at April 30, 1999 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation.

While most of the Company's transactions with foreign customers are denominated in United States dollars, some of the Company's transactions with Canadian customers are denominated in Canadian dollars. The Company does not engage in currency hedging activities.

SEASONALITY

Historically, seismic equipment leasing has been somewhat susceptible to weather patterns in certain geographic regions. There is some seasonality to the Company's expected lease revenues from customers operating in Canada, where a significant percentage of seismic survey 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 unstable terrain. This seasonal leasing activity by the Company's Canadian customers has historically resulted in increased lease revenues in the Company's first and fourth fiscal quarters. However, due to the significant decrease in world oil prices in 1998, demand for the Company's services both in Canada and worldwide declined dramatically in the fourth quarter of fiscal 1999 and has remained at historically low levels throughout the first quarter of fiscal 2000.

RESULTS OF OPERATIONS

For the three months ended April 30, 1999 and 1998

For the first quarter ended April 30, 1999 total revenues decreased 90% to $1.6 million from $15.5 million in the corresponding period of the prior year. This decline reflects a significant decrease in all categories of revenues compared to the prior year's first quarter revenues as a result of decreased capital expenditure budgets throughout the oil and gas industry, coupled with a decrease in customers exercising the purchase option of lease/purchase contracts. Included in prior year's first quarter revenues is a sales transaction with one customer totaling approximately $7.0 million.

Equipment sales and leasing revenues under lease/purchase agreements generated an aggregate first quarter gross margin of 94% compared to 14% for the corresponding period of the prior year. This increase in gross margin is primarily a result of the Company not recording any equipment sales under lease/purchase agreements during the quarter ended April 30, 1999 as compared to prior year. The Company accounts for the lease portion and the sales portion of lease/purchase agreements separately, but believes the two aspects of the transaction must be considered together to reflect its economic substance. Under the Company's lease/purchase transactions, the lease generates a revenue stream before the customer exercises its purchase option, a percentage of which the customer may use to reduce the purchase price. Because the lease revenues that offset the purchase price are not included in equipment sales under lease/purchase agreements, management assesses the profitability of these transactions by combining lease and sales revenues.

The current quarter's other equipment sales generated a gross margin of 33% as compared to 62% for the quarter ended April 30, 1998. Gross margins on equipment sales may vary significantly between periods due to the mix of new seismic equipment added to the lease pool versus older, more depreciated seismic equipment being sold.

General and administrative expenses decreased $126,000 from the corresponding prior year period primarily due to a decrease in advertising, convention and consulting expenses, partially offset by an increase in compensation expense and expense related to an ongoing Texas sales tax audit.

Depreciation expense for the quarter ended April 30, 1999 decreased $461,000, or 17%, to $2.3 million from $2.7 million for the same period last year. The decrease is primarily the result of the lease pool asset impairment recorded in fiscal 1999, offset partially by a larger seismic equipment lease pool, on a cost basis, as compared to April 30, 1998. The Company's seismic equipment lease pool increased $16.3 million, on a cost basis, to $63.6 million at April 30, 1999, from $47.3 million at April 30, 1998.

The Company recorded a net loss for the first quarter ended April 30, 1999 in the amount of $1,242,000, compared to net income of $1,680,000 for the same period of the previous year.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 1999, the Company had net working capital of approximately $27.2 million as compared to net working capital of $27.1 million at January 31, 1999. Historically, the Company's principal liquidity requirements and uses of cash have been for capital expenditures and working capital and our principal sources of cash have been cash flows from operations and issuances of equity securities. Net cash provided by operating activities for the quarter ended April 30, 1999 was $1.5 million, as compared to net cash used in operating activities of $8.5 million for the quarter ended April 30, 1998.

At April 30, 1999, the Company had trade accounts receivable of $5.1 million that were more than 90 days past due. As of April 30, 1999, the Company's allowance for doubtful accounts was approximately $1.5 million, which management believes is sufficient to cover any losses in its trade accounts receivable, including any losses in its international customers' trade accounts.

