

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

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2003
Commission File Number 0-14908

TGC INDUSTRIES, INC.
(Name of small business issuer in its charter)

Texas 74-2095844
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

1304 Summit, Suite 2, Plano, Texas 75074
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (972) 881-1099

Securities registered under Section 12(b) of the Exchange Act: NONE

Securities registered under Section 12(g) of the Exchange Act:
Common Stock (\$.01 Par Value)
Series C 8% Convertible Exchangeable Preferred Stock (\$1.00 Par Value)

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 X No ___

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. (X)

State issuer's revenues (from continuing operations) for its most recent fiscal year: \$8,468,051

State the aggregate market value of the registered voting stock (Common Stock, \$.01 par value and Series C 8% Convertible Exchangeable Preferred Stock, \$1.00 par value) held by non-affiliates computed by reference to the price at which the stock was sold on March 16, 2004: \$2,410,566

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

Class	Outstanding as of March 16, 2004
Common Stock (\$.01 Par Value)	5,695,064

Documents Incorporated by Reference

Document	Part of the Form 10-KSB Into Which the Document is Incorporated:
Portions of the Proxy Statement for Annual Meeting of shareholders to be held on June 10, 2004	Items 9 through 12 and Item 14 of Part III

Part I

ITEM 1. DESCRIPTION OF BUSINESS.

TGC Industries, Inc. ("TGC" or the "Company") is a Texas corporation engaged in the geophysical service business, primarily conducting Three-D ("3-D") surveys for clients in the oil and gas business. TGC's principal business office is located at 1304 Summit Avenue, Suite 2, Plano, Texas 75074. (Telephone: 972-881-1099).

History

In April 1980, Supreme Industries, Inc., formerly ESI Industries, Inc.,

("Supreme") formed a wholly owned subsidiary that acquired certain equipment, instruments, and related supplies of Tidelands Geophysical Co., Inc. ("Tidelands"), a Houston-based corporation that had been organized in 1967 and was engaged in the business of conducting seismic, gravity, and magnetic surveys under contracts to companies in the exploration for oil and gas. In July 1986, Tidelands' name was changed to TGC Industries, Inc. ("TGC"). On June 30, 1986, the Board of Directors of Supreme and TGC approved a spin-off whereby substantially all of the shares of TGC owned by Supreme were distributed as a stock dividend to Supreme security holders.

On July 30, 1993, TGC acquired, through a wholly owned subsidiary, Chase Packaging Corporation ("Chase"), a specialty packaging business, principally supplying products to the agricultural industry, through the purchase of certain assets of the Chase Packaging division of Union Camp Corporation.

In June 1996, the Board of Directors of TGC approved the spin-off of Chase, effective July 31, 1996, whereby all of the shares of Chase owned by TGC were distributed as a stock dividend to the shareholders of TGC under the terms of the spin-off transaction. Pursuant to the terms of the spin-off, and following clearance by the Securities and Exchange Commission on March 7, 1997, the holders of TGC's Common Stock and, on an as-if-converted basis, the holders of TGC's Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") received the dividend distribution of Chase Common Stock.

During July 1996, the Company issued 1,150,350 shares of Series C Preferred Stock in a private placement offering with gross proceeds of approximately \$5,800,000.

The Series C Preferred Stock sold in the private placement entitles the holder to receive cumulative cash dividends as, when and if declared by the Board of Directors at a rate of 8% per annum prior to any dividend or distribution in cash or other property on any class or series of stock junior to the Series C Preferred Stock. The dividends on the Series C Preferred Stock are payable as, when and if declared by the Board of Directors on January 1 and July 1 of each year, commencing January 1, 1997. The dividend on the Series C Preferred Stock is cumulative.

From the proceeds of the private placement, TGC made a capital contribution to Chase of \$2,716,403 to facilitate the spin-off; and TGC retained \$2,000,000 for the purchase of state-of-the-art geophysical recording equipment. Under the terms of the spin-off, the effective date of which was July, 31, 1996, TGC completed the spin-off of the business and assets relating to the Chase operations, except TGC retained the Portland, Oregon facility and canceled all inter-company debt owed by Chase to TGC. The distribution of Chase Stock was March 7, 1997. On March 18, 1997, TGC sold the Portland, Oregon facility for \$2,430,000 and applied such proceeds in satisfaction of the mortgage indebtedness with respect to such facility and in satisfaction of a debt obligation owing by TGC to Chase to pay to Chase any such proceeds in excess of the amount of the mortgage indebtedness.

