

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the quarterly period ended September 30, 1996

Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the transition period _____ to _____

Commission File Number 0-5232

Offshore Logistics, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

72-0679819
(IRS Employer
Identification Number)

224 RUE DE JEAN
P. O. BOX 5C, LAFAYETTE, LOUISIANA
(Address of principal executive offices)

70505
(Zip Code)

Registrant's telephone number, including area code: (318) 233-1221

(Former name, former address and former fiscal year,
if changed since last report)

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, and (2) has been
subject to such filing requirements for the past 90 days.

Yes No

Indicate the number shares outstanding of each of the issuer's
classes of Common Stock, as of September 30, 1996.

19,499,501 shares of Common Stock, \$.01 par value

OFFSHORE LOGISTICS, INC. AND SUBSIDIARIES
Consolidated Statement of Income
(thousands of dollars, except per share amounts)

Three Months Ended
September 30,

	1996	1995
--	------	------

GROSS REVENUE		
Operating revenue	\$ 41,986	\$ 38,991
Gain (loss) on disposal of equipment	231	(224)

	-----	-----
	42,217	38,767
OPERATING EXPENSES		
Direct cost	30,217	29,872
Depreciation and amortization	2,435	2,153
General and administrative	3,190	3,100
	-----	-----
	35,842	35,125
	-----	-----
OPERATING INCOME	6,375	3,642
Earnings from unconsolidated entites	1,255	625
Interest income	1,102	1,001
Interest expense	139	208
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	8,593	5,060
Provision for income taxes	2,750	1,472
(Income) loss of minority interest	12	71
	-----	-----
NET INCOME	\$ 5,855	\$ 3,659
	=====	=====
Earnings per common share and common equivalent share	\$ 0.30	\$ 0.19
	=====	=====
Common shares and common equivalent shares outstanding	19,764,582	19,766,027
	=====	=====

OFFSHORE LOGISTICS, INC. AND SUBSIDIARIES
Consolidated Balance Sheet
(thousands of dollars)

	September 30, 1996	June 30, 1996
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 69,224	\$ 57,072
Investment in marketable securities	15,970	19,967
Accounts receivable	29,662	29,743
Inventories	26,896	26,724
Prepaid expenses	932	694
	-----	-----
Total current assets	142,684	134,200
Investments in unconsolidated entities	8,783	8,792
Property and equipment - at cost:		
Land and buildings	2,977	2,977
Aircraft and equipment	136,755	135,613
	-----	-----
	139,732	138,590
Less: accumulated depreciation and amortization	(66,334)	(64,401)
	-----	-----
	73,398	74,189

Other assets, primarily goodwill	24,089	24,329
	-----	-----
	\$ 248,954	\$ 241,510
	=====	=====

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current Liabilities:

Accounts payable	\$ 3,476	\$ 4,872
Accrued liabilities	10,902	8,542
Current maturities of long-term debt	4,850	4,850
	-----	-----
Total current liabilities	19,228	18,264

Long-term debt, less current maturities	750	750
Deferred credits	1,865	2,487
Deferred taxes	20,518	19,271
Minority interest	1,043	1,055

Stockholders' Investment:

Common Stock, \$.01 par value, authorized 35,000,000 shares; outstanding 19,499,501 and 19,498,398 at September 30 and June 30, respectively (exclusive of 517,550 treasury shares)	195	195
Additional paid-in capital	95,946	95,934
Retained earnings	109,409	103,554
	-----	-----
	205,550	199,683
	-----	-----
	\$ 248,954	\$ 241,510
	=====	=====

OFFSHORE LOGISTICS, INC. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
(thousands of dollars)

Three Months Ended
September 30,

	1996	1995
	-----	-----
Cash flows from operating activities:		
Net income	\$ 5,855	\$ 3,659
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,435	2,153
Increase in deferred taxes	1,247	102
(Gain) loss on asset dispositions	(231)	224
Minority interest in earnings	(12)	(71)
Decrease in accounts receivable	81	31
Increase in inventories	(172)	(361)
Increase in prepaid expenses and other	(332)	(828)
Increase (Decrease) in accounts payable	(1,396)	921
Increase (Decrease) in accrued liabilities	2,360	(620)
Decrease in deferred credits	(622)	(625)
	-----	-----
Net cash provided by operating activities	9,213	4,585
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(1,391)	(1,349)

Proceeds from asset dispositions	318	65
Proceeds from maturity of marketable securities	4,000	-
	-----	-----
Net cash provided by (used in) investing activities	2,927	(1,284)
	-----	-----
Cash flows from financing activities:		
Proceeds from borrowings	-	150
Issuance of common stock	12	184
	-----	-----
Net cash provided by investing activities	12	334
	-----	-----
Net increase in cash and cash equivalents	12,152	3,635
Cash and cash equivalents at beginning of year	57,072	47,973
	-----	-----
Cash and cash equivalents at end of quarter	\$ 69,224	\$ 51,608
	=====	=====
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ 134	\$ 138
Income taxes	450	1,047

OFFSHORE LOGISTICS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 1996

NOTE A - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. In the opinion of management, any adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended September 30, 1996, are not necessarily indicative of the results that may be expected for the year ending June 30, 1997. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended June 30, 1996.

