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 OCTOBER 31, 2003

( ) 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.)

8141 SH 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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 8,795,301 shares of Common Stock, $0.01 par value, were outstanding as of December 12, 2003.

MITCHAM INDUSTRIES, INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

October 31,
January 31,
ASSETS 2003
2003 -------
----- ------

(Unaudited)
CURRENT
ASSETS: Cash
$ 4,637 $
5,170
Accounts
receivable,
net 6,512
3,544 Notes
receivable
2,038 12
Prepaid
expenses and
other
current
assets 622
627 --------
---- -------
----- Total
current
assets
13,809 9,353
Seismic
equipment
lease pool,
property and
equipment
86,369
87,126
Accumulated
depreciation
of seismic
equipment
lease pool,
property and
equipment
(58,854)
(52,183)
Notes
receivable
552 -- Other
assets 11 44

Total assets
$ 41,887 $
44,340
============
============
LIABILITIES
AND
SHAREHOLDERS'
EQUITY
CURRENT
LIABILITIES:
Accounts
payable $
1,429 $
2,424
Current
maturities -
long-term
debt 2,180
2,092
Equipment

notes
payable
1,120 --
Deferred
revenue 780
216 Wages
payable 460
414 Accrued
expenses and
other
current
liabilities
1,216 914 --
---------- -

Total
current
liabilities
7,185 6,060
Long-term
debt 2,979
4,622 ------
------ -----

Total
liabilities
10,164
10,682
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;
9,710,301
and
9,657,801
shares,
respectively,
issued 97 97
Additional
paid-in
capital
61,913
61,814
Treasury
stock, at
cost,
915,000
shares
(4,686)
(4,686)
Deferred
compensation
(91) --
Accumulated
deficit
(27,593)
(22,122)
Accumulated
other
comprehensive
income
(loss) 2,083
(1,445) ----
-------- ---

Total
shareholders'
equity

31,723
33,658 -----
------- ----

Total
liabilities
and
shareholders'
equity $
41,887 $
44,340
============
============

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 OCTOBER 31,		NINE MONTHS ENDED OCTOBER 31,	
	2003	2002	2003	2002
REVENUES:				
Equipment leasing	$ 3,970	$ 1,758	$ 10,574	$ 5,840
Equipment sales	3,305	922	6,497	4,896
Total revenues	7,275	2,680	17,071	10,736
COSTS AND EXPENSES:				
Direct costs - seismic leasing	896	343	1,756	1,009
Cost of equipment sales	1,555	645	3,300	4,052
General and administrative	1,287	1,039	3,818	3,281
Provision (benefit) for doubtful accounts	25	--	25	(1,704)
Depreciation	3,336	3,603	10,767	11,168
Total costs and expenses	7,099	5,630	19,666	17,806
OPERATING INCOME (LOSS)	176	(2,950)	(2,595)	(7,070)
Other income (expense) -				

net (71) (63)
(91) (145) --
--------- ---
-------- ----
------- -----
------ INCOME
(LOSS) FROM
CONTINUING
OPERATIONS
BEFORE INCOME
TAXES 105
(3,013)
(2,686)
(7,215)
Benefit for
income taxes
-- (1,935) --
(1,647) -----
------ ------
----- -------
---- --------
--- NET
INCOME (LOSS)
FROM
CONTINUING
OPERATIONS
105 (1,078)
(2,686)
(5,568) -----
------ ------
----- -------
---- --------
--- Loss from
discontinued
operations
(including
impairment
charge of
$700) --
(788) (2,792)
(1,600) NET
INCOME (LOSS)
$ 105 $
(1,866) $
(5,478) $
(7,168)
===========
===========
===========
===========
Income (loss)
per common
share from
continuing
operations
Basic and
diluted $
0.01 $ (0.12)
$ (0.31) $
(0.64) Loss
per common
share from
discontinued
operations
Basic and
diluted $ --
$ (0.09) $
(0.32) $
(0.18) Net
income (loss)
per common
share - basic
and diluted $
0.01 $ (0.21)
$ (0.63) $
(0.82) Shares
used in
computing
income (loss)
per common
share: Basic

