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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 3, 2007

Mitcham Industries, Inc.

(Exact name of registrant as specified in its charter)

Texas

000-25142

76-0210849

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

8141 SH 75 South, P.O. Box 1175, Huntsville, Texas

77342

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

936-291-2277

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On December 3, 2007, Mitcham Industries, Inc. issued a press release announcing earnings for the quarter and nine months ended October 31, 2007. The date and time for a conference call discussing the earnings are also included in the press release. The text of the press release is attached to this report as Exhibit 99.1.

The information in this report is being furnished, not filed, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and pursuant to Item 2.02 of form 8-K will not be incorporated by reference into any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed as a part of this report:

Exhibit No. Description

99.1 Mitcham Industries, Inc. press release dated December 3, 2007.

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 hereunto duly authorized.

Mitcham Industries, Inc.

December 3, 2007

By: *Robert P. Capps*

Name: Robert P. Capps
Title: Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------------------|
| 99.1 | Press release dated 12-03-2007 |

NEWS RELEASE

Contacts: Billy F. Mitcham, Jr., President & CEO

Mitcham Industries, Inc.
936-291-2277

Jack Lascar / Karen Roan
Dennard Rupp Gray & Easterly (DRG&E)
713-529-6600

FOR IMMEDIATE RELEASE

MITCHAM INDUSTRIES REPORTS STRONG FISCAL 2008 THIRD QUARTER RESULTS

- *Revenues up 35% versus a year ago*
- *Income before income taxes up 58% versus a year ago*
- *Fiscal 2008 revenue and operating income guidance raised*

HUNTSVILLE, TX – DECEMBER 3, 2007 – Mitcham Industries, Inc. (NASDAQ: MIND) (the “Company”) today announced financial results for its fiscal 2008 third quarter ended October 31, 2007.

The Company reported total revenues of \$17.2 million compared to \$12.7 million in the third quarter of fiscal 2007. Income before income taxes increased to \$4.0 million from \$2.5 million during the fiscal third quarter of 2007. Net income for the third quarter of fiscal 2008 was \$2.4 million, or \$0.24 per diluted share, compared to net income of \$3.9 million, or \$0.38 per diluted share, for the third quarter of fiscal 2007. Net income during the fiscal third quarter of 2007 included the realization of deferred tax assets which resulted in a \$1.3 million benefit to income taxes. This compares to income tax expense of \$1.6 million during the fiscal third quarter of 2008.

Bill Mitcham, the Company’s President and CEO, stated, “We had an outstanding third quarter with sustained strong demand in our core equipment leasing business. As an indication of customer demand, several of our leasing contracts that had reached their terms during the quarter were extended for additional periods. The equipment we added to our lease pool, principally during the first quarter of this fiscal year and in the fourth quarter of last fiscal year, contributed significantly to our third quarter results. Our Seemap segment also saw outstanding revenue growth and margin improvement as our manufactured products continue to gain traction in the marine seismic market.

“Due to the continued growth in demand for our leased equipment, we recently added approximately 5,750 Sercel land channels and additional Sercel Seal marine streamer sections to our lease pool. We also expect to take delivery of another 6,500 land channels before year end. This will bring our total additions to the lease pool during fiscal 2008 to approximately \$20 million. We expect these investments in new lease pool equipment to contribute substantially to our future results, beginning in the first quarter of fiscal 2009.”

THIRD QUARTER FISCAL 2008 RESULTS

Total revenues for the third quarter rose 35 percent to \$17.2 million from the same period a year ago. Revenues from the Company’s core equipment leasing business, excluding equipment sales, increased 36 percent to \$8.4 million from \$6.2 million in the same period last year due to continued rising demand for seismic equipment, growth in new geographic markets and continued expansion of the Company’s lease pool including equipment for marine applications. The large amount of equipment added to the Company’s lease pool during the fourth quarter of fiscal 2007 and in the first quarter of fiscal 2008 contributed significantly to growth in leasing revenues in the third quarter.

Seemap equipment sales for the third quarter rose almost 100% to \$5.1 million from \$2.6 million in the comparable period a year ago primarily driven by strong demand for the GunLink, BuoyLink and weight collar product lines, as well as ancillary equipment.

Sales of new seismic equipment and hydrographic and oceanographic equipment for the third quarter were \$2.0 million compared to \$3.1 million in the third quarter of fiscal 2007. Sales of lease pool equipment were \$1.7 million compared to \$0.8 million in the same period a year ago.

Gross profit in the third quarter was \$9.3 million, or 54 percent of revenues, compared to \$5.9 million, or 46 percent of revenues, in the third quarter a year ago as a result of the increase in leasing revenues and improved Seemap margins.

