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 JULY 31, 2001

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

COMMISSION FILE NUMBER 000-25142

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)

(936) 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: 8,890,901 shares of Common Stock, $0.01 par value, were outstanding as of September 12, 2001.

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	July 31, 2001 (Unaudited)	January 31, 2001
CURRENT ASSETS:		
Cash	$ 8,348	$ 4,317
Marketable securities, at market	--	7,085
Accounts receivable, net	6,097	5,742
Notes receivable	1,296	1,470
Income tax receivable	--	787
Deferred tax asset	1,581	2,067
Prepaid expenses and other current assets	448	458
Total current assets	17,770	21,926
Seismic equipment lease pool, property and equipment	91,496	91,435
Accumulated depreciation of seismic equipment lease pool, property and equipment	(46,573)	(42,380)
Notes receivable	541	610
Deferred tax asset	646	646
Other assets	358	324
Total assets	$ 64,238	$ 72,561
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,009	$ 8,259
Customer deposits	565	503
Accrued wages	233	236
Current maturities - long-term debt	2,254	1,856
Deferred revenue	689	947
Accrued lawsuit settlement liability	--	1,202
Income taxes payable	66	--
Accrued expenses and other current liabilities	291	126
Total current liabilities	5,107	13,129
Long-term debt	5,394	5,444
Total liabilities	10,501	18,573
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; 9,657,801 and 9,591,112 shares, respectively, issued	97	96
Additional paid-in capital	61,814	61,601
Treasury stock, at cost, 719,900 and 240,100 shares, respectively	(3,828)	(3,195)
Accumulated deficit	(2,739)	(3,566)
Accumulated other comprehensive loss	(1,607)	(948)
Total shareholders' equity	53,737	53,988
Total liabilities and shareholders' equity	$ 64,238	$ 72,561

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

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

	THREE MONTHS ENDED JULY 31,		SIX MONTHS ENDED JULY 31,	
	2001	2000	2001	2000
REVENUES:				
Short-term leasing	$ 5,285	$ 2,232	$ 10,224	$ 5,188
Leasing under lease/purchase agreements	254	342	1,570	368
Equipment sales and other	2,528	1,623	3,346	2,749
Total revenues	8,067	4,197	15,140	8,305
COSTS AND EXPENSES:				
Direct costs	264	256	1,142	775
Cost of other equipment sales	1,372	970	1,902	1,806
General and administrative	1,079	1,120	2,151	2,043
Provision for doubtful accounts	50	25	75	75
Depreciation	4,410	2,932	8,397	5,992
Total costs and expenses	7,175	5,303	13,667	10,691
OPERATING INCOME (LOSS)	892	(1,106)	1,473	(2,386)
Other income (expense) - net	(60)	156	(147)	316

INCOME (LOSS) BEFORE INCOME TAXES	832	(950)	1,326	(2,070)
PROVISION (BENEFIT) FOR INCOME TAXES	499	--	499	(327)
NET INCOME (LOSS)	$ 333	$ (950)	$ 827	$ (1,743)
Earnings (loss) per common share:				
Basic	$ 0.04	$ (0.10)	$ 0.09	$ (0.19)
Diluted	$ 0.04	$ (0.10)	$ 0.09	$ (0.19)
Shares used in computing earnings (loss) per common share:				
Basic	8,918,000	9,191,000	8,918,000	9,315,000
Dilutive effect of common stock equivalents	274,000	--	252,000	--
Diluted	9,192,000	9,191,000	9,170,000	9,315,000

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

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

	SIX MONTHS ENDED JULY 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 827	$(1,743)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation	8,397	5,992
Provision for doubtful accounts, net of charge offs	18	74
Accounts receivable	(130)	1,460
Federal income taxes	1,338	(295)
Accounts payable and other current liabilities	(8,905)	(3,799)
Other assets	(24)	(286)
Net cash provided by operating activities	1,521	1,403
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(8,962)	(4,047)
Purchases of property and equipment	(37)	(131)
Sale of		

marketable
securities,
net 7,085
1,912
Disposal of
lease pool
equipment
4,495 1,281
------- ---
---- Net
cash
provided by
(used in)
investing
activities
2,581 (985)
CASH FLOWS
FROM
FINANCING
ACTIVITIES:
Payments on
short-term
borrowings
348 --
Proceeds
from
issuance of
common
stock upon
exercise of
warrants
and options
214 --
Purchases
of common
stock for
treasury
(633)
(2,738) ---
---- ------
- Net cash
used in
financing
activities
(71)
(2,738) NET
CHANGE IN
CASH 4,031
(2,320)
CASH,
BEGINNING
OF PERIOD
4,317 3,588
------- ---
---- CASH,
END OF
PERIOD $
8,348 $
1,268
=======
=======
SUPPLEMENTAL
CASH FLOW
INFORMATION:
Cash paid
for:
Interest $
294 $ --
Income
taxes $ --
$ --
=======
=======