8,795,000
8,745,000
8,763,000
8,749,000
Dilutive
effect of
common stock
equivalents
78,000 -- --
-- ----------
- -----------
----------- -

Diluted
8,873,000
8,745,000
8,763,000
8,749,000
===========
===========
===========
===========

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)

	NINE MONTHS ENDED OCTOBER 31,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,478)	$ (7,168)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	11,057	11,534
Provision (benefit) for doubtful accounts, net of charge offs	73	(1,893)
Impairment of DSI assets	700	--
Changes in:		
Trade accounts receivable	(5,647)	2,180
Accounts payable, accrued expenses and other current liabilities	(83)	(6,287)
Other, net	139	(340)
Net cash provided by (used in) operating activities	761	(1,974)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of seismic equipment held for lease	(2,711)	(3,906)

Purchases of property and equipment	(96)	(282)
Disposal of lease pool equipment	3,077	3,786
	----------	----------
Net cash provided by (used in) investing activities	270	(402)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	--	2,000
Payments on short-term borrowings	(1,564)	(1,357)
Purchases of common stock for treasury	--	(15)
	----------	----------
Net cash provided by (used in) financing activities	(1,564)	628
	----------	----------
NET CHANGE IN CASH	(533)	(1,748)
CASH, BEGINNING OF PERIOD	5,170	8,244
	----------	----------
CASH, END OF PERIOD	$ 4,637	$ 6,496
	==========	==========
NON CASH ITEMS:		
Financed seismic equipment purchases	$ 1,120	$ --

The accompanying notes are an integral part of these 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, 2003. 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, 2003; the results of operations for the three and nine months ended October 31, 2003 and 2002; and cash flows for the nine months ended October 31, 2003 and 2002, 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, 2004.

2. ORGANIZATION

Mitcham Industries, Inc., a Texas corporation, was incorporated in 1987. Since its organization, the Company has primarily been engaged in the leasing and sales of seismic equipment to the seismic industry worldwide. The Company consists of the operations of Mitcham Industries, Inc. and its three wholly-owned subsidiaries, Mitcham Canada Ltd., Seismic Asia Pacific Pty Ltd., and Drilling Services, Inc. ("DSI"). At October 31, 2003, the operations of DSI have been classified as discontinued operations. See Note 7.

3. EARNINGS PER SHARE

For the nine months ended October 31, 2003 and 2002, the following common stock equivalents were excluded from the earnings per share calculations due to their anti-dilutive effect on EPS. There were no common stock equivalents for the three months ended October 31, 2002.

	Nine Months Ended October 31,	
	2003	2002
Stock options	31,000	26,000
Warrants	--	--
Total anti-dilutive securities	31,000	26,000

4. COMPREHENSIVE INCOME

SFAS 130 "Reporting Comprehensive Income" establishes standards for the reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income generally represents all changes in stockholders' equity (deficit) during the period except those resulting from investments by, or distributions to, stockholders. The Company has comprehensive income related to the change in its foreign currency translations account as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2003	2002	2003	2002
Net income (loss)	$ 105,000	$ (1,866,000)	$ (5,478,000)	$ (7,168,000)
Change in foreign currency translation adjustment	1,320,000	398,000	3,527,000	569,000
Comprehensive income	$ 1,425,000	$ (1,468,000)	$ (1,951,000)	$ (6,599,000)

5. RECLASSIFICATIONS

Certain 2002 amounts have been reclassified to conform to the 2003 presentation. Such reclassifications had no effect on net loss.

6. STOCK OPTIONS

The Company accounts for its stock-based compensation plans under Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. The pro forma information below is based on provisions of Statement of Financial Accounting Standard ("FAS") No. 123, Accounting for Stock-Based Compensation, as amended by FAS 148, Accounting for Stock-Based Compensation-Transition and Disclosure, issued in December 2002.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2003	2002	2003	2002
PRO FORMA IMPACT OF FAIR VALUE METHOD (FAS 148)				
Reported net income (loss) from continuing operations attributable to common shareholders	$ 105	$ (1,078)	$ (2,686)	$ (5,568)
Less: fair value impact of employee stock compensation	(172)	(100)	(350)	(322)
Pro forma net income (loss) from continuing operations attributable to common shareholders	$ (67)	$ (1,178)	$ (3,036)	$ (5, 890)