As of July 31, 1996, the effective date of the spin-off, TGC Industries, Inc.'s only business has been the geophysical service business, primarily conducting Three-D ("3-D") surveys for clients in the oil and gas business.

On December 13, 1999, WEDGE Energy Services, L.L.C., ("WEDGE Energy") an affiliate of WEDGE Group Incorporated, a diversified Houston, Texas firm with interests in oil and gas services, purchased a \$2,500,000 8.5% Convertible Subordinated Debenture, Series B due December 1, 2009 (the "Debenture"), of the Company. Proceeds of the financing together with other available funds were utilized for working capital and an expanded capital expenditure program. The Debenture, at WEDGE's option, could be converted into either preferred stock or common at a price of \$1.15 per share.

The holders of the Company's outstanding Series C Preferred Stock,

voted at the Annual Meeting held May 11, 2000, to consent to a new series of 8.5% Senior Convertible Preferred Stock ("Senior Preferred Stock"). The affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of Series C Preferred Stock approved the new series of Senior Preferred Stock. As a result of the consent to the new series of Senior Preferred Stock by the Series C Preferred Stock shareholders and in accordance with the terms of the Debenture Agreement, WEDGE Energy, on May 17, 2000, converted its Debenture plus accrued interest into 2,252,445 shares of Senior Preferred Stock. Per the Debenture Agreement, dividends on the Senior Preferred Stock have been paid by the issuance of additional shares of Senior Preferred Stock through December 1, 2003. As a result, 771,819 shares of Senior Preferred Stock have been issued to WEDGE Energy as dividend payments from June 1, 2000, through December 1, 2003.

In February 2004, WEDGE Energy completed a transaction, selling all of its 3,024,264 shares of Senior Preferred Stock to a small number of investors that included several members of the Company's Board of Directors who purchased 1,772,200 of such shares. In addition, WEDGE Energy's two designated Board members have resigned.

General Description of the Company's Business

Geophysical Business

Since its formation, TGC has engaged in the domestic geophysical services business principally through conducting seismic surveys and to a lesser extent through sales of gravity information from the Company's Data Bank to companies engaged in the exploration for oil and gas in the United States. Geophysics is the study of the structure and composition of the earth's interior and involves the measuring and interpretation of the earth's properties with appropriate instruments. Such studies are generally conducted by means of surveys performed by field crews employing seismic, gravity, or magnetic instruments to acquire data that is then interpreted by various means to obtain useful information for oil and gas companies. The two survey techniques used by the Company in acquiring geophysical data are seismic and gravity. Land seismic surveys are the Company's principal method of data acquisition and are by far the most widely used geophysical technique. TGC's seismic crews use dynamite and vibroseis as energy sources for such surveys. The processing and interpretation of seismic data acquired by TGC are transmitted by the Company to data processing centers (not owned or operated by the Company) designated by the clients for processing.

The Company's Data Bank contains gravity data, and to a lesser extent magnetic data, from many of the major oil and gas producing areas located within the United States. TGC does not have a seismic data bank. Data Bank information has been amassed through participatory surveys as well as speculative surveys funded by TGC alone. All data and interpretations may be licensed to customers at a fraction of the cost of newly acquired data.

In January 2002, the Company entered into a two year Joint Venture Agreement (the "Joint Venture") with a gravity data processing center, (the "Processing Center"). Per the Joint Venture the Company will furnish the Processing Center with approximately 100,000 stations of the Company's digitized gravity data, and the Processing Center, using industry standards along with the latest technological gravity data processing software and techniques, will process the digitized data producing a data set (the "Data Set"). During the term of this Agreement the Company and the Processing Center will endeavor to market and license the Data Set. In consideration for the Processing Center's unique state-of-the-art gravity processing software and techniques, upon licensing by the Company or the Processing Center of any or all of the Data Set, the Company agrees to pay the Processing Center a twenty percent commission. Upon expiration of the Joint

Venture, the Data Set and all related information provided the Processing Center will be returned to the Company. In February 2004, the Company and the Processing Center entered into an agreement to extend the Joint Venture for a period of three years. Revenue from the licensing of gravity data represents a small portion of the Company's total revenue, however, because the Data Bank has been fully amortized and only minimal expenses are incurred with each license agreement, revenues from the licensing of gravity data are very profitable.

