

U.S. SECURITIES AND EXCHANGE
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDING SEPTEMBER 30, 2003.

☐ 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 0-14908

TGC INDUSTRIES, INC.

(Exact name of small business issuer as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

74-2095844
(I.R.S. Employer
Identification No.)

1304 Summit, Suite 2
Plano, Texas

75074

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number, including area code: 972-881-1099

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15 (d) of the Exchange Act during the past 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 ☐

State the number of shares outstanding of each of the issuer's classes of
common equity, as of the latest practicable date.

Class
Common Stock (\$.01 Par Value)

Outstanding at October 31, 2003
5,695,064

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

Incorporated herein is the following unaudited financial information:

Balance Sheet as of September 30, 2003.

Statements of Operations for the three and nine month periods ended September 30, 2003 and 2002.

Statements of Cash Flows for the nine-month periods ended September 30, 2003 and 2002.

Notes to Financial Statements.

TGC INDUSTRIES, INC.

BALANCE SHEET

(UNAUDITED)

<TABLE>

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SEPTEMBER 30,
2003

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$1,049,191
Trade accounts receivable	500,301
Cost and estimated earnings in excess of billings on uncompleted contracts	9,844
Prepaid expenses and other	100,097

Total current assets	1,659,433
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PROPERTY AND EQUIPMENT - at cost

Machinery and equipment	11,715,344
Automobiles and trucks	842,006
Furniture and fixtures	326,108
Other	18,144

12,901,602

Less accumulated depreciation
and amortization

(12,175,213)

726,389

OTHER ASSETS

4,824

Total assets

\$2,390,646

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See notes to Financial Statements

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TGC INDUSTRIES, INC.
BALANCE SHEET -- CONTINUED
(UNAUDITED)
<TABLE>
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<C>
SEPTEMBER 30,
2003

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Trade accounts payable	\$240,004
Accrued liabilities	170,216
Billings in excess of costs and estimated earnings on uncompleted contracts	127,089
Current maturities of notes payable	2,489
Current portion of capital lease obligations	38,986
Total current liabilities	578,784

NOTES PAYABLE, less current maturities 97,115

CAPITAL LEASE OBLIGATIONS, less current portion 52,661

COMMITMENTS AND CONTINGENCIES -

STOCKHOLDERS' EQUITY

Preferred stock, \$1.00 par value; 4,000,000 shares authorized: 8-1/2% Senior convertible preferred stock; 2,900,973 shares issued and outstanding	2,900,973
8% Series C convertible exchangeable preferred stock; 1,150,350 shares issued, 58,100 shares outstanding	58,100
Common stock, \$.01 par value; 25,000,000 shares authorized; 5,547,008 shares issued	55,470
Additional paid-in capital	6,793,238
Accumulated deficit	(7,930,381)
Treasury stock, at cost (31,944 shares)	(215,314)
	1,662,086

Total liabilities and stockholders' equity \$2,390,646
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See notes to Financial Statements

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TGC INDUSTRIES, INC.
STATEMENTS OF OPERATIONS

<TABLE>

<S>	<C>		<C>	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	(Unaudited)		(Unaudited)	
	2003	2002	2003	2002
Revenue	\$2,099,890	\$1,126,169	\$6,537,096	\$5,698,438
Cost of services	1,725,389	1,555,672	5,532,444	5,840,573
Selling, general, administrative	245,616	237,356	696,353	699,733
	1,971,005	1,793,028	6,228,797	6,540,306
INCOME (LOSS) FROM OPERATIONS	128,885	(666,859)	308,299	(841,868)
Interest expense	2,109	3,330	6,487	10,760
NET INCOME (LOSS)	126,776	(670,189)	301,812	(852,628)
Less dividend requirements on preferred stock	76,703	71,040	225,291	208,688
INCOME (LOSS) ALLOCABLE TO COMMON STOCKHOLDERS	\$50,073	\$(741,229)	\$76,521	\$(1,061,316)
Income (loss) per common share:				
Basic and diluted	\$.01	\$(.13)	\$.01	\$(.20)
Weighted average number of common shares:				
Basic and diluted	5,515,064	5,515,064	5,515,064	5,268,292

See notes to Financial Statements

</TABLE>

TGC INDUSTRIES, INC.
Statements of Cash Flows (Unaudited)
<TABLE>
<S>

	<C> Nine Months Ended September 30,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$301,812	\$(852,628)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,082,525	1,148,240
Gain on disposal of property and equipment	(9,349)	-
Changes in operating assets and liabilities		
Trade accounts receivable	161,749	803,928
Cost and estimated earnings in excess of billings on uncompleted contracts	23,001	20,134
Prepaid expenses and other	1,868	(14,326)
Trade accounts payable	40,668	(824,831)
Accrued liabilities	48,699	(38,523)
Billings in excess of cost and estimated earnings on uncompleted contracts	(747,098)	(576,569)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	903,875	(334,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(141,051)	(100,240)
Proceeds from sale of property and equipment	9,349	-
NET CASH USED IN INVESTING ACTIVITIES	(131,702)	(100,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	-	179,861
Principal payments on notes payable	(132,827)	(26,286)
Principal payments on capital lease obligations	(113,275)	(155,030)
NET CASH USED IN FINANCING ACTIVITIES	(246,102)	(1,455)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	526,071	(436,270)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	523,120	1,043,961
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$1,049,191	\$607,691
	=====	=====
Supplemental cash flow information		
Interest paid	\$ 4,378	\$ 10,760
Income taxes paid	\$ -	\$ -
Noncash investing and financing activities		
Capital lease obligations incurred	\$48,460	\$ 22,712
Series C Preferred Stock converted to Common Stock	\$ -	\$977,550

