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

FORM 10-QSB

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

FOR THE PERIOD ENDED OCTOBER 31, 1997

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

COMMISSION FILE NUMBER 1-13490

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

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

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

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 7,510,759 shares of Common Stock, $.01 par value, were outstanding as of November 24, 1997.

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

MITCHAM INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS

	October 31, 1997	January 31, 1997
CURRENT ASSETS:		
Cash	$ 3,819	$ 301
Accounts receivable, net	10,366	3,598
Installment trade receivables	3,894	1,141
Inventory	1,527	473
Prepaid expenses and other current assets	93	100
Income taxes recoverable	177	--
Total current assets	19,876	5,613
Seismic equipment lease pool, net	37,450	17,963
Property and equipment, net	782	619
Other assets	--	98
Total assets	$58,108	$24,293

LIABILITIES AND SHAREHOLDERS' EQUITY

	October 31, 1997	January 31, 1997
CURRENT LIABILITIES:		
Notes payable to bank	--	999
Current installments of long-term debt	--	938
Accounts payable	16,040	1,941
Income taxes payable	--	267
Deferred income taxes payable	113	902
Accrued liabilities and other current liabilities	1,744	685
Total current liabilities	17,897	5,732
LONG-TERM DEBT, NET OF CURRENT INSTALLMENTS	--	2,674
DEFERRED INCOME TAXES	1,257	645
Total liabilities	19,154	9,051
SHAREHOLDERS' EQUITY:		
Preferred stock, $1.00 par value; 1,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $.01 par value; 20,000,000 shares authorized; 7,510,759 and 4,474,880 shares, respectively, issued and outstanding	75	45
Additional paid-in capital	27,607	8,819
Retained earnings	11,264	6,378
Cumulative translation adjustment	8	--
Total shareholders' equity	38,954	15,242
Total liabilities and shareholders' equity	$58,108	$24,293

See accompanying notes.

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

	Three months ended October 31,		Nine months ended October 31,	
	1997	1996	1997	1996
REVENUES:				
Leases of seismic equipment	$ 4,300	$ 2,410	$ 10,901	$ 5,356
Sales of seismic equipment	5,771	610	15,391	2,007
Total revenues	10,071	3,020	26,292	7,363
COSTS AND EXPENSES:				
Seismic equipment subleases	65	--	238	111
Sales of seismic equipment	4,898	367	12,666	1,261
General and administrative	867	685	2,189	1,199
Provision for doubtful accounts	410	--	709	418
Depreciation	1,313	865	3,919	1,951
Total costs and expenses	7,553	1,917	19,721	4,940
OPERATING INCOME	2,518	1,103	6,571	2,423
OTHER INCOME (EXPENSE):				
Interest, net	92	(42)	232	(170)
Other, net	365	50	586	219
Total other income (expenses)	457	8	818	49
INCOME BEFORE INCOME TAXES	2,975	1,111	7,389	2,472
PROVISION FOR INCOME TAXES	1,002	366	2,503	854
NET INCOME	$ 1,973	$ 745	$ 4,886	$ 1,618
Primary earnings per common and common equivalent share	$ 0.25	$ 0.17	$ 0.67	$ 0.37
Primary shares used in computing earnings per average common and common equivalent share outstanding	7,833,000	4,515,000	7,330,000	4,431,000

See accompanying notes.

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

	Nine months ended October 31, 1997	Nine months ended October 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,886	$ 1,618
Adjustments to reconcile net income to net cash provided by operating activities:		
Trade accounts receivable	(8,912)	(1,158)
Provision for doubtful accounts	(609)	268
Accounts payable and other current liabilities	4,513	(193)
Depreciation	3,919	1,951
Deferred income taxes	(177)	666
Other, net	(1,382)	(540)
Net cash provided by operating activities	2,238	2,612
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(20,624)	(5,750)
Proceeds from sale of lease pool equipment and property and equipment	7,976	--
Purchases of property and equipment	(279)	(131)
Net cash used in investing activities	(12,927)	(5,881)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on short-term borrowings	(1,937)	(400)
Proceeds from long-term debt	--	3,126
Payments on long-term debt and capitalized lease obligations	(2,674)	(834)
Proceeds from issuance of common stock, net of offering expenses	18,818	4,070
Net cash provided by financing activities	14,207	5,962
NET INCREASE IN CASH	3,518	2,693
CASH, BEGINNING OF PERIOD	301	637
CASH, END OF PERIOD	$ 3,819	$ 3,330
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 143	$ 289
Taxes	2,835	515
Equipment purchases in accounts payable	$ 10,645	$ 3,009

See accompanying notes.

MITCHAM INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The consolidated financial statements of Mitcham Industries, Inc. and its wholly-owned subsidiary, Mitcham Canada Ltd. (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 financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report to Shareholders and the Annual Report on Form 10-KSB for the year ended January 31, 1997. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position as of October 31, 1997, and the results of operations and cash flows for the nine months ended October 31, 1997 and 1996 have been included. The foregoing interim results are not necessarily indicative of the results of the operations for the full fiscal year ending January 31, 1998.