The accompanying notes are an integral part of these condensed 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, 2001. 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, 2001; the results of operations for the three and six months ended July 31, 2001 and 2000; and cash flows for the six months ended July 31, 2001 and 2000, 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, 2002.

2. COMMITMENTS AND CONTINGENCIES

Legal Proceedings
On or about April 23, 1998, several purported 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 ("Plaintiffs") v. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios ("Defendants"), 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 sought class action status on behalf of purchasers of 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 alleged that the Defendants made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On September 28, 1999, the Court granted in part and denied in part the Defendants' motion to dismiss, and granted Plaintiffs leave to amend on certain claims. On December 8, 1999, Plaintiffs filed their second consolidated amended complaint ("SCAC"). On October 2, 2000, the Court granted in part and denied in part the Defendants' motions to dismiss the SCAC. On December 5, 2000, the Defendants answered and denied the allegations in the SCAC. On April 17, 2001, facing protracted and expensive litigation, Defendants agreed in principle with Plaintiffs to a $2,700,000 settlement, paid by the Company and its insurance carrier, pending execution of a final settlement agreement and approval 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. TREASURY STOCK

In February 2000, the Board of Directors authorized the repurchase of up to 1,000,000 shares of the Company's common stock. On July 18, 2001, the Board of Directors increased the number of shares authorized to be repurchased to a total of up to 1,250,000 shares. The Company has repurchased 719,900 shares of its common stock at an average price of $5.32 per share as of July 31, 2001 and has classified these shares as treasury stock in the accompanying financial statements. The Company expects it will continue to purchase its shares from time to time in the open market or in privately negotiated purchase transactions as market and financial conditions warrant.

4. RECLASSIFICATIONS

Certain 2000 amounts have been reclassified to conform to 2001 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. Over the last twelve months, the seismic industry has begun to recover from the depressed levels of activity in prior years.

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. The majority of all leases at July 31, 2001 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation.

SEASONALITY

Historically, seismic equipment leasing has been susceptible to weather patterns in certain geographic regions. There is some seasonality to the Company's expected lease revenues, especially 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.

RESULTS OF OPERATIONS

For the three months ended July 31, 2001 and 2000

For the quarter ended July 31, 2001, total revenues increased by $3.9 million to $8.1 million from $4.2 million in the corresponding period of the prior year. This increase is attributable to a higher demand for rental equipment as evidenced by the nearly $3.0 million increase in leasing revenues as compared to the comparable quarter in the prior year. The prior year revenues for the comparable quarter reflect a significant decrease in all categories of revenues as compared to historical levels for the Company 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.

Equipment sales and leasing revenues under lease/purchase agreements during the quarter ended July 31, 2001 and 2000 were not significant, as the Company recorded no revenues from the exercise of the purchase option of lease/purchase contracts. During the quarter ended July 31, 2001, other equipment sales generated a gross margin of 46% as compared to 40% for the same period in 2000. Gross margins on equipment sales may vary significantly between periods due to the mix of new versus older equipment being sold.

General and administrative expenses increased $41,000 from the corresponding prior year period primarily due to an increase in insurance, advertising, convention, travel and business promotion expenses partially offset by a decrease in investor relations expenses. Additionally, the Company incurred personnel and related costs during 2001 associated with international marketing efforts.

Depreciation expense for the quarter ended July 31, 2001 increased by $1,478,000, or 50%, to $4.4 million from $2.9 million for the same period last year. The increase is primarily the result of capital additions to the seismic equipment lease pool during the past year.

The Company recorded net income for the quarter ended July 31, 2001 in the amount of $333,000 compared to a net loss of $950,000 for the same period of the previous year.

For the six months ended July 31, 2001 and 2000

For the six months ended July 31, 2001, total revenues increased by $6.8 million to $15.1 million from $8.3 million in the corresponding period of the prior year. Fiscal 2002 revenues through July 31, 2001 reflect a significant increase in all categories of revenues compared to total revenues for the same period of the prior year, mainly a reflection of the increased seismic activity worldwide.