==========
Reported
net income
(loss) $
105 $
(1,866) $
(5,478) $
(7,168)
Less: fair
value
impact of
employee
stock
compensation
(172) (100)
(350) (322)

Pro forma
net income
(loss) $
(67) $
(1,966) $
(5,828) $
(7,490)
==========
==========
==========
==========
INCOME
(LOSS) PER
COMMON
SHARE Basic
and diluted
- as
reported
net income
(loss) from
continuing
operations
$ 0.01 $
(0.12) $
(0.31) $
(0.64)
Basic and
diluted -
pro forma
net income
(loss) from
continuing
operations
$ (0.01) $
(0.13) $
(0.35) $
(0.67)
Basic and
diluted -
as reported
net income
(loss) $
0.01 $
(0.21) $
(0.63) $
(0.82)
Basic and
diluted -
pro forma
net income
(loss) $
(0.01) $
(0.22) $
(0.67) $
(0.86)
WEIGHTED
AVERAGE
BLACK-
SCHOLES
FAIR VALUE
ASSUMPTIONS

Risk free interest rate	5.0%	5.0%	5.0%	5.0%
Expected life	3-8 yrs.	3-8 yrs.	3-8 yrs.	3-8 yrs.
Expected volatility	65%	69%	65%	69%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%

7. DISCONTINUED OPERATIONS

On August 1, 2003, we sold the operating assets of DSI, which comprised all of the operating assets of our Front-End Services segment. Our decision to sell DSI resulted from the over capacity in that market segment. Proceeds from the sale were $250,000 cash and an $800,000 note receivable due over three years. Additionally, the buyer assumed $143,000 of capitalized lease obligations. In the October 31, 2003 financial statements, we have recorded an asset impairment charge of $700,000 related to those assets. The impairment charge is included in the loss from discontinued operations.

Effective with the October 31, 2003 financial statements, the operating results of DSI are presented as discontinued operations and all prior period statements have been restated accordingly. A summary of DSI's revenue and pretax loss is reflected in loss from discontinued operations as follows.

7. DISCONTINUED OPERATIONS (continued)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2003	2002	2003	2002
Revenues	$ 22,000	$ 1,361,000	$ 4,524,000	$ 2,728,000
Pretax loss	$ --	$ (788,000)	$ (2,792,000)	$ (1,600,000)

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

OVERVIEW

Our revenues 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.

We lease and sell seismic data acquisition equipment primarily to seismic data acquisition companies and oil and gas companies conducting land and transition zone seismic surveys worldwide. We provide short-term leasing of seismic equipment to meet a customer's requirements and offer maintenance and support during the lease term. The majority of all leases at October 31, 2003 were for a term of one year or less. Seismic equipment held for lease is carried at cost, net of accumulated depreciation. Through our wholly-owned subsidiary, Seismic Asia Pacific Pty Ltd. ("SAP"), we provide equipment, consumables, systems integration, engineering hardware and software maintenance support services to the seismic, hydrographic, oceanographic environment and defense industries throughout South East Asia and Australia.

SEASONALITY

Historically, seismic equipment leasing has been susceptible to weather patterns in certain geographic regions. There is some seasonality to our expected lease revenues, especially from customers operating in Canada, where a significant percentage of seismic survey activity occurs in the winter months, from November 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 our Canadian customers has historically resulted in increased lease revenues in our first and fourth fiscal quarters.

RESULTS OF OPERATIONS

For the three months ended October 31, 2003 and 2002

For the quarter ended October 31, 2003, consolidated revenues increased 171% to $7.3 million from $2.7 million in the corresponding period of the prior year. Of this increase, approximately $.5 million is attributable to the inclusion of operations of our subsidiary, SAP, which was acquired in December 2002. Our core equipment leasing revenues increased approximately $2.2 million from the prior year, largely due to three significant new lease contracts that began earning revenues during the quarter. During the quarter ended October 31, 2003, direct costs of seismic leasing totaled $.9 million, which was $.6 million greater than the prior year's amount. Direct costs primarily consist of sublease, freight and repair expenses. Foreign currency translation rates had the effect of increasing third quarter revenues by approximately $310,000. In each instance in which we state the effect of foreign currency translation rates, we mean that there was the indicated increase or decrease as a result of applying the average applicable foreign currency rates in effect in the current three and nine month periods versus applying the average applicable foreign currency rates in effect in the corresponding periods of the prior year. In the current three and nine month periods, the application of foreign currency translation rates had the effect of increasing income and expense items, to reflect the impact of the strengthening of various foreign currencies against the U.S. dollar.