See notes to Financial Statements
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TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2003

NOTE A -- BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

NOTE B -- MANAGEMENT PRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information, refer to the financial statements and the footnotes thereto included in the Company's Annual Report for the year ended December 31, 2002 filed on Form 10-KSB.

NOTE C -- EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per common share are based upon the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share are based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants and convertible securities. The effect of preferred stock dividends on the amount of income (loss) available to common stockholders was \$.01 and \$(.01) for the three months ended September 30, 2003 and 2002, respectively, and \$.04 and \$(.04) for the nine months ended September 30, 2003 and 2002 respectively.

Outstanding warrants that were not included in the diluted calculation because their effect would be anti-dilutive totaled 3,100,000 and 2,652,200 for the three and nine month periods ended September 30, 2003, respectively, and 1,176,085 and 959,890 for the three and nine month periods ended September 30, 2002, respectively. Outstanding options that were not included in the diluted calculation because their effect would be anti-dilutive totaled 232,100 for each of the three and nine month periods ended September 30, 2003 and 2002.

TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2003
(Continued)

NOTE D - DIVIDENDS

Holders of the Company's Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8% per annum. The dividends are payable semi-annually during January and July of each year. At September 30, 2003, cumulative dividends of \$104,580 were in arrears on the Company's Series C Preferred Stock.

Holders of the Company's 8-1/2% Senior Convertible Preferred Stock (the "Senior Preferred Stock") will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8-1/2% per annum. The dividends are payable semi-annually during June and December of each year. Dividends paid during 2000, on the Senior Preferred Stock, were paid in additional shares of Senior Preferred Stock, in accordance with the terms of the Statement of Resolution Establishing the Senior Preferred Stock. In addition, the holders elected to receive payment of the 2001, 2002 and June 1, 2003 dividends in additional shares of Senior Preferred Stock. At September 30, 2003, there were no dividends in arrears on the Company's Senior Preferred Stock.

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

RESULTS OF OPERATIONS

The Company's crew returned to work in late January 2003 after being idle since early November 2002. The Company has been able to maintain a sufficient level of backlog to keep one of its two crews employed since the beginning of the second quarter of 2003. As a result, TGC reported a profit for both the three and nine month periods ended September 30, 2003. TGC reported net income, before dividend requirements on preferred stock, of \$126,776 on revenue of \$2,099,890 for the three month period ended September 30, 2003 compared with a net loss, before dividend requirements on preferred stock, of \$670,189 on revenue of \$1,126,169 for the same period of 2002. Income per common share, on a basic and diluted basis, was \$.01 for the three month period ended September 30, 2003, compared with a loss per common share of \$.13 for the same period of 2002.

For the nine month period ended September 30, 2003, TGC reported net income, before dividend requirements on preferred stock, of \$301,812 on revenue of \$6,537,096, compared with a net loss, before dividend requirements on preferred stock, of \$852,628 on revenue of \$5,698,438 for the same period of 2002. Income per common share, on a basic and diluted basis, was \$.01 for the nine month period ended September 30, 2003, compared with a loss per common share of \$.20 for the same period of 2002.

The number of common shares used in the income (loss) per share computation for the three and nine month periods ended September 30, 2003 and 2002, do not include any common shares issuable for stock options, warrants or convertible securities because the effect of their inclusion would be anti-dilutive.

Oil and gas exploration companies have recently increased the level of activity in their domestic oil and gas exploration programs. Though there can be no assurance, should this increased level of activity in the industry continue, management believes TGC may secure enough contracts to enable the Company to improve its performance during the fourth quarter of 2003 compared with the fourth quarter of 2002.

Non-cash charges for depreciation and amortization were \$1,082,525 in the first nine months of 2003 compared with \$1,148,240 for the same period of 2002.

At December 31, 2002, TGC had net operating loss carryforwards of approximately \$9,000,000 available to offset future taxable income, which expire at various dates through 2022.

FINANCIAL CONDITION

Cash of \$903,875 was provided by operations during the first nine months of 2003 compared with cash used in operations of \$334,575 for the same period of 2002. This increase was primarily the result of an increasing level of activity in the first nine months of 2003 compared with a declining level of activity in the same period of 2002. During the first nine months of 2003, \$141,051 was spent for capital expenditures to replace certain vehicles and equipment. In addition, \$9,349 was received as proceeds from the sale of property and equipment. As a result, net cash of \$131,702 was used in investing activities during the first nine months of 2003. Principal payments of notes payable of \$132,827 along with principal payments of capital lease obligations of \$113,275 resulted in net cash of \$246,102 being used in financing activities during the first nine months of 2003. TGC anticipates that available funds, together with anticipated cash flows generated from future operations will be sufficient to meet TGC's minimum lease and note payment obligations.