As a service business, the Company's domestic geophysical services business is not dependent upon the supply of raw materials or any other products and, therefore, the Company does not have arrangements with any raw material suppliers.

The Company has the capability of utilizing two seismic crews to perform its geophysical services and, in any given period, these crews may generate a significant portion of their respective revenues from one or more clients. For the year ended December 31, 2003, two customers accounted for fifteen percent (15%) and twelve percent (12%) of the Company's revenue, respectively. The Company enters into a general or master agreement with each of its clients for the provision of geophysical services and a supplementary agreement (which becomes a part of the general agreement) with respect to each particular job that the Company performs for a client. Under the terms of such agreements, the Company generally contracts to supply all personnel, transportation and equipment to perform seismic surveys for a given prospect for a fixed price plus reimbursement for certain third party charges. The Company generally bills its clients on a progressive basis over the term of the contract. The Company is generally obligated to maintain insurance against injury or damage to persons or equipment arising from the performance of its services and to indemnify its customers against all claims and liability arising therefrom. Management believes this insurance coverage is sufficient.

Beginning approximately in mid 1998, activity in the U.S. Geophysical Industry declined significantly due to a decline in the price of oil. As a result, TGC reduced its operations to one crew in 1999 and continued to operate one crew during 2000. TGC experienced an increase in demand for its services in 2001 securing a sufficient number of contracts to operate at a two-crew level during the second half of 2001. However, this increased level of activity was short-lived, and TGC reduced its operations to one crew in 2002. As a result, management began exploring ways of increasing bidding opportunities in existing markets. In February 2002, the Company entered into an agreement with a corporation to dispose of the Company's shot hole drilling equipment, and to use the proceeds of the disposal to acquire five buggy-mounted Vibroseis units and purchase certain additional equipment needed to make the Vibroseis equipment compatible with the Company's recording equipment. A one-year \$30,000 note financed this additional equipment. The acquisition of this equipment opened up an opportunity in an existing market, in which the Company had not participated, thereby increasing its bidding opportunities. The Company has

been successful in the Vibroseis market with a significant portion of the Company's 2003 revenue being generated from Vibroseis contracts. Although the Company continued to operate at the one-crew level during 2003, revenue increased 35% over 2002. The Company announced in mid January 2004 that, given that oil and gas exploration companies had increased the level of activity in their domestic oil and gas exploration programs, it had acquired three additional Vibroseis units and deployed a second seismic crew. Although there can be no assurance, should this increased level of activity in the industry continue during 2004, management believes the Company will be able to operate at the two-crew level for the remainder of 2004. Excess capacity remains in the land-based geophysical service industry and pricing continues to be very competitive. Company management continues to monitor expenses and, where possible, implement cost containment programs to remain highly competitive through this continued difficult period in the industry. During 2001, there were a number of consolidations and mergers in the geophysical industry. In addition, in late 2002 a major seismic competitor shut down all its U.S. and Canadian land-based seismic operations. Although

there can be no assurance, management is hopeful that with fewer seismic crews available in the marketplace, TGC will be able to secure contracts with improved margins thereby improving its future performance.

As of December 31, 2003, TGC employed 67 employees, supporting one seismic crew with a total of 60 crew members and direct support members. The Company believes its relationship with its employees to be satisfactory.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company's headquarters are in leased facilities located in Plano, Texas from which it conducts all its current operations. These facilities include 8,000 square feet of office and warehouse space and an outdoor storage area of approximately 10,000 square feet. The monthly rent is \$5,832. This facility is used to house corporate offices and serves as the headquarters for the geophysical business. The Company is not responsible for insuring the facilities. The condition of the Company's facilities is good and TGC management believes that these properties are suitable and adequate for the Company's foreseeable needs.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a defendant in various legal actions that arose out of the normal course of business. In the opinion of Management, none of the actions will result in any significant loss to the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted by the Company, during the fourth quarter of the fiscal year ended December 31, 2003, to a vote of the Company's security holders, through the solicitation of proxies or otherwise.