The Company has a working capital revolving line of credit of up to $15 million from Bank One (the "Revolver"). Interest on advances under the Revolver are payable monthly at a variable rate which is based upon either, at the Company's option, LIBOR or Bank One's base lending rate. The LIBOR rate, if elected, ranges between LIBOR plus 1.75% and LIBOR plus 2.75% depending upon the debt service coverage ratio the Company maintains. Similarly, the Bank One base lending rate, if elected, ranges between the base rate minus 0.25% and the base rate plus 0.25%, again depending upon the Company's debt service coverage ratio. Additionally, the Company pays Bank One each fiscal quarter a fee equal to 0.25% of the average daily unused portion of the Revolver calculated for the previous quarter. Advances are limited to the total of 80% of eligible accounts receivable and 50% of all eligible lease pool equipment. The Revolver contains restrictions, among others, on the ability of the Company to incur indebtedness and pay dividends and requires the Company to meet certain financial covenants, including a minimum tangible net worth, a debt service coverage ratio, aging of accounts receivable and net income. The Revolver will expire on December 8, 1999, at which time any unpaid principal amount will be due and payable in full. As of April 30, 1999, there were no amounts outstanding under the Revolver.

As of April 30, 1999, the Company was in violation of a certain covenant of the Revolver, although there were no amounts outstanding under the Revolver. The Company obtained a waiver of the covenant from Bank One; however, Bank One will not make any advances under the Revolver until the Company: (i) is in compliance with the relevant covenant; and (ii) grants Bank One a first priority secured interest in substantially all of the Company's assets.

Capital expenditures for the quarter ended April 30, 1999 totaled approximately $1.6 million compared to capital expenditures of $5.2 million for the corresponding period in the prior year. Management believes that cash on hand, cash provided by future operations and funds available from its commercial lender will be sufficient to fund its anticipated capital and liquidity needs over the next twelve months.

YEAR 2000 COMPLIANCE

The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations. As a result, many companies may be forced to upgrade or completely replace existing hardware and software in order to be Year 2000 compliant.

State of Readiness

During 1998, the Company began evaluating its internal operating systems and software ("IT") and embedded manufacturing control technology ("Non-IT") in the equipment that it leases and sells. In its evaluation, vendors of the software and hardware the Company uses in its business have represented that such software and hardware are either Year 2000 compliant or compatible. To assess risk associated with possible non-compliance of customers' and equipment suppliers' failure to be Year 2000 compliant, the Company prepared and mailed Year 2000 compliance questionnaires to its significant customers and equipment suppliers. Completed questionnaires the Company has received to date indicate there are no known Year 2000 compliance issues that would negatively affect the Company's operations and business. However, the Company has not yet completed its assessment with respect to its equipment suppliers.

Costs to Address Year 2000 Issues

The Company has utilized internal resources in assessing the Year 2000 issue and has not employed outside consultants to assist. There have been no material expenditures related to identifying, assessing or remediating Year 2000 compliance issues, nor does the Company expect to incur any material expenditures related to this issue. As of the date of this report, the Company has identified lease pool equipment requiring approximately $10,000 of expenditures to become Year 2000 compatible.

Risks

As the Company has not completed its Non-IT assessment with respect to its equipment suppliers, it is unable to estimate the impact of any Year 2000 compliance issues that may arise if any equipment supplier were not Year 2000 compliant. Though it has a number of suppliers, two suppliers provide the vast majority of the Company's seismic equipment. In addition, the Company derives a large percentage of its revenues from a relatively small number of customers. Under a "most likely worst-case Year 2000 scenario," if one of the Company's significant suppliers or customers experienced a material business interruption or, if the Company lost a significant supplier or customer due to Year 2000 non-compliance issues, it could have a material adverse impact on the Company's operations, results of operations or financial position.