NOTE B - Bristow Helicopters

As previously announced, the Company entered into a letter of intent with each of the two major shareholders of Bristow Helicopter Group Limited ("Bristow"). Upon completion of the transaction, the Company will hold common stock of the new holding company of Bristow, along with a substantial portion of its subordinated debt. Caledonia Investments plc, the remaining shareholder of Bristow, will become a significant shareholder in the Company. The transaction, which values Bristow at approximately \$300 million, including its present debt, is subject to final documentation, review of final documentation by the British Civil Aviation Authority ("CAA"), and approval by the respective Boards of Directors. The Company will finance the transaction with a combination of cash, debt, and common stock.

NOTE C - New Accounting Pronouncements

Effective July 1, 1996, the Company adopted Statement of

Accounting Standards ("SFAS") No. 121 - "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The adoption had no impact on the Company's results of operations or financial position.

On July 1, 1996, the Company elected to continue to account for its employee stock options in accordance with the provisions of Accounting Principles Board Opinion 25 and, accordingly, adopted the disclosure provisions of SFAS No. 123 - "Accounting for Stock-Based Compensation."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's most significant area of operation is a major supplier of helicopter transportation services to the worldwide offshore oil and gas industry. The Company also provides production personnel and medical support services to the worldwide oil and gas industry and manufacturers, installs and maintains cathodic protection systems to arrest corrosion in oil and gas drilling and production facilities and other metal structures.

A summary of operating results for the applicable periods is as follows:

	Three Months Ended September 30,	
	1996	1995
Gross revenue	\$ 42,217	\$ 38,767
Operating expenses	35,842	35,125
	-----	-----
Operating income	6,375	3,642
Earnings from unconsolidated entities	1,255	625
Interest income, net	963	793
	-----	-----
Income before provision for income taxes	8,593	5,060
Provision for income taxes	2,750	1,472
(Income) loss of minority interest	12	71
	-----	-----
Net income	\$ 5,855	\$ 3,659
	=====	=====

RESULTS OF OPERATIONS

Consolidated:

Consolidated operating revenues for the three months ended September 30, 1996, were \$42.0 million compared to \$39.0 million for the prior year. The increase in revenue is primarily attributable to the improved activity levels in helicopter activities. Consolidated operating expenses for the three months ended September 30, 1996 and 1995, were \$35.8 million and \$35.1 million, respectively. Operating income (excluding gains on disposal of equipment) for the three months ended September 30, 1996, was \$6.1 million, close to a 60% improvement from the prior year. Net income from continuing operations was \$5.9 million, the highest in the Company's 27 year history. The improved results in

operations is due to several positive factors, including increased helicopter operations in the Gulf of Mexico and internationally as well as improved results from GPM and CPS.

Helicopter Activities:

Consolidated third party flight hours for the three months ended September 30, 1996, of 28,780 increased approximately 15% compared to the prior year. Strong drilling activity in the Gulf of Mexico increased the demand for the Company's larger crew change aircraft and the Company had 18 aircraft working in international areas during the three months ended September 30, 1996, an increase of four aircraft from the prior year. Operating revenues for helicopter activities for the three months ended September 30, 1996 and 1995, were \$25.7 million and \$21.7 million, respectively. The 18% increase in revenues is the result of increased flight activity coupled with a small increase in helicopter rates, the first rate increase since 1990. Operating expenses for helicopter activities for the three months ended September 30, 1996 and 1995, were \$19.0 million and \$17.1 million, respectively, an 11% increase. Gross margin for helicopter activities was 26% and 21% for the three months ended September 30, 1996 and 1995, respectively.

Production Management Services:

Operating revenues from GPM were approximately \$7.6 million for the three months ended September 30, 1996, compared to prior year revenues of \$8.7 million, a 12% decrease. Operating expenses for GPM were approximately \$7.2 million for the three months ended September 30, 1996, compared to \$8.4 million in the prior year, a 15% decrease. During the past year GPM focused on improving gross margins by improving its pricing policy and implementing several cost containment measures. The result was a decrease in operations with an improvement in gross margin. Gross margin for GPM was 6% for the three months ended September 30, 1996, compared to 3% for the prior year.

