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, 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: 8,949,415 shares of Common Stock, $0.01 par value, were outstanding as of June 8, 2001.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	April 30, 2001 (Unaudited)	January 31, 2001
CURRENT ASSETS:		
Cash	$ 4,195	$ 4,317
Marketable securities, at market	1,068	7,085
Accounts receivable, net	5,243	5,742
Notes receivable	1,372	1,470
Income tax receivable	707	787
Deferred tax asset	2,067	2,067
Prepaid expenses and other current assets	448	458
Total current assets	15,100	21,926
Seismic equipment lease pool, property and equipment	94,135	91,435
Accumulated depreciation of seismic equipment lease pool, property and equipment	(45,833)	(42,380)
Notes receivable	440	610
Deferred tax asset	646	646
Other assets	323	324
Total assets	$ 64,811	$ 72,561

LIABILITIES AND SHAREHOLDERS' EQUITY	April 30, 2001	January 31, 2001
CURRENT LIABILITIES:		
Accounts payable	$ 1,002	$ 8,259
Customer deposits	13	503
Accrued wages	333	236
Current maturities - long-term debt	1,891	1,856
Deferred revenue	935	947
Accrued lawsuit settlement liability	1,202	1,202
Accrued expenses and other current liabilities	192	126
Total current liabilities	5,568	13,129
Long-term debt	6,108	5,444
Total liabilities	11,676	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; 9,592,815 and 9,591,112 shares, respectively, issued	96	96
Additional paid-in capital	61,601	61,601
Treasury stock, at cost, 702,400 and 240,100 shares, respectively	(3,717)	(3,195)
Accumulated deficit	(3,073)	(3,566)
Accumulated other comprehensive loss	(1,772)	(948)
Total shareholders' equity	53,135	53,988
Total liabilities and shareholders' equity	$ 64,811	$ 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 APRIL 30,	
	2001	2000
REVENUES:		
Short-term leasing	$ 4,939	$ 2,956
Leasing under lease/purchase agreements	1,316	26
Other equipment sales	818	1,126
Total revenues	7,073	4,108
COSTS AND EXPENSES:		
Direct costs	878	519
Cost of other equipment sales	530	836
General and administrative	1,073	923
Provision for doubtful accounts	25	50
Depreciation	3,987	3,060
Total costs and expenses	6,493	5,388
OPERATING INCOME (LOSS)	580	(1,280)
Other income (expense) - net	(87)	160
INCOME (LOSS) BEFORE INCOME TAXES	493	(1,120)
BENEFIT FOR INCOME TAXES	--	(327)
NET INCOME (LOSS)	$ 493	$ (793)
Earnings (loss) per common share		
Basic	$ .06	$ (.08)
Diluted	$ .05	$ (.08)
Shares used in computing earnings (loss) per common share		
Basic	8,917,000	9,443,000
Dilutive effect of common stock equivalents	214,000	--
Diluted	9,131,000	9,443,000

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)

	THREE MONTHS ENDED APRIL 30, 2001	THREE MONTHS ENDED APRIL 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 493	$ (793)
Adjustments to reconcile net income (loss) to net cash flows used in operating activities:		
Depreciation	3,987	3,060
Provision for doubtful accounts, net of charge offs	25	50
Accounts receivable	743	579
Federal income taxes	79	(292)
Accounts payable and other current liabilities	(7,596)	(3,871)
Other assets	11	(269)
Net cash used in operating activities	(2,258)	(1,536)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(4,380)	(1,371)
Purchases of property and equipment	(37)	(63)
Sale (purchase) of marketable securities, net	6,017	1,872
Disposal of lease pool equipment	359	663
Net cash provided by investing activities	1,959	1,101
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	1,200	--
Payments on short-term borrowings	(501)	--
Purchases of common stock for treasury	(522)	(1,160)
Net cash provided by (used in) financing activities	177	(1,160)
NET DECREASE IN CASH	(122)	(1,595)
CASH, BEGINNING OF PERIOD	4,317	3,588
CASH, END OF PERIOD	$ 4,195	$ 1,993
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 129	$ --
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 April 30, 2001; the results of operations for the three months ended April 30, 2001 and 2000; and cash flows for the three months ended April 30, 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, to be 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. The Company has repurchased 702,400 shares of its common stock at an average price of $5.29 per share as of April 30, 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. INCOME TAXES

The Company reflected no tax expense for the quarter ended April 30, 2001. This estimate of taxes differs from an expected statutory rate because the Company was in a tax loss position and increased its valuation allowance on its deferred tax assets.

5. 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. 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. 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 April 30, 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. 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 remained at historically low levels throughout fiscal 2000, but began to improve during fiscal 2001.

RESULTS OF OPERATIONS

For the three months ended April 30, 2001 and 2000

For the first quarter ended April 30, 2001 total revenues increased 72% to $7.1 million from $4.1 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 $3.3 million increase in leasing revenues as compared to prior year. The prior year revenues for the comparable quarter reflect a significant decrease in all categories of revenues as compared to historical levels in the Company's first quarter 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 April 30, 2001 were $1.3 million. The prior year's amount was not significant, as the Company recorded no revenues from the exercise of the purchase option of lease/purchase contracts. The current quarter's other equipment sales generated a gross margin of 35% as compared to 26% for the quarter ended April 30, 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 $150,000 from the corresponding prior year period primarily due to an increase in customer relations, compensation expenses and franchise taxes, partially offset by a decrease in travel and legal expenses. Additionally, during the quarter, the Company incurred personnel and related costs associated with international marketing efforts.

Depreciation expense for the quarter ended April 30, 2001 increased $927,000, or 30%, to $4.0 million from $3.1 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 April 30, 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 $20.2 million, on a cost basis, to $92.3 million at April 30, 2001, from $72.1 million at April 30, 2000.

The Company recorded net income for the first quarter ended April 30, 2001 in the amount of $493,000, compared to a net loss of $793,000 for the same period of the previous year.

LIQUIDITY AND CAPITAL RESOURCES

As of April 30, 2001, the Company had net working capital of approximately $9.5 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 used in operating activities for the quarter ended April 30, 2001 was $2.3 million, as compared to net cash used in operating activities of $1.5 million for the quarter ended April 30, 2000.

At April 30, 2001, the Company had trade accounts receivable of $1.1 million that were more than 90 days past due. At April 30, 2001, the Company's allowance for doubtful accounts was approximately $1.3 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 April 30, 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 quarter ended April 30, 2001 totaled approximately $4.4 million compared to capital expenditures of $1.4 million for the corresponding period in the prior year. During the quarter ended April 30, 2001, the Company repurchased 86,100 shares of its common stock for an aggregate cost of $522,000, or $6.06 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 has 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 $8.3 million of customer accounts and notes receivable at April 30, 2001, of which $1.1 million is over ninety days past-due. At April 30, 2001, the Company has an allowance of $1.3 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, to be paid by the Company and its insurance carrier, pending execution of a final settlement agreement and approval by the Court.

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: June 13, 2001

/s/ CHRISTOPHER C. SIFFERT

CHRISTOPHER C. SIFFERT
CORPORATE CONTROLLER
(AUTHORIZED OFFICER AND PRINCIPAL
ACCOUNTING OFFICER)