Contingency Plan

The Company has not developed a contingency plan related to Year 2000 compliance since no significant issues have been specifically identified. Once the Company has completed its assessment with respect to its customers and equipment suppliers, if necessary, the Company will develop a contingency plan to address any significant non-compliance issues identified. The Company expects to complete such assessment by October 31, 1999.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates to the extent that transactions are not denominated in U.S. dollars. The Company typically denominates the majority of its lease and sales contracts in U.S. dollars to mitigate the exposure to fluctuations in foreign currencies.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain information contained in this Quarterly Report on Form 10-Q (including statements contained in Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operation" and in Part II, Item 1. "Legal Proceedings"), as well as other written and oral statements made or incorporated by reference from time by the Company and its representatives in other reports, filings with the Securities and Exchange Commission, press releases, conferences, or otherwise, may be deemed to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. This information includes, without limitation, statements concerning the Company's future financial position and results of operations; planned capital expenditures; business strategy and other plans for future operations; the future mix of revenues and business; commitments and contingent liabilities; Year 2000 issues; and future demand and industry conditions. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. When used in this report, the words "anticipate," "believe," "estimate," "expect," "may," and similar expressions, as they relate to the Company and its management, identify forward-looking statements. The actual results of future events described in such forward-looking statements could differ materially from the results described in the forward-looking statements due to the risks and uncertainties set forth below and within this Quarterly Report on Form 10-Q generally.

UNCERTAINTY OF OIL AND GAS INDUSTRY CONDITIONS AND DEMAND FOR SERVICES

Demand for the Company's services depends on the level of spending by oil and gas companies for exploration, production and development activities, as well as on the number of crews conducting land and transition zone seismic data acquisition worldwide, and especially in North America. The continuing downturn in the energy services sector has resulted in a sharp decline in demand for the Company's services. Recent increases in the price of oil have not yet countered decreased demand. Any future fluctuations in the price of oil and gas in response to relatively minor changes in the supply and demand for oil and gas will continue to have a major effect on exploration, production and development activities and thus, on the demand for the Company's services.

CREDIT RISK FROM CUSTOMER CONCENTRATION AND RISK FROM INDUSTRY CONSOLIDATION

The Company typically leases and sells significant amounts of seismic equipment to a relatively small number of customers, the composition of which changes from year to year as leases are initiated and concluded and as customers' equipment needs vary. Therefore, at any one time, a large portion of the Company's revenues may be derived from a limited number of customers. The Company's ability to maintain profitability includes risks associated with the creditworthiness and profitability of those customers. In the fiscal years ended January 31, 1997, 1998 and 1999, the single largest customer accounted for approximately 15%, 20% and 36%, respectively, of the Company's total revenues. In addition, because the Company's customer base is relatively small, the trend toward consolidation in the oil and gas industry could adversely affect the Company's business and financial condition if significant customers are acquired by other companies.

DEPENDENCE ON ADDITIONAL LEASE CONTRACTS

The Company's seismic equipment leases typically have a term of three to nine months and provide gross revenues that recover only a portion of the Company's capital investment. The Company's ability to generate lease revenues and profits is dependent on obtaining additional lease contracts after the termination of an original lease. However, lessees are under no obligation to, and frequently do not, continue to lease seismic equipment after the expiration of a lease. Although the Company has been successful in obtaining additional lease contracts with other lessees after the termination of the original leases, there can be no assurance that it will continue to do so. The Company's failure to obtain additional or extended leases beyond the initial term would have a material adverse effect on its operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

The Company's success is dependent on, among other things, the services of certain key personnel, including specifically Billy F. Mitcham, Jr., Chairman of the Board, President and Chief Executive Officer of the Company. Mr. Mitcham's employment agreement has an initial term through January 15, 2002, and is automatically extended on a year-to-year basis until terminated by either party giving 30 days notice prior to the end of the current term (subject to earlier termination on certain stated events). The agreement prohibits Mr. Mitcham from engaging in any business activities that are competitive with the Company's business and from diverting any of the Company's customers to a competitor for two years after the termination of his employment. The Company has obtained a $1.0 million key employee life insurance policy payable to the Company in the event of Mr. Mitcham's death. The loss of the services of Mr. Mitcham could have a material adverse effect on the Company. In particular, the Exclusive Equipment Lease Agreement with Sercel is terminable at such time as he is no longer employed by the Company in a senior management capacity.