Part II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock traded on the NASDAQ SmallCap Market under the symbol "TGCI" from September 25, 1994, until May 24, 2002. As previously reported, the Company was notified by NASDAQ of potential delisting of the Company's Common Stock for: (1) having failed to maintain a minimum market value of publicly held shares of \$1,000,000 and (2) having failed to equal or exceed the minimum bid price requirement of \$1 per share, in each case for thirty (30) consecutive trading days. The Company, as a condition to continued listing of its securities on the SmallCap Market, was required to satisfy these requirements for a minimum of ten (10) consecutive trading days by May 15, 2002 and August 13, 2002, respectively. The Company's Common Stock did not trade at sufficient levels, for ten (10) consecutive trading days, to comply with the May 15, 2002 deadline. As a result, the Company's securities were delisted from NASDAQ SmallCap Market at the opening of business on May 24, 2002 and now trade over-the-counter on the National Association of Securities Dealers, Inc. Over-The-Counter Bulletin Board System. The Company maintains its trading symbol "TGCI".

The number of shareholders of record of TGCI's Common Stock as of March 16, 2004, was 120. Due to the number of shares held in nominee or street name, the Company believes that there are a significantly greater number of beneficial owners of its Common Stock. As of such date, CEDE & CO. held 4,142,998 shares in street name. On March 17, 2004, TGC's Common Stock was quoted at a closing bid price of \$.86. The high and low bid prices shown below represent prices among the dealers and do not include retail mark-ups, mark-downs, or commissions, and do not necessarily represent actual transactions.

Bid Price of TGC Common Stock

Date	High Bid Price	Low Bid Price
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October 1 -- December 31, 2003	.700	.380
July 1 -- September 30, 2003	.380	.150
April 1 -- June 30, 2003	.150	.075
January 1 -- March 31, 2003	.100	.063
October 1 -- December 31, 2002	.150	.063
July 1 -- September 30, 2002	.230	.150
April 1 -- June 30, 2002	.350	.150
January 1 -- March 31, 2002	.520	.150

Dividends are payable on the Company's Common Stock at the discretion of the Board of Directors. In light of the working capital needs of the Company, it is unlikely that cash dividends will be declared and paid on the Company's Common Stock in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS.

Results of operations

Revenues for the year ended December 31, 2003 were \$8,468,051 compared with revenues of \$6,262,206 for the year ended December 31, 2002. The Company reported net income, before dividend requirements on preferred stock, of \$555,165 for the year ended December 31, 2003 compared with a net loss, before dividend requirements on preferred stock of \$(1,711,509) for the year ended December 31, 2002. 2003 is the first year since 1998 that the Company has reported net income.

In 2003, the Company was able to secure a sufficient number of contracts to keep one of its crews employed the entire year. As a result, TGC reported a 35% increase in revenues in 2003 over 2002. This increase in revenue was principally the result of the Company's successful entry into the Vibroseis market with a significant portion of the 2003 revenue being generated from Vibroseis contracts. Vibroseis contracts tend to have higher margins than dynamite contracts because they do not incur the additional third-party costs associated with dynamite contracts of drilling and explosives. As a result of higher revenue and reduced costs, TGC's cost of services, as a percentage of revenue, decreased to 82.1% in 2003 from 112.2% in 2002. Selling, general and administrative expense increased to \$932,709 in 2003 from \$884,572 in 2002. This increase was due primarily to an increase in expenses associated with the higher level of revenues. Interest expense decreased to \$8,792 in 2003 from \$16,807 in 2002. This decrease was attributable to the lower level of debt in 2003 compared with 2002. In June 2003, the Company issued 750,000 detachable stock warrants, with a value of \$22,500, to certain directors in exchange for their financial commitment for a line of credit that expired December 31, 2003, in an amount up to \$300,000. During 2003, the Company had no borrowings against the line of credit.