For the quarter ended October 31, 2003, we recorded approximately $3.3 million in equipment sales and $1.6 million in cost of sales, generating a gross margin of 53%. Sales made during the current quarter consisted mainly of older equipment. In the prior year, we recorded $.9 million in equipment sales and $.6 million in cost of sales that generated a gross margin of 30%. Foreign currency translation rates had the effect of increasing third quarter sales and cost of sales by approximately $200,000 and $105,000, respectively. 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 for the quarter ended October 31, 2003, increased $248,000 from the corresponding prior year period, $167,000 of which is attributable to the inclusion of SAP in the current period.

Depreciation expense for the quarter ended October 31, 2003, decreased $267,000 to $3.3 million from $3.6 million in the same period last year. Foreign currency translation rates had the effect of increasing depreciation expense during the quarter ended October 31, 2003, by approximately $225,000. The current quarter's expense decreased due to certain equipment reaching the end of its depreciable life during the year coupled with the sale of assets with remaining depreciable life, but was partly offset by capital additions made during the fiscal year that commenced depreciating in the quarter.

We recorded net income from continuing operations for the quarter ended October 31, 2003, in the amount of $.1 million, compared to a net loss from continuing operations of $1.1 million for the same period of the previous year. Additionally, the net loss from discontinued operations in the current quarter was nil, versus $.8 million in the comparable quarter of the prior year.

For the nine months ended October 31, 2003 and 2002

For the nine months ended October 31, 2003, consolidated revenues increased 59% to $17.1 million from $10.7 million in the corresponding period of the prior year. Approximately $2.0 million of this increase is attributable to the inclusion of operations of our new subsidiary, SAP, which was acquired in December 2002, and the remaining increase is largely due to the inclusion of several significant lease contracts that began earning revenues during the current period coupled with one large equipment sale. Our core equipment leasing revenues increased approximately $4.7 million from the prior year and our equipment sales increased approximately $1.6 million. During the nine months ended October 31, 2003, direct costs of seismic leasing totaled $1.8 million, which was approximately $.7 million greater than the prior year's amount. Direct costs of seismic leasing consist primarily of sublease and commission expenses and freight and repair costs. Foreign currency translation rates had the effect of increasing October 31, 2003 revenues by approximately $800,000.

For the nine months ended October 31, 2003, we recorded approximately $6.5 million in equipment sales and $3.3 million in cost of sales, generating a gross margin of 49%. Sales made during the current period consisted mainly of older equipment. In the prior year, we recorded $4.9 million in equipment sales and $4.1 million in cost of sales that generated a gross margin of 17%. Foreign currency translation rates had the effect of increasing sales and cost of sales during the period by approximately $261,000 and $129,000, respectively. 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 for the nine months ended October 31, 2003, increased $537,000 from the corresponding prior year period, $465,000 of which is due to the inclusion of the results of SAP in the current period.

Depreciation expense for the nine months ended October 31, 2003, decreased $401,000, or 4%, to $10.8 million from $11.2 million for the same period last year. Foreign currency translation rates had the effect of increasing depreciation expense during the nine months ended October 31, 2003, by approximately $807,000. The decrease in depreciation expense is largely due to the fact that certain equipment reached the end of its depreciable life during the current year coupled with the sales of assets with remaining depreciable life, partially offset by new additions to the lease pool that began depreciating during the current period.

During the nine months ended October 31, 2003, we recorded a $.7 million non-cash impairment charge against assets held for sale as a result of our decision to sell the operating assets of DSI. No such charge was recorded in the same period of the prior year.