RISKS RELATED TO TECHNOLOGICAL OBSOLESCENCE

The Company has a substantial capital investment in seismic data acquisition equipment. The development by manufacturers of seismic equipment of newer technology systems or component parts that have significant competitive advantages over seismic systems and component parts now in use could have an adverse effect on the Company's ability to profitably lease and sell its existing seismic equipment.

During the fiscal year ended January 31, 1999, the Company recorded a pretax asset impairment charge of $15.1 million. Included in this charge is a $900,000 lower of cost or market adjustment related to certain seismic equipment assets classified as inventory. The non-cash asset impairment charge was recorded in accordance with SFAS No. 121, which requires that long-lived assets and certain identifiable intangibles held and used by the Company be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The severity as well as the duration of the current oil and gas industry downturn is such an event. The Company's review of its long-lived assets indicated that the carrying value of certain of the Company's seismic equipment lease pool and inventory assets was more than the estimated undiscounted future net cash flows. As such, under SFAS No. 121, the Company wrote down those assets to their estimated fair market value based on discounted cash flows using an effective rate of 8.0%. Undiscounted future net cash flows were calculated based on individual types of seismic equipment using projected future utilization and lease rates over the estimated remaining useful lives of the assets. The Company's seismic equipment assets have been historically depreciated over 3-10 years. The impairment was recorded based on certain estimates and projections as stipulated in SFAS No. 121. There can be no assurance that the Company will not record asset impairment charges under SFAS No. 121 in the future.

VULNERABILITY TO WEATHER CONDITIONS AND SEASONAL RESULTS

The first and fourth quarters of the Company's fiscal year have historically accounted for a greater portion of the Company's revenues than do the second and third quarters of its fiscal year. This seasonality in revenues is primarily due to the increased seismic survey activity in Canada from October through March, which affects the Company due to its significant Canadian operations. This seasonal pattern may cause the Company's results of operations to vary significantly from quarter to quarter. However, due to the significant decrease in world oil prices in 1998, demand for the Company's services both in Canada and worldwide declined dramatically in the fourth quarter of fiscal 1999 and has remained at historically low levels throughout the first quarter of fiscal 2000. Accordingly, period-to-period comparisons are not necessarily meaningful and should not be relied on as indicative of future results.

DEPENDENCE ON KEY SUPPLIERS

The Company has and continues to rely on purchase agreements with the Sercel subsidiaries of Compagnie Generale de Geophysique and Pelton Company, Inc. To a lesser extent, the Company also relies on its suppliers for lease referrals. The termination of these agreements for any reason could materially adversely affect the Company's business. While the Company does not anticipate any difficulty in obtaining seismic equipment from its suppliers based on past experience, any such occurrence could have a material adverse effect on the Company's business, financial condition and results of operations.

COMPETITION

Competition in the leasing of seismic equipment is fragmented, and the Company is aware of several companies that engage in seismic equipment leasing. The Company believes that its competitors, in general, do not have as extensive a seismic equipment lease pool as does the Company. The Company also believes that its competitors do not have similar exclusive lease referral agreements with suppliers. Competition exists to a lesser extent from seismic data acquisition contractors that may lease equipment that is temporarily idle.

The Company has several competitors engaged in seismic equipment leasing and sales, including seismic equipment manufacturers, companies providing seismic surveys and oil and gas exploration companies that use seismic equipment, many of which have substantially greater financial resources than the Company. There are also several smaller competitors who, in the aggregate, generate significant revenue from the sale of seismic survey equipment.

RISK FROM VOLATILE STOCK PRICES AND NO PAYMENT OF DIVIDENDS

Due to current energy industry conditions, energy and energy service company stock prices, including the Company's stock price, have been extremely volatile. Such stock price volatility could adversely affect the Company's business operations by, among other things, impeding its ability to attract and retain qualified personnel and to obtain additional financing if such financing is ever needed. The Company has historically not paid dividends on its common stock and does not anticipate paying dividends in the foreseeable future. In addition, the Company's bank loan agreement restricts the payment of dividends.