For over thirty years, TGC has successfully served the geophysical industry. However, due to a significant decline in spending for seismic services, that began in mid 1998, by a number of oil and gas clients as a result of significantly lower oil prices, TGC reduced its operations to one seismic acquisition crew in 1999. TGC continued to operate at this one crew level during 2000. Early in 2001, TGC experienced an increase in demand for its services securing a sufficient number of contracts to operate at a two-crew during the second half of 2001. However, this increased level of activity was short-lived, and TGC reduced its operations to one crew in 2002. As a result, management began exploring ways of increasing bidding opportunities in existing markets. In February 2002, the Company entered into an agreement with a corporation to dispose of the Company's shot hole drilling equipment, and to use the proceeds of the disposal to acquire five buggy-mounted Vibroseis units and purchase certain additional equipment needed to make the Vibroseis equipment compatible with the Company's recording equipment. A one-year \$30,000 note financed this additional equipment. The acquisition of this equipment opened up an opportunity in an

existing market, in which the Company had not participated, thereby increasing its bidding opportunities. The Company has been successful in the Vibroseis market with a significant portion of the Company's 2003 revenue being generated from Vibroseis contracts. Although the Company continued to operate at the one-crew level during 2003, revenue increased 35% over 2002. The Company announced in mid January 2004 that, given that oil and gas exploration companies had increased the level of activity in their domestic oil and gas exploration programs, it had acquired three additional Vibroseis units and deployed a second seismic crew. Though there can be no assurance, should this increased level of activity in the industry continue during 2004, management believes the Company will be able to operate at the two-crew level for the remainder of 2004. Excess capacity remains in the land-based geophysical services industry and pricing continues to be very competitive. Company management continues to monitor expenses and, where possible, implement cost containment programs to remain highly competitive through this continued difficult period in the industry. During 2001, there were a number of consolidations and mergers in the geophysical industry. In addition, in late 2002 a major seismic competitor shut down all its U.S. and Canadian land-based seismic operations. Although there can be no assurance, management is hopeful that with fewer seismic crews available in the marketplace, TGC will be able to secure contracts with improved margins thereby improving its future performance.

In January 2002, the Company entered into a two year Joint Venture Agreement (the "Joint Venture") with a gravity data processing center, (the "Processing Center"). Per the Joint Venture the Company will furnish the Processing Center with approximately 100,000 stations of the Company's digitized gravity data, and the Processing Center, using industry standards along with the latest technological gravity data processing software and techniques will process the digitized data producing a data set (the "Data Set"). During the term of this Agreement the Company and the Processing Center will endeavor to market and license the Data Set. In consideration for the Processing Center's unique state-of-the-art gravity processing software and techniques, upon licensing by the Company or the Processing Center of any or all of the Data Set, the Company agrees to pay the Processing Center a twenty percent commission. Upon expiration of the Joint Venture, the Data Set and all related information provided the Processing Center will be returned to the Company. In February 2004, the Company and the Processing Center entered into an agreement to extend the Joint Venture for a period of three years. Revenue from the licensing of gravity data represents a small portion of the Company's total revenue, however, because the Data Bank has been fully amortized and only minimal expenses are incurred with each license agreement, revenues from the licensing of gravity data are very profitable.

At December 31, 2003, the Company had net operating loss carry forwards of approximately \$7,900,000 available to offset future taxable income, which expire at various dates through 2022.

Financial Condition

Cash of \$1,066,743 was provided by operations for the twelve months ended December 31, 2003, compared with cash used in operations of \$404,100 for the same period of the prior year. The primary reason for the increase in cash from operations in 2003 compared with 2002 was a significant increase in revenue and net income in 2003 compared with 2002. Net cash of \$295,610 was used in investing activities during 2003. This was primarily the result of capital expenditures of \$314,959 to acquire three additional Vibroseis units and replace certain vehicles and equipment that had become worn-out during 2003. Principal payments of debt obligations in the amount of \$133,458 and principal payments on capital lease obligations of \$135,574 resulted in net cash of \$269,032 being used in financing activities in 2003. The capital leases entered into in 2003 were primarily for replacement of certain equipment and additional surveying equipment. The terms of these capital leases range in length from six months to three years. The Company anticipates that available funds, together with anticipated cash flows

generated from future operations will be sufficient to meet the Company's minimum lease and note payment obligations.

Working capital increased \$1,462,408 to \$1,326,594 at December 31, 2003 from the December 31, 2002, working capital deficit of \$135,814. The Company's current ratio increased to 3.1 to 1.0 at December 31, 2003 from .9 to 1.0 at December 31, 2002. Stockholders' equity increased to \$1,943,339 at December 31, 2003, from the December 31, 2002, balance of \$1,360,274 due primarily to the net income reported in 2003 of \$555,165.

