

MITCHAM INDUSTRIES INC

Form 10-Q

December 07, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2017

or

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

For the transition period from _____ to _____

Commission File Number: 001-13490

MITCHAM INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Texas 76-0210849

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

8141 SH 75 South

P.O. Box 1175

Huntsville, Texas 77342

(Address of principal executive offices, including Zip Code)

(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 12,089,339 shares of common stock, \$0.01 par value, were outstanding as of December 6, 2017.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MITCHAM INDUSTRIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

(unaudited)

	October 31, 2017	January 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$6,541	\$2,902
Restricted cash	229	609
Accounts and contracts receivable, net of allowance for doubtful accounts of \$2,965 and \$3,716 at October 31, 2017 and January 31, 2017, respectively	12,165	15,830
Inventories, net	11,940	11,960
Prepaid income taxes	—	1,565
Prepaid expenses and other current assets	2,135	2,193
Total current assets	33,010	35,059
Seismic equipment lease pool and property and equipment, net	26,372	43,838
Intangible assets, net	8,151	9,012
Goodwill	3,997	3,997
Non-current prepaid income taxes	1,167	—
Long-term receivables, net of allowance for doubtful accounts of \$2,188 at October 31, 2017 and January 31, 2017	4,071	2,780
Other assets	29	28
Total assets	\$76,797	\$94,714
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$2,118	\$1,929
Current maturities – long-term debt	—	6,371
Deferred revenue	236	651
Income taxes payable	329	—
Accrued expenses and other current liabilities	3,669	4,514
Total current liabilities	6,352	13,465
Deferred tax liability	296	317
Total liabilities	6,648	13,782
Shareholders' equity:		
Preferred stock, \$1.00 par value; 1,000 shares authorized; 425 and 343 shares issued and outstanding at October 31, 2017 and January 31, 2017, respectively	9,144	7,294
Common stock, \$0.01 par value; 20,000 shares authorized; 14,019 shares issued at October 31, 2017 and January 31, 2017	140	140
Additional paid-in capital	122,087	121,401
Treasury stock, at cost (1,929 shares at October 31, 2017 and January 31, 2017)	(16,858)	(16,858)
Accumulated deficit	(34,391)	(20,451)
Accumulated other comprehensive loss	(9,973)	(10,594)
Total shareholders' equity	70,149	80,932
Total liabilities and shareholders' equity	\$76,797	\$94,714

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

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

	For the Three Months Ended October 31, 2017		For the Nine Months Ended October 31, 2016	
Revenues:				
Equipment manufacturing and sales	\$5,955	\$5,251	\$22,429	\$18,193
Equipment leasing	2,071	2,577	5,765	7,819
Lease pool and other equipment sales	618	229	9,719	2,439
Total revenues	8,644	8,057	37,913	28,451
Cost of sales:				
Cost of equipment manufacturing and sales	3,132	2,944	12,975	10,062
Direct costs—equipment leasing	822	739	2,306	