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

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

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

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

OVERVIEW

The Company leases and sells seismic 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 October 31, 1997 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation.

Revenues from foreign customers totaled $4.6 million for the third quarter of fiscal 1998 and $1.6 million for the comparable prior year period, increasing to $15.0 million for the nine months ended October 31, 1997 as compared to $4.0 million for the same prior year period. 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 has not been subject to material gains or losses resulting from currency fluctuations and has not engaged in currency hedging activities.

SEASONALITY

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

RESULTS OF OPERATIONS

For The Three Months ended October 31, 1997 Compared with the Three Months Ended October 31, 1996

Revenues of $10.1 million for the three months ended October 31, 1997 increased 233% over revenues of $3.0 million for the same prior year period. Leasing services generated revenues of $4.3 million for the three months ended October 31, 1997, a $1.9 million, or 78% increase, compared to leasing revenues for the same prior year period. This increase reflected additions to the equipment lease pool throughout fiscal 1997 and the first three quarters of fiscal 1998. Seismic equipment sales for the three months ended October 31, 1997 were $5.8 million, an increase of $5.2 million, or 846%, from $610,000 for the same prior year period. The increase in sales was due primarily to the exercise of purchase option contracts in the period.

Sublease costs increased by $65,000 and depreciation, which related primarily to equipment available for lease, increased by $448,000 or, 52%, due to an increase in the equipment lease pool, resulting in an increase in net leasing revenues of $1.4 million.

Gross margins on seismic equipment sales were 15% and 40% for the three months ended October 31, 1997 and 1996, respectively. Gross margins decreased substantially in the nine months ended October 31, 1997 because the Company sold primarily newer technology equipment when customers exercised purchase options on leased equipment that had only recently been purchased and added to the Company's equipment lease pool. In the same prior year period and in the past, the Company sold primarily older, fully depreciated equipment, yielding significantly greater margins.

General and administrative expenses increased $182,000, or 27% for the three months ended October 31, 1997 as compared to the same prior year period. Although general and administrative expenses increased, due in part to increased personnel costs and costs associated with the office in Canada, general and administrative expenses decreased as a percent of total revenues from 23% to 9% between the two periods.

The Company's provision for doubtful accounts expense increased to $410,000 for the three months ended October 31, 1997 from zero in the same prior year period. The increase was a result of additional provisions for the allowance account in connection with the bankruptcy filing of one of the Company's customers, Grant Geophysical, Inc. ("Grant").

Net income for the three months ended October 31, 1997 was $2.0 million, which increased by $1.2 million, or 165%, as compared to the same prior year period.

For the Nine Months ended October 31, 1997 Compared with the Nine Months Ended October 31, 1996

Revenues of $26.3 million for the nine months ended October 31, 1997 increased 257% over revenues of $7.4 million for the same prior year period. Leasing services generated revenues of $10.9 million for the nine months ended October 31, 1997, a $5.5 million, or 104% increase, compared to leasing revenues for the same prior year period. This increase reflected additions to the equipment lease pool throughout fiscal 1997 and the first three quarters of fiscal 1998. Seismic equipment sales for the nine months ended October 31, 1997 were $15.4 million, an increase of $13.4 million, or 667%, from $2.0 million for the same prior year period. The increase in sales was due primarily to the exercise of purchase option contracts in the period totaling $12.0 million.

The Company's sublease costs increased by $127,000, or 114%, and depreciation, which related primarily to equipment available for lease, increased by $2.0 million, and 101%, due to an increase in the equipment lease pool, resulting in an increase in net leasing revenues of $3.5 million.

Gross margins on seismic equipment sales were 18% and 37% for the nine months ended October 31, 1997 and 1996, respectively. Gross margins decreased substantially in the nine months ended October 31, 1997 because the Company sold primarily newer equipment when customers exercised purchase options on leased equipment that had only recently been purchased and added to the Company's equipment lease pool. In the same prior year period and in the past, the Company sold primarily older, fully depreciated equipment, yielding significantly greater margins.

General and administrative expenses increased $990,000, or 83% for the nine months ended October 31, 1997 as compared to the same prior year period. Although general and administrative expenses increased, due in part to increased personnel costs and costs associated with the office in Canada, general and administrative expenses decreased as a percent of total revenues from 16% to 8% between the two periods.

The Company's provision for doubtful accounts expense increased to $709,000 for the nine months ended October 31, 1997 from $418,000 in the same prior year period. The increase was a result of additional provisions for the allowance account in connection with the bankruptcy filing of Grant. The provision for doubtful accounts expense was 3% of total revenue in the nine months ended October 31, 1997, as compared to 6% of total revenues in the same prior year period. As of October 31, 1997, the Company's allowance for doubtful accounts was $891,000. See "-- Liquidity and Capital Resources."