In September 2002, TGC issued 1,500,000 detachable stock warrants to an investor group that included certain directors in exchange for a line of credit, that expired December 31, 2002, in an amount up to \$300,000. The warrants cover 1,500,000 shares of Common Stock, expire on September 10, 2012, and are exercisable at \$.20 per whole share. During September 2002, TGC borrowed \$150,000 of the available funds. The promissory notes, which bore interest at 6.75% per annum, were paid in full during December 2002 and January 2003.

In March 2003 the same investor group that provided the above described line of credit in 2002, committed to provide a line of credit up to \$300,000 through December 31, 2003, on the same terms as the 2002 line of credit, provided that warrants covering only 750,000 shares of Common Stock

were issued in consideration for the commitment to provide the line of credit and warrants covering the remaining 750,000 shares of Common Stock will only be issued in proportion to the amount of the \$300,000 commitment which the Company determines to draw on (e.g. if the Company borrows a total of \$150,000, warrants covering 375,000 shares will be issued and if the Company borrows the full commitment of \$300,000, warrants covering 750,000 shares will be issued). As of October 31, 2003, the Company had no borrowings against the line of credit.

Working capital increased \$1,216,463 to \$1,080,649 at September 30, 2003 from the December 31, 2002, negative working capital of \$135,814. The Company's current ratio was 2.9 at September 30, 2003, compared with .9 at December 31, 2002. Stockholders' equity increased \$301,812 to \$1,662,086 at September 30, 2003 from the December 31, 2002 balance of \$1,360,274. This increase was attributable to the net income, before dividend requirements on preferred stock, of \$301,812.

Management believes, although there can be no assurance, that available funds together with anticipated cash flows generated from future operations will be sufficient to meet the Company's cash needs through the first six months of 2004.

Forward-Looking Statements

This report contains forward-looking statements which reflect the view of Company's management with respect to future events. Although management 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. Important factors that could cause actual results to differ materially from such expectations are disclosed in the Company's Securities and Exchange Commission filings, and include, but are not limited to the dependence upon energy industry spending for seismic services, the unpredictable nature of forecasting weather, the potential for contract delay or cancellation, the potential for fluctuations in oil and gas prices, and the availability of capital resources. The forward-looking statements contained herein reflect the current views of the Company's management and the Company assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those contemplated by such forward-looking statements.

ITEM 3. PROCEDURES AND CONTROLS

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Principal Financial and Accounting Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-14. Based upon that evaluation, the Chief Executive Officer and Principal Financial and Accounting Officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. The following is a list of exhibits to this Form 10-QSB:

- 31.1 Certification of Chief Executive Officer of TGC Industries, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Treasurer (Principal Financial and Accounting Officer) of TGC Industries, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer of TGC Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Treasurer (Principal Financial and Accounting Officer) of TGC Industries, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K: None.

SIGNATURES

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

TGC INDUSTRIES, INC.

Date: November 12, 2003 /s/ Wayne A. Whitener
Wayne A. Whitener
President & Chief
Executive Officer
(Principal Executive Officer)

Date: November 12, 2003 /s/ Kenneth W. Uselton
Kenneth W. Uselton
Treasurer (Principal Financial
and Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Wayne A. Whitener, Chief Executive Officer of TGC Industries, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-QSB of TGC Industries, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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 function):
- 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.

Date: November 12, 2003

/s/ Wayne A. Whitener
Wayne A. Whitener
President & Chief
Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Kenneth W. Uselton, Principal Financial Officer of TGC Industries, Inc. certify that:

1. I have reviewed this quarterly report on Form 10-QSB of TGC Industries, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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 function):
- 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.

Date: November 12, 2003

/s/ Kenneth W. Uselton
Kenneth W. Uselton
Treasurer (Principal Financial
and Accounting Officer)

EXHIBIT 32.1

Certification of
Chief Executive Officer
of TGC Industries, Inc. Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the quarterly report on Form 10-QSB(the "Form 10-QSB") for the quarter ended September 30, 2003 of TGC Industries, Inc. (the "Company"). I, Wayne A. Whitener, the Chief Executive Officer of the Company, certify that, to the best of my knowledge:

- (1) The Form 10-QSB fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

/s/ Wayne A. Whitener
Wayne A. Whitener
Chief Executive Officer

EXHIBIT 32.2

Certification of
Treasurer (Principal Financial and Accounting Officer)
of TGC Industries, Inc. Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

This certification is furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and accompanies the quarterly report on Form 10-QSB(the "Form 10-QSB") for the quarter ended September 30, 2003 of TGC Industries, Inc. (the "Company"). I, Kenneth W. Uselton, Treasurer (Principal Financial and Accounting Officer) of the Company, certify that, to the best of my knowledge:

- (1) The Form 10-QSB fully complies with the requirements of section 13(a) or section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-QSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2003

/s/ Kenneth W. Uselton
Kenneth W. Uselton
Treasurer (Principal Financial and
Accounting Officer)

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