Equipment sales and leasing revenues under lease/purchase agreements during the six months ended July 31, 2001 totaled $1.6 million. Comparable amounts in the prior year were not significant, as the Company recorded no revenues from the exercise of the purchase option of lease/purchase contracts.

During the six months ended July 31, 2001, other equipment sales generated a gross margin of 43% as compared to 34% for the same period in 2000. Gross margins on equipment sales may vary significantly between periods due to the mix of new versus older equipment being sold.

General and administrative expenses increased by $108,000 from the corresponding prior year period primarily due to personnel and related costs associated with international marketing efforts, an increase in insurance, compensation expenses, franchise taxes and professional fees partially offset by a decrease in travel and business promotion expenses.

Depreciation expense for the six months ended July 31, 2001 increased by $2.4 million, or 40%, to $8.4 million from $6.0 million for the same period last year. The increase is primarily the result of a larger seismic equipment lease pool, on a cost basis, as compared to July 31, 2000. Additionally, the Company has sold older, more fully depreciated seismic equipment during the past year and replaced it with newer equipment, thus increasing depreciation expense. The Company's seismic equipment lease pool increased by $16.5 million, on a cost basis, to $89.7 million at July 31, 2001, from $73.2 million at July 31, 2000.

The Company recorded net income for the six months ended July 31, 2001 in the amount of $827,000 compared to a net loss of $1,743,000 for the same period of the previous year.

LIQUIDITY AND CAPITAL RESOURCES

As of July 31, 2001, the Company had net working capital of approximately $12.7 million as compared to net working capital of $8.8 million at January 31, 2001. 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 six months ended July 31, 2001 was $1.5 million, as compared to net cash provided by operating activities of $1.4 million for the six months ended July 31, 2000.

At July 31, 2001, the Company had trade accounts receivable of $1.7 million that were more than 90 days past due. At July 31, 2001, the Company's allowance for doubtful accounts was approximately $1.2 million, which management believes is sufficient to cover any losses in its trade accounts receivable and notes receivable.

On November 10, 2000, the Company closed an $8.5 million term loan with First Victoria National Bank. The loan amortizes over 48 months and bears interest at the rate of prime plus one percent, adjusted daily. The first three monthly payments were interest only, with the remaining 45 monthly payments being interest and principal in the approximate amount of $229,000. As of July 31, 2001, the Company has drawn the entire $8.5 million under this loan agreement. The loan is collateralized by the lease pool equipment purchased for the Company's fiscal 2001 winter capital expenditure program.

Capital expenditures for the six months ended July 31, 2001 totaled approximately $9.0 million compared to capital expenditures of $4.2 million for the corresponding period in the prior year. During the six months ended July 31, 2001, the Company repurchased 103,600 shares of its common stock for an aggregate cost of $633,000, or an average price of $6.11 per share. At the present time, management believes that cash on hand and cash provided by future operations will be sufficient to fund its anticipated capital and liquidity needs over the next twelve months. However, should demand warrant, the Company may pursue additional borrowings to fund capital expenditures.

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 Operations" and in Part II, Item 1. "Legal Proceedings"), as well as other written and oral statements made or incorporated by reference from time to 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; and future demand for the Company's services and predicted improvement in energy industry and seismic service 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 elsewhere within this Quarterly Report on Form 10-Q.

RECOVERY OF OIL AND GAS INDUSTRY AND RECENT INCREASED DEMAND FOR SERVICES COULD BE SHORT-LIVED

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. 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 remained at historically low levels throughout fiscal 2000, but began to improve during fiscal 2001. 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.

LOSS OF SIGNIFICANT CUSTOMERS WILL ADVERSELY AFFECT THE COMPANY

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. In the fiscal years ended January 31, 1999, 2000 and 2001, the single largest customer accounted for approximately 36%, 17% and 21%, respectively, of the Company's total revenues. Because the Company's customer base is relatively small, the loss of one or more customers for any reason could adversely affect the Company's results of operations.

SIGNIFICANT DEFAULTS OF PAST-DUE CUSTOMER ACCOUNTS WOULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS

The Company has approximately $9.2 million of customer accounts and notes receivable at July 31, 2001, of which $1.7 million is over ninety days past due. At July 31, 2001, the Company has an allowance of $1.2 million to cover losses in its receivable balances. Significant payment defaults by its customers in excess of the allowance would have a material adverse effect on the Company's financial position and results of operations.