General and administrative (G&A) expenses for the third quarter were \$5.0 million compared to \$3.3 million in the same period a year ago. As a percentage of revenues, G&A expenses rose to 29 percent in the third quarter of fiscal 2008 from 26 percent in the third quarter of fiscal 2007.

EBITDA (earnings before interest, taxes, depreciation and amortization) for the third quarter increased 50 percent to \$6.8 million, or 39 percent of revenues, compared to \$4.5 million, or 36 percent of revenues, in the same period a year ago. EBITDA, which is not a measure determined in accordance with generally accepted accounting principles (“GAAP”), is defined and reconciled to reported net income in Note A under the accompanying financial tables.

YEAR-TO-DATE FISCAL 2008

For the first nine months of fiscal 2008, the Company’s net income was \$8.1 million, or \$0.79 per diluted share, compared to \$8.6 million, or \$0.84 per diluted share, in the same period in fiscal 2007.

Total revenues for the first nine months of fiscal 2008 increased 47 percent to \$55.6 million compared to \$37.8 million in the same period last year. Income before income taxes for the first nine months increased 69 percent to \$12.5 million, or 22 percent of revenues, from \$7.4 million, or 19 percent of revenues, in the first nine months of fiscal 2007. The Company incurred income tax expense of \$4.4 million in the first nine months of fiscal 2008 compared to an income tax benefit of \$1.2 million in the comparable period a year ago due to the realization of deferred tax assets. Year-to-date EBITDA increased 57 percent to \$20.7 million in fiscal 2008, or 37 percent of revenues, compared to \$13.2 million, or 35 percent of revenues, during the same period in fiscal 2007.

OUTLOOK

Robert Capps, Executive Vice President and Chief Financial Officer, commented, “Given our strong third quarter results and our expectations for the fourth quarter, we are raising our revenue guidance range for fiscal 2008 to \$65 to \$70 million from \$60 to \$65 million; our operating income range to \$15.0 to \$16.0 million from \$13.5 to \$14.5 million; and maintaining an effective tax rate estimate of approximately 34 percent.

CONFERENCE CALL

The Company has scheduled a conference call for Tuesday, December 4, 2007, at 11:00 a.m. Eastern time, to discuss fiscal 2008 third quarter results. To access the call, please dial (303) 262-2140 and ask for the Mitcham Industries call at least 10 minutes prior to the start time. Investors may also listen to the conference live on the Mitcham Industries corporate website, <http://www.mitchamindustries.com>, by logging on that site and clicking “Investors.” A telephonic replay of the conference call will be available through December 11, 2007 and may be accessed by calling (303) 590-3000, and using the passcode 11102847. A web cast archive will also be available at <http://www.mitchamindustries.com> shortly after the call and will be accessible for approximately 90 days. For more information, please contact Donna Washburn at DRG&E at (713) 529-6600 or email dmw@drge.com.

Mitcham Industries, Inc., a geophysical equipment supplier, offers for lease or sale, new and “experienced” seismic equipment to the oil and gas industry, seismic contractors, environmental agencies, government agencies and universities. Headquartered in Texas, with sales and services offices in Calgary, Canada; Brisbane, Australia; Singapore; Ufa, Bashkortostan, Russia; and the United Kingdom and with associates throughout Europe, South America and Asia, Mitcham conducts operations on a global scale and is the largest independent exploration equipment lessor in the industry.

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included herein, including statements regarding potential future results of operations, demand for the Company’s products and services, business strategy and other plans and objectives for future operations, are forward-looking statements. Actual results may differ materially from such forward-looking statements. Important factors that could cause or contribute to such differences include the inherent volatility of oil and gas prices and the related volatility of demand for the Company’s services; loss of significant customers; significant defaults by customers on amounts due to the Company; international economic and political instability; dependence upon additional lease contracts; the risk of technological obsolescence of the Company’s lease pool; vulnerability of seismic activity and demand to weather conditions and seasonality of operating results; dependence upon few suppliers; and other factors that are disclosed in the Company’s 2007 Annual Report on Form 10-K and its other Securities and Exchange Commission filings and available from the Company without charge. All information in this release is as of the date of this release and the Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company’s expectations.