Net income for the nine months ended October 31, 1997 was $4.9 million, which increased by $3.3 million, or 202%, as compared to the same prior year period.

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 1997, the Company had net working capital of approximately $2.0 million and $5.0 million of availability under its bank credit facilities. Net cash provided by operating activities for the nine months ended October 31, 1997 decreased by $374,000 as compared to the same prior year period, primarily as a result of an increase in trade accounts receivable. At October 31, 1997, the Company had trade accounts receivables of $2.9 million that were more than 90 days past due, with four customers owing an aggregate of $1.5 million of such amount. As of such date, the Company's allowance for doubtful accounts was $891,000. In addition, at such date, the Company had receivables due from one customer of approximately $539,000, $449,000 of which was more than 12 months past due.

Grant's plan of reorganization was approved by the bankruptcy court on September 30, 1997. As of October 31, 1997, the Company had received payments from Grant totaling $1.2 million, which represents final settlement on the amounts owed the Company representing post-bankruptcy petition claims of approximately $1.6 million. The Company expects to collect one-half of pre-bankruptcy petition claims which total approximately $755,000, prior to fiscal year end. All of the approximately $750,000 that will not be collected from Grant has been written off. The Company is currently leasing seismic equipment to Grant.

During March 1997, the Company completed a public offering of 3,450,000 shares of its Common Stock, of which 2,875,000 shares were sold by the Company and 575,000 shares were sold by selling shareholders. The net proceeds to the Company from the offering (after deducting underwriting discounts and commissions and estimated expenses of the offering) were approximately $18.2 million. The net proceeds were used to purchase additional 3-D seismic data acquisition equipment, to pay outstanding debt to its commercial lender under a revolving line of credit and a term loan and for certain other purposes.

The Company has filed a registration statement with the Securities and Exchange Commission for an offering (the "Proposed Offering") of 1,850,000 shares of common stock, of which 50,000 shares are being sold by selling shareholders. Proceeds from the offering will be used to purchase additional seismic equipment for the Company's lease pool and for general corporate purposes, including working capital.

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

The Company has obtained a commitment from Bank One to replace the Equipment Revolver and the Term Loan with a working capital revolving line of credit of up to $15 million. Interest on advances under the line of credit will be payable monthly at a variable rate of up to LIBOR plus 2.75% with principal due two years from the date of the establishment of the line. Advances will be limited to 80% of the eligible accounts receivable and 50% of all eligible lease pool equipment.

As of October 31, 1997, capital expenditures for fiscal year 1998 totaled approximately $31.5 million. The Company has budgeted capital expenditures of $18.3 million for the remainder of fiscal 1998 and $25.0 million for fiscal 1999. Included in these budgeted amounts is approximately $27 million of seismic equipment which the Company has ordered from the manufacturers and for which the Company had obtained future lease commitments. At October 31, 1997, the Company had satisfied or exceeded the minimum purchase requirements for the period ended May 1998 under its Exclusive Lease Referral Agreement with Input/Output, Inc. (the "I/O Agreement"), and had exceeded the minimum purchase requirements under its Exclusive Lease Referral Agreement with Georex, Inc., one of the Sercel subsidiaries of Compagnie General de Geophysique. The remaining $4.7 million of seismic equipment required to be purchased under the I/O Agreement through May 2000 is included in the Company's fiscal 1998 and 1999 budget capital expenditures. Management believes that the net proceeds from the Proposed Offering, cash provided by operations and funds available from its commercial lenders will be sufficient to fund its operations and budgeted capital expenditures for the remainder of fiscal 1998 and 1999.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

(b) Reports on Form 8-K

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

SIGNATURE

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

Date: November 26, 1997

MITCHAM INDUSTRIES, INC.

/s/ ROBERTO RIOS

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

EXHIBIT 11

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

	Nine months ended October 31, 1997	Nine months ended October 31, 1996
COMPUTATION OF PRIMARY EARNINGS PER COMMON SHARE:		
Net income	$4,886,000	$1,618,000
Weighted average number of common shares outstanding	6,968,000	3,999,000
Net effect of dilutive stock options and warrants, based on the treasury stock method, using average market price	362,000	432,000
Common shares outstanding	7,330,000	4,431,000
Earnings per common share	$ 0.67	$ 0.37
COMPUTATION OF EARNING PER COMMON SHARE ASSUMING FULL DILUTION:		
Net income	$4,886,000	$1,618,000
Weighted average number of common shares outstanding	6,968,000	3,999,000
Net effect of dilutive stock options and warrants based on the treasury stock method, using the end-of-period market price	438,000	490,000
Common shares outstanding assuming full dilution	7,406,000	4,489,000
Earnings per common share assuming full dilution	$ 0.66	$ 0.36

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9-MOS
JAN-31-1998
FEB-01-1997
OCT-31-1997
3,819
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4,886
.67
.66