INTERNATIONAL ECONOMIC AND POLITICAL INSTABILITY COULD ADVERSELY AFFECT THE COMPANY'S RESULTS OF OPERATIONS

The Company's results of operations are dependent upon the current political and economic climate of several international countries in which its customers either operate or are located. International sources accounted for approximately 93% of the Company's revenues in the fiscal year ended January 31, 2001, and 17% of international revenues were attributable to lease and sales activities in South America. Since the majority of the Company's lease and sales contracts with its customers are denominated in U.S. dollars, there is little risk of loss from fluctuations in foreign currencies. However, the Company's internationally-sourced revenues are still subject to the risk of currency exchange controls (in which payment could not be made in U.S. dollars), taxation policies, and appropriation, as well as to political turmoil, civil disturbances, armed hostilities, and other hazards. While the Company's results of operations have not been adversely affected by those risks to date, there is no assurance its business and results of operations won't be adversely affected in the future.

THE COMPANY MUST CONTINUALLY OBTAIN 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 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.

THE COMPANY'S SEISMIC LEASE POOL IS SUBJECT 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. Significant improvements in technology may also require the Company to recognize an asset impairment charge to its lease pool investment, and to correspondingly invest significant sums to upgrade or replace its existing lease pool with newer-technology equipment demanded by its customers.

During the fiscal year ended January 31, 1999, the Company recorded a pretax asset impairment charge of $15.1 million. 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 recent oil and gas industry downturn was 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 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%. There can be no assurance that the Company will not record asset impairment charges under SFAS No. 121 in the future.

WEATHER CONDITIONS CAUSE 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. Accordingly, period-to-period comparisons are not necessarily meaningful and should not be relied on as indicative of future results.

DISRUPTION IN SUPPLIER RELATIONSHIPS COULD ADVERSELY AFFECT THE COMPANY

The Company has and continues to rely on purchase agreements with Sercel. 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. Any difficulty in obtaining seismic equipment from suppliers 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. Pressures from existing or new competitors could adversely affect the Company's business operations.

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.

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 purported 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 ("Plaintiffs") v. Mitcham Industries, Inc., Billy F. Mitcham, Jr. and Roberto Rios ("Defendants"), 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 sought class action status on behalf of purchasers of 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 alleged that the Defendants made materially false and misleading statements and omissions in public filings and announcements concerning its business and its allowance for doubtful accounts. On September 28, 1999, the Court granted in part and denied in part the Defendants' motion to dismiss, and granted Plaintiffs leave to amend on certain claims. On December 8, 1999, Plaintiffs filed their second consolidated amended complaint ("SCAC"). On October 2, 2000, the Court granted in part and denied in part the Defendants' motions to dismiss the SCAC. On December 5, 2000, the Defendants answered and denied the allegations in the SCAC. On April 17, 2001, facing protracted and expensive litigation, Defendants agreed in principle with Plaintiffs to a $2,700,000 settlement, paid by the Company and its insurance carrier, pending execution of a final settlement agreement and approval by the Court.

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

(a) The Company held its Annual Meeting of Shareholders on July 18, 2001. Shareholders of record at the close of business on May 30, 2001 were entitled to vote.

(b) Shareholders elected each of the six directors nominated for the Board of Directors:

NAME OF NOMINEE	FOR	WITHHELD
Billy F. Mitcham, Jr.	7,942,969	182,450
R. Dean Lewis	8,077,469	47,950
John F. Schwalbe	8,077,269	48,150
William J. Sheppard	7,940,169	185,250
P. Blake Dupuis	7,941,169	184,250
Peter H. Blum	8,081,969	43,450

(c) The Shareholders approved the amendment of the Company's 2000 Stock Option Plan:

FOR	AGAINST	ABSTAINING	BROKER NON-VOTES
3,705,114	589,371	39,630	3,791,304

(d) The Shareholders ratified the appointment of Hein + Associates LLP as the Company's independent auditors:

FOR	AGAINST	ABSTAINING
8,075,521	21,078	28,820

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) REPORTS ON FORM 8-K
None.

(b) EXHIBITS
None.

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: September 14, 2001

/s/ CHRISTOPHER C. SIFFERT

Christopher C. Siffert,
Corporate Controller
(Authorized Officer and
Principal Accounting Officer)