- Tables to follow -

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

| | October 31, 2007 | January 31, 2007 |
|-----------------|---------------------|---------------------|
| ASSETS | (unaudited) | |
| Current assets: | | |

| | | |
|--|-----------------|-----------------|
| Cash and cash equivalents | \$16,305 | \$12,582 |
| Accounts receivable, net | 14,186 | 11,823 |
| Current portion of notes receivable, net | 1,547 | 1,787 |
| Inventories | 6,157 | 7,308 |
| Deferred tax asset | 944 | 483 |
| Prepaid expenses and other current assets | 1,482 | 2,003 |
| Total current assets | 40,621 | 35,986 |
| Seismic equipment lease pool and property and equipment, net | 43,450 | 35,432 |
| Goodwill | 4,358 | 3,358 |
| Intangible assets, net | 1,784 | 2,127 |
| Deferred tax asset | — | 5,094 |
| Long-term portion of notes receivable and other assets | 21 | 1,305 |
| Total assets | <u>\$90,234</u> | <u>\$83,302</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 8,462 | \$16,343 |
| Current maturities — long-term debt | 1,500 | 1,500 |
| Income taxes payable | 362 | 328 |
| Deferred revenue | 1,594 | 948 |
| Accrued expenses and other current liabilities | 4,327 | 3,177 |
| Total current liabilities | 16,245 | 22,296 |
| Non-current deferred tax liability | 728 | — |
| Non-current income taxes payable | 804 | — |
| Long-term debt | — | 1,500 |
| Total liabilities | 17,777 | 23,796 |
| Shareholders' equity: | | |
| Preferred stock, \$1.00 par value; 1,000 shares authorized; none issued and outstanding | — | — |
| Common stock \$.01 par value; 20,000 shares authorized; 10,702 and 10,601 shares issued at October 31 and January 31, 2007, respectively | 107 | 106 |
| Additional paid-in capital | 70,596 | 67,385 |
| Treasury stock, at cost; 921 and 919 shares at October 31 and January 31, 2007, respectively | (4,805) | (4,781) |
| Accumulated deficit | (2,685) | (6,142) |
| Accumulated other comprehensive income | 9,244 | 2,938 |
| Total shareholders' equity | 72,457 | 59,506 |
| Total liabilities and shareholders' equity | <u>\$90,234</u> | <u>\$83,302</u> |

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | For the Three Months Ended | | For the Nine Months | |
|--|----------------------------|-----------------|---------------------|-----------------|
| | October 31, | | Ended | |
| | 2007 | 2006 | 2007 | 2006 |
| Revenues: | | | | |
| Equipment leasing | \$ 8,402 | \$ 6,161 | \$24,732 | \$18,141 |
| Lease pool equipment sales | 1,661 | 842 | 3,153 | 3,991 |
| Seamap equipment sales | 5,144 | 2,601 | 20,807 | 8,593 |
| Other equipment sales | 1,998 | 3,137 | 6,926 | 7,090 |
| Total revenues | <u>17,205</u> | <u>12,741</u> | <u>55,618</u> | <u>37,815</u> |
| Cost of sales: | | | | |
| Direct costs — equipment leasing | 475 | 433 | 1,296 | 1,809 |
| Direct costs — lease pool depreciation | 2,567 | 1,956 | 7,413 | 5,507 |
| Cost of equipment sales | 4,887 | 4,442 | 20,956 | 12,160 |
| Total cost of sales | <u>7,929</u> | <u>6,831</u> | <u>29,665</u> | <u>19,476</u> |
| Gross profit | 9,276 | 5,910 | 25,953 | 18,339 |
| Operating expenses: | | | | |
| General and administrative | 5,045 | 3,330 | 12,685 | 10,693 |
| Depreciation and amortization | 389 | 337 | 1,110 | 944 |
| Total operating expenses | <u>5,434</u> | <u>3,667</u> | <u>13,795</u> | <u>11,637</u> |
| Operating income | 3,842 | 2,243 | 12,158 | 6,702 |
| Other income (expense) | | | | |
| Interest, net | 178 | 284 | 319 | 617 |
| Other, net | (6) | 12 | (3) | 47 |
| Total other income | <u>172</u> | <u>296</u> | <u>316</u> | <u>664</u> |
| Income before income taxes | 4,014 | 2,539 | 12,474 | 7,366 |
| (Provision for) benefit from income taxes | (1,583) | 1,324 | (4,382) | 1,189 |
| Net income | <u>\$ 2,431</u> | <u>\$ 3,863</u> | <u>\$ 8,092</u> | <u>\$ 8,555</u> |
| Net income per common share: | | | | |
| Basic | \$ 0.25 | \$ 0.40 | \$ 0.84 | \$ 0.89 |
| Diluted | \$ 0.24 | \$ 0.38 | \$ 0.79 | \$ 0.84 |
| Shares used in computing net income per common share: | | | | |