We recorded a net loss from continuing operations for the nine months ended October 31, 2003, in the amount of $2.7 million, compared to a net loss from continuing operations of $5.6 million for the same period of the previous year. Additionally, during the nine months ended October 31, 2003, the net loss from discontinued operations was $2.8 million versus $1.6 million in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

As of October 31, 2003, we had net working capital of approximately $6.6 million as compared to net working capital of $3.3 million at January 31, 2003. Historically, our principal liquidity requirements and uses of cash have been for capital expenditures and working capital and principal sources of cash have been cash flows from operations and issuances of equity securities. Net cash provided by operating activities for the nine months ended October 31, 2003, was $.8 million, as compared to net cash used in operating activities of $2.0 million for the nine months ended October 31, 2002. Net cash used in financing activities for the nine months ended October 31, 2003, was $1.6 million, as compared to net cash provided by financing activities of $.6 million in the nine months ended October 31, 2002.

During the nine months ended October 31, 2003, we committed to purchase $1.125 million of land data acquisition equipment by December 31, 2003 and $2.25 million of land data acquisition equipment by December 31, 2004. During the nine months ended October 31, 2003, we fulfilled our 2003 purchase commitment. In a related transaction, the equipment manufacturer financed $834,000 of the purchase price. The note agreement is payable in 12 monthly payments in the approximate amount of $73,000 beginning in August 2003 and bears interest at the rate of 8%.

Additionally, during the quarter ended October 31, 2003, we purchased $500,000 of seismic equipment from another manufacturer, which was financed by the manufacturer. The note agreement is payable in 12 monthly payments in the approximate amount of $16,000 with a balloon payment due in October 2004 in the amount of $335,000. The note bears interest at the rate of 8%. We expect that cash on hand and cash flows from operations will be sufficient to meet these commitments.

At October 31, 2003, we had trade accounts receivable of $1.1 million that were more than 90 days past due. At October 31, 2003, our allowance for doubtful accounts was approximately $.8 million, which we believe is sufficient to cover any losses in our trade accounts receivable.

In certain instances when customers have been unable to repay their open accounts receivable balances, we have agreed to a structured repayment program using an interest bearing promissory note. In these cases, we provide a reserve for doubtful accounts against the balance. Due to the uncertainty of collection, we do not recognize the interest earned until the entire principal balance has been collected. In most cases where we have a chronic collection problem with a particular customer, future business is done on a prepayment basis or if additional credit is extended, revenues are not recognized until collected. Although the extension of repayment terms on open accounts receivable temporarily reduces our cash flow from operations, we believe that this practice is necessary in light of seismic industry conditions and that it has not adversely affected our ability to conduct routine business. Additionally, we occasionally offer extended payment terms on equipment sales transactions. These terms are generally less than one year in duration. Unless there is a question as to collectibility, the sales revenue and cost of goods sold is recognized at the inception of the transaction.

On November 10, 2000, we closed an $8.5 million term loan with First Victoria National Bank. The loan amortized over 48 months and bore interest at the rate of prime plus 1/2%, adjusted daily. The first three monthly payments were interest only, with the remaining 45 monthly payments being principal and interest in the approximate amount of $229,000. In February 2002, we renegotiated our term loan and borrowed an additional $2.0 million. Beginning in March 2002, the 48 monthly payments of principal and interest are approximately $197,000. The loan is collateralized by certain lease pool equipment. Additionally, during fiscal 2002 we borrowed $75,000 under a separate loan agreement in connection with our acquisition of assets related to the formation of DSI. This term loan matured in December 2002, bore interest at the rate of prime minus one percent, and required quarterly repayments in the approximate amount of $19,000.

Capital expenditures for the nine months ended October 31, 2003, totaled approximately $2.8 million compared to capital expenditures of $4.2 million for the corresponding period in the prior year. The decline in our current capital expenditures from prior years is a reflection of a continuing decline in seismic data acquisition activity. Unlike in prior years when the majority of equipment we purchased was based on anticipated demand for our services, the majority of our capital expenditures for the 2004 fiscal year was made to fulfill a specific lease contract or was purchased for ultimate resale to a specific customer. At the present time, we believe that cash on hand and cash provided by future operations will be sufficient to fund our anticipated capital and liquidity needs over the next twelve months. However, should demand warrant, we may pursue additional borrowings to fund capital expenditures.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in determining the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates made by us in the accompanying condensed consolidated financial statements relate to reserves for accounts receivable collectibility and useful lives of our lease pool assets and their valuation.