Cathodic Protection Services:

Operating revenues from CPS were approximately \$9.3 million for the three months ended September 30, 1996, compared to prior year revenues of \$9.8 million, a 5% decrease. Operating expenses for CPS were approximately \$9.2 million for the three months ended September 30, 1996, compared to \$9.9 million in the prior year, a 7% decrease. Operating income from CPS was \$0.1 million for the three months ended September 30, 1996, compared to an operating loss of \$0.1 million in the prior year.

Liquidity and Capital Resources:

Cash, cash equivalents, and marketable securities were \$85.2 million as of September 30, 1996, an \$8.2 million increase from fiscal year end 1996. Total debt was \$5.6 million as of September 30, 1996, all related to CPS and recourse to CPS only. CPS maintains a revolving credit facility with a maximum borrowing limit of \$7.5 million.

As of September 30, 1996, the Company had another \$10 million of credit available under an unsecured working capital line of credit from a bank. Management believes that normal operations will provide sufficient working capital and cash flow to meet debt service for the foreseeable future.

As previously announced, the Company entered into a letter of intent with each of the two major shareholders of Bristow. Upon completion of the transaction, the Company will hold common stock of the new holding company of Bristow, along with a substantial portion of its subordinated debt. Caledonia Investments plc, the remaining shareholder of Bristow, will become a significant shareholder in the Company. The transaction, which values Bristow at approximately \$300 million, including its present debt, is subject to final documentation, review of final documentation by the CAA, and approval by the respective Boards of

Directors. The Company will finance the transaction with a combination of cash, debt, and common stock.

The effective income tax rates were 32% and 29% for the three months ended September 30, 1996 and 1995, and is based on the Company's projected effective tax rate for the fiscal year then ended. The increase in the projected tax rate for fiscal 1997 is primarily the result of higher projected domestic income for the year.

The Company has received notices from the United States Environmental Protection Agency that it is one of approximately 160 potentially responsible parties ("PRP") at one Superfund site in Texas, one of over 300 PRPs at two sites in Louisiana, and a PRP at one site in Rhode Island. The Company believes, based on presently available information, that its potential liability for clean up and other response costs in connection with these sites is not likely to have a material adverse effect on the Company's business or financial condition.

Forward Looking:

The Company cannot predict the future prices of crude oil or natural gas nor the future level of drilling activity. However, if current drilling activity levels continue in the Gulf of Mexico, management is optimistic that the high demand for the Company's helicopter activities will continue. In addition, management is optimistic about the possibility of increasing the Company's worldwide helicopter operations through its investment in Bristow. Although no assurances can be made, management believes that this transaction will close before December 31, 1996.

There are statements contained herein that are forward-looking and are based on factors including, among other things, the prices of crude oil and natural gas, the level of offshore drilling activity, and the worldwide oil and gas market, which could cause actual results to differ materially from such expectations.

PART II

Item 6. Exhibits and Reports on Form 8-K

(a) Listed below are the documents filed as exhibits to this report:

Exhibit 11 - Computation of Earnings Per Share
Exhibit 27 - Financial Data Schedule

(b) No reports on Form 8-K were filed during the quarter ended September 30, 1996.

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.

OFFSHORE LOGISTICS, INC.

BY: /s/ James B. Clement

JAMES B. CLEMENT
Chairman of the Board, President,
and Chief Executive Officer,

DATE: November 13, 1996

BY: /s/ George M. Small

GEORGE M. SMALL
Vice President and
Chief Financial Officer

DATE: November 13, 1996

EXHIBIT 11
Computation of Earnings Per Share

	Three Months Ended September 30,	
	1996	1995
	-----	-----
PRIMARY:		
Weighted average shares outstanding	19,498,820	19,450,726
Net effect of dilutive stock warrants based on the Treasury Stock method using average market price	19,387	29,024
Net effect of dilutive stock options based on the Treasury Stock method using average market price	246,375	286,277
	-----	-----
	19,764,582	19,766,027
	=====	=====
FULLY DILUTED:		
Weighted average shares outstanding	19,498,820	19,450,726
Net effect of dilutive stock warrants based on the Treasury Stock method using end of period market price	28,491	31,024
Net effect of dilutive stock options based on the Treasury Stock method using end of period market price	316,404	298,476
	-----	-----
	19,843,715	19,780,226
	=====	=====

(thousands of dollars,
except per share data)

Net income	\$ 5,855	\$ 3,659
	=====	=====
Per share amount - Primary	\$ 0.30	\$ 0.19
	=====	=====
Per share amount - Fully diluted	\$ 0.30	\$.19
	=====	=====

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