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 9,733 | 9,609 | 9,682 | 9,584 |
| Diluted | 10,333 | 10,069 | 10,257 | 10,157 |

MITCHAM INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

| | For the Nine Months Ended October 31, | |
|--|--|------------------|
| | 2007 | 2006 |
| Cash flows from operating activities: | | |
| Net income | \$ 8,092 | \$ 8,555 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 8,523 | 6,451 |
| Stock-based compensation | 1,628 | 1,197 |
| Provision for doubtful accounts | 165 | — |
| Provision for inventory obsolescence | 316 | 9 |
| Gross profit from sale of lease pool equipment | (2,193) | (2,115) |
| Excess tax benefit from exercise of non-qualified stock options | (1,219) | (497) |
| Deferred tax provision (benefit) | 1,981 | (2,009) |
| Changes in: | | |
| Accounts receivable | (1,429) | (4,727) |
| Notes receivable | 1,535 | (154) |
| Inventories | 1,317 | (4,734) |
| Income taxes payable | 1,252 | 730 |
| Accounts payable, accrued expenses, other current liabilities and deferred revenue | (430) | 4,562 |
| Prepaid expenses and other current assets | 850 | (745) |
| Net cash provided by operating activities | <u>20,388</u> | <u>6,523</u> |
| Cash flows from investing activities: | | |
| Purchases of seismic equipment held for lease | (19,199) | (10,177) |
| Sales and maturities of short-term investments | — | 2,550 |
| Purchases of property and equipment | (434) | (1,585) |
| Additional payments related to subsidiary acquisition | (1,000) | (1,000) |
| Sale of used lease pool equipment | 3,153 | 3,991 |
| Net cash used in investing activities | <u>(17,480)</u> | <u>(6,221)</u> |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | 4,500 | — |
| Payments on borrowings | (6,000) | — |
| Proceeds from issuance of common stock upon exercise of warrants and stock options, net of stock surrendered | 341 | 783 |
| Excess tax benefit from exercise of non-qualified stock options | 1,219 | 497 |
| Net cash provided by financing activities | <u>60</u> | <u>1,280</u> |
| Effect of changes in foreign exchange rates on cash and cash equivalents | <u>755</u> | <u>165</u> |
| Net increase in cash and cash equivalents | <u>3,723</u> | <u>1,747</u> |
| Cash and cash equivalents, beginning of period | <u>12,582</u> | <u>16,438</u> |
| Cash and cash equivalents, end of period | <u>\$ 16,305</u> | <u>\$ 18,185</u> |

Note A

MITCHAM INDUSTRIES, INC.
Reconciliation of Net Income to EBITDA
(In thousands)
(Unaudited)

| | For the Three Months Ended October 31, | | For the Nine Months Ended October 31, | |
|---|---|-----------------|--|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Reconciliation of Net Income to EBITDA and Adjusted EBITDA | | | | |
| Net income | \$2,431 | \$ 3,863 | \$ 8,092 | \$ 8,555 |
| Interest income, net | (178) | (284) | (319) | (617) |
| Depreciation and amortization | 2,956 | 2,293 | 8,523 | 6,451 |
| Provision for (benefit from) income taxes | <u>1,583</u> | <u>(1,324)</u> | <u>4,382</u> | <u>(1,189)</u> |
| EBITDA ⁽¹⁾ | 6,792 | 4,548 | 20,678 | 13,200 |
| Stock-based compensation | <u>643</u> | <u>404</u> | <u>1,628</u> | <u>1,197</u> |
| Adjusted EBITDA ⁽¹⁾ | <u>\$7,435</u> | <u>\$ 4,952</u> | <u>\$22,306</u> | <u>\$14,397</u> |

(1) EBITDA is defined as earnings (loss) before (a) interest income, net of interest expense, (b) provision for (or benefit from) income taxes and (c) depreciation and amortization. Adjusted EBITDA excludes stock-based compensation. We consider EBITDA and Adjusted EBITDA to be important indicators for the performance of our business, but not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We have

included these non-GAAP financial measures because they provide management with important information for assessing our performance and as indicators of our ability to make capital expenditures and finance working capital requirements. EBITDA and Adjusted EBITDA are not measures of financial performance under GAAP and should not be considered in isolation or as alternatives to cash flow from operating activities or as alternatives to net income as indicators of operating performance or any other measures of performance derived in accordance with GAAP. Other companies in our industry may calculate EBITDA or Adjusted EBITDA differently than we do and EBITDA and Adjusted EBITDA may not be comparable with similarly titled measures reported by other companies.

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