Critical accounting policies are those that are most important to the portrayal of a company's financial position and results of operations as well as require management's subjective judgment. Below is a brief discussion of our critical accounting policies.

Revenue Recognition

We recognize lease revenue ratably over the term of the lease and recognize sales revenue at the inception of the transaction unless there is a question as to its collectibility. Interest income related to the financing of delinquent customer receivables is not recognized until the entire principal balance has been collected.

Allowance for Doubtful Accounts

Provisions to the allowance for doubtful accounts are made periodically as conditions warrant based on the expected collectibility of all such receivables. In certain instances when customers have been unable to repay their open accounts receivable balances, we have agreed to a structured repayment program using an interest bearing promissory note. In these cases, we provide a reserve for doubtful accounts against the balance.

Long-Lived Asset Impairment

We review our long-lived lease pool assets for impairment at each reporting date. If our assessment of the carrying amount of such assets exceeds the fair market value in accordance with the applicable accounting regulations, an impairment charge is recorded. A $.7 million charge has been recorded for the nine months ended October 31, 2003 in connection with the DSI assets sold on August 1, 2003.

Income Taxes

We account for our taxes under the liability method, whereby we recognize, on a current and long-term basis, deferred tax assets and liabilities which represent differences between the financial and income tax reporting bases of our assets and liabilities. A valuation allowance is established when uncertainty exists as to the ultimate realization of net deferred tax assets.

We periodically reevaluate these estimates and assumptions as circumstances change. Such factors may significantly impact our results of operations from period to period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We operate 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. We typically denominate the majority of our lease and sales contracts in U.S. and Canadian dollars to mitigate the exposure to fluctuations in foreign currencies.

ITEM 4. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon their evaluation, the Certifying Officers concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to timely alert them to material information relating to us required to be included in our filings under the Exchange Act. There were no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 us and our 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 the Private Securities Litigation Reform Act of 1995. This information includes, without limitation, statements concerning our future financial position and results of operations; planned capital expenditures; liquidity and capital resources; business strategy and other plans for future operations; the future mix of revenues from segments and business; commitments and contingent liabilities; and future demand for our services and predicted improvement in energy industry and seismic service industry conditions. When used in this report, the words "anticipate," "believe," "estimate," "expect," "may," and similar expressions, as they relate to the Company and our 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 DEMAND FOR LAND BASED SEISMIC DATA NOT ASSURED

Demand for our 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.

LOSS OF SIGNIFICANT CUSTOMERS WILL ADVERSELY AFFECT US

We typically lease and sell 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 our revenues may be derived from a limited number of customers. In the fiscal years ended January 31, 2001, 2002 and 2003, the single largest customer accounted for approximately 21%, 22% and 13%, respectively, of our total revenues. Because our customer base is relatively small, the loss of one or more customers for any reason would adversely affect our results of operations.

SIGNIFICANT DEFAULTS OF PAST-DUE CUSTOMER ACCOUNTS WOULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS

We had approximately $9.1 million of customer accounts and notes receivable at October 31, 2003, of which $1.1 million is over ninety days past due. At October 31, 2003, we had an allowance of $.8 million to cover losses in our receivable balances. Significant payment defaults by our customers in excess of the allowance would have a material adverse effect on our financial position and results of operations.

INTERNATIONAL ECONOMIC AND POLITICAL INSTABILITY COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS

Our results of operations are dependent upon the current political and economic climate of several international countries in which our customers either operate or are located. International sources (including Canada) accounted for approximately 63% of our revenues in the fiscal year ended January 31, 2003. Since the majority of our lease and sales contracts with our customers are denominated in U.S. and Canadian dollars, there is little risk of loss from fluctuations in foreign currencies. However, our 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.

WE MUST CONTINUALLY OBTAIN ADDITIONAL LEASE CONTRACTS

Our seismic equipment leases typically have a term of three to nine months and provide gross revenues that recover only a portion of our capital investment. Our 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 we have been successful in obtaining additional lease contracts with other lessees after the termination of the original leases, there can be no assurance that we will continue to do so. Our failure to obtain additional leases or extensions beyond the initial lease term would have a material adverse effect on our operations and financial condition.