POSSIBLE ADVERSE EFFECT OF ANTI-TAKEOVER PROVISIONS; POTENTIAL ISSUANCE OF PREFERRED STOCK

Certain provisions of the Company's Articles of Incorporation and the Texas Business Corporation Act may tend to delay, defer or prevent a potential unsolicited offer or takeover attempt that is not approved by the

Board of Directors but that the Company's shareholders might consider to be in their best interest, including an attempt that might result in shareholders receiving a premium over the market price for their shares. Because the Board of Directors is authorized to issue preferred stock with such preferences and rights as it determines, it may afford the holders of any series of preferred stock preferences, rights or voting powers superior to those of the holders of common stock. Although the Company has no shares of preferred stock outstanding and no present intention to issue any shares of its preferred stock, there can be no assurance that the Company will not do so in the future.

LIMITATION ON DIRECTORS' LIABILITY

The Company's Articles of Incorporation provide, as permitted by governing Texas law, that a director of the Company shall not be personally liable to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, with certain exceptions. These provisions may discourage shareholders from bringing suit against a director for breach of fiduciary duty and may reduce the likelihood of derivative litigation brought by shareholders on behalf of the Company against a director.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On or about April 23, 1998, several class action lawsuits were filed against the Company and its chief executive officer and then chief financial officer in the U.S. District Court for the Southern District of Texas, Houston Division. The first-filed complaint, styled Stanley Moskowitz V. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios, alleged violations of Section 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 and Sections 11 and 12(a)(2) of the Securities Act of 1933. On or about September 21, 1998, the complaints were consolidated into one action. On November 4, 1998, the plaintiffs filed a consolidated amended complaint ("CAC"), which seeks class action status on behalf of those who purchased the Company's common stock from June 4, 1997 through March 26, 1998, and damages in an unspecified amount plus costs and attorney's fees. The CAC alleges that the Company made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On or about January 15, 1999, the Company filed a motion to dismiss the CAC. The motion is now fully briefed and the Company is awaiting a ruling by the Court.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) REPORTS ON FORM 8-K
None.

(b) EXHIBITS

11 - Statement Re Computation of Earnings Per Share

27 - Financial Data Schedule

SIGNATURES

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

MITCHAM INDUSTRIES, INC.

Date: June 14,1999

/s/ P. BLAKE DUPUIS

P. BLAKE DUPUIS,
CHIEF FINANCIAL OFFICER
(AUTHORIZED OFFICER AND PRINCIPAL
ACCOUNTING OFFICER)

INDEX TO EXHIBITS

EXHIBIT 11

MITCHAM INDUSTRIES, INC.
STATEMENT RE COMPUTATION OF EARNINGS
PER SHARE
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	THREE MONTHS ENDED APRIL 30,	
	1998	1999
COMPUTATION OF BASIC EARNINGS PER COMMON SHARE:		
Net income (loss)	$ 1,680	$ (1,242)
Weighted average number of common shares outstanding	9,437,000	9,546,000
Earnings per common share	$ 0.18	$ (0.13)
COMPUTATION OF EARNINGS PER COMMON SHARE ASSUMING DILUTION:		
Net income (loss)	$ 1,680	$ (1,242)
Weighted average number of common shares outstanding	9,437,000	9,546,000
Net effect of dilutive common stock equivalents based on the treasury stock method, using the average market price	320,000	--
Common shares outstanding assuming dilution	9,757,000	9,546,000
Earnings per common share assuming dilution	$ 0.17	$ (0.13)

5
1,000

3-MOS
JAN-31-2000
FEB-01-1999
APR-30-1999
1,461
18,435
7,423
1,534
1,765
28,435
65,128
32,511
65,080
1,259
0
0
0
95
63,726
65,080
163
1,645
120
3,609
3,439
50
0
(1,822)
(580)
(1,242)
0
0
0
(1,242)
(.13)
(.13)