DEPENDENCE ON KEY PERSONNEL

Our success is dependent on, among other things, the services of certain key personnel, including specifically Billy F. Mitcham, Jr., our Chairman of the Board, President and Chief Executive Officer. Mr. Mitcham's employment agreement had 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 our business and from diverting any of our 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 us.

OUR SEISMIC LEASE POOL IS SUBJECT TO TECHNOLOGICAL OBSOLESCENCE

We have 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 our ability to profitably lease and sell our existing seismic equipment. Significant improvements in technology may also require us to recognize an asset impairment charge to our lease pool investment, and to correspondingly invest significant sums to upgrade or replace our existing lease pool with newer-technology equipment demanded by our customers.

WEATHER CONDITIONS CAUSE SEASONAL RESULTS

The first and fourth quarters of our fiscal year have historically accounted for a greater portion of our revenues than do the second and third quarters of our fiscal year. This seasonality in revenues is primarily due to the increased seismic survey activity in Canada from November through March, which affects us due to our significant Canadian operations. This seasonal pattern may cause our 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.

COMPETITION

Competition in the leasing of seismic equipment is fragmented, and we are aware of several companies that engage in seismic equipment leasing. We believe that our competitors, in general, have neither as extensive a seismic equipment lease pool as we do, or 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.

We have 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 us. 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 our business operations.

VOLATILE STOCK PRICES AND NO PAYMENT OF DIVIDENDS

Due to current energy industry conditions, energy and energy service company stock prices, including our stock price, have been extremely volatile. Such stock price volatility could adversely affect our business operations by, among other things, impeding our ability to attract and retain qualified personnel and to obtain additional financing if such financing is ever needed. We have historically not paid dividends on our common stock and do not anticipate paying dividends in the foreseeable future.

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

Certain provisions of our 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 our Board of Directors but that our 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 our 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 we have no shares of preferred stock outstanding and no present intention to issue any shares of our preferred stock, there can be no assurance that we will not do so in the future.

LIMITATION ON DIRECTORS' LIABILITY

Our 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

From time to time, the Company is a party to legal proceedings arising in the ordinary course of business. The Company is not currently a party to any litigation that it believes could have a material adverse effect on the results of operations or financial condition of the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

The following documents are filed as exhibits to this Report:

31.1 - Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 - Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 - Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

32.2 - Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

(b) REPORTS ON FORM 8-K

During the quarter ended October 31, 2003, we filed a Current Report on Form 8-K related to the Company's earnings for the second quarter ended July 31, 2003.

During the quarter ended October 31, 2003, we filed a Current Report on Form 8-K related to the Company's sale of the operating assets of its wholly-owned subsidiary, Drilling Services, Inc.

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: December 15, 2003

/S/ CHRISTOPHER C. SIFFERT

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

EXHIBIT INDEX

The following documents are filed as exhibits to this Report:

EXHIBITS	DESCRIPTION OF EXHIBITS
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

EXHIBIT 31.1

CERTIFICATION

I, Billy F. Mitcham, Jr., certify that:

1. I have reviewed this report on Form 10-Q of Mitcham Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Billy F. Mitcham, Jr.
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Billy F. Mitcham, Jr.
Chief Executive Officer
December 15, 2003

EXHIBIT 31.2

CERTIFICATION

I, P. Blake Dupuis, certify that:

1. I have reviewed this report on Form 10-Q of Mitcham Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ P. Blake Dupuis
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P. Blake Dupuis
Chief Financial Officer
December 15, 2003

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mitcham Industries, Inc. (the "Company") on Form 10-Q for the period ending October 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Billy F. Mitcham, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Billy F. Mitcham, Jr.
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Billy F. Mitcham, Jr.
Chief Executive Officer
December 15, 2003

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Mitcham Industries, Inc. (the "Company") on Form 10-Q for the period ending October 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, P. Blake Dupuis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ P. Blake Dupuis
- -----------------------
P. Blake Dupuis
Chief Financial Officer
December 15, 2003