In September 2001, the Company entered into a three-year operating lease for the Company's headquarters facility located in Plano, Texas. The Company anticipates that available funds, together with anticipated cash flows generated from future operations will be sufficient to meet the Company's minimum rental payment obligations that are as follows: \$52,488 in 2004.

During 2001, the Company entered into an unsecured revolving line of credit arrangement with a bank, providing for borrowings of up to \$125,000. The facility bore interest at prime plus 1% per annum, and matured in October 2003. The Company had committed the availability to irrevocable letters of credit totaling \$125,000 which also expired in October 2003. Therefore, the Company had no borrowing availability under this line of credit. The letters of credit, with an insurance company as beneficiary, were being used to guarantee continuing seismic insurance bonds totaling \$125,000, issued by the insurance company to two states in which the Company performs seismic surveys. In October 2003, the Company was able to secure replacement seismic bonds from an insurance company that did not require letters of credit.

In 2000, the Company issued 2,252,445 shares of 8.5% Senior Convertible Preferred Stock ("Senior Preferred Stock") to a debt holder in consideration for an outstanding debenture plus accrued interest, and in accordance with the terms of the Debenture Agreement, issued 103,490 additional shares of Senior Preferred Stock to the Senior Preferred stockholder as payment for 2000 dividends. At the election of the Senior Preferred stockholder, the Company issued 100,127, 104,383, 108,819, 113,444, 118,265 and 123,291 additional shares of Senior Preferred Stock to the Senior Preferred Stockholder as payment for the June 1, 2001, December 1, 2001, June 1, 2002, December 1, 2002, June 1, 2003 and December 1, 2003 dividends, respectively, resulting in 3,024,264 shares outstanding at December 31, 2003.

In February 2004, WEDGE Energy completed a transaction, selling all of its 3,024,264 shares of Senior Preferred Stock to a small number of investors that included several members of the Company's Board of Directors who purchased 1,772,200 of such shares. In addition, WEDGE Energy's two designated Board members have resigned.

At a November 30, 2001 meeting, the Company's Board of Directors, in an effort to encourage the conversion of Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") into shares of Common Stock, voted to reduce, on a post-Reverse Split basis, the conversion price of the Series C Preferred Stock from \$2.00 per share of Common Stock to \$1.61 per share of Common Stock. In addition, the Board of Directors voted to extend the conversion price increase date of the Series C Preferred Stock from the close of business on December 31, 2001 until the close of business on January 31, 2002. As a result, the conversion price was \$1.61 per share of Common Stock if converted prior to the close of business on January 31, 2002. After January 31, 2002, and prior to the close of business on December 31, 2002, the conversion price per share of Common Stock was \$3.75. Thereafter, the conversion price per share of Common Stock is \$6.00. This action by the Board of Directors resulted in 977,550 shares of Series C Preferred Stock being converted into 3,035,839 shares of Common Stock during 2002. As a result, 58,100 shares of Series C Preferred Stock remained outstanding at December 31, 2003 and the cumulative dividends in

arrears on the Series C Preferred Stock were \$116,200 at December 31, 2003.

In September 2002, the Company issued 1,500,000 detachable common stock purchase warrants exercisable at the then market price of \$.20 per share ("2002 Warrants"), valued at \$45,000, to certain investors in exchange for their financial commitment for a line of credit that expired December 31, 2002, in an amount up to \$300,000. During September 2002, the Company used \$150,000 of available funds under the line of credit. At December 31, 2002, \$120,000 remained outstanding under the line of credit and was paid by the Company in January 2003. In June 2003, the Company issued 750,000 detachable common stock purchase warrants on the same terms ("2003 Warrants"), with a value of \$22,500, to certain directors in exchange for their financial commitment for a line of credit that expired December 31, 2003, in an amount up to \$300,000. During 2003, the Company had no borrowings against the line of credit. Both the 2002 and 2003 Warrant Agreements contain provisions whereby the warrant holders are entitled to

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exercise their warrants for additional common shares of the Company as a result of the Senior Preferred Stockholder electing to receive additional shares of Senior Preferred Stock as Dividends. As a result, at December 31, 2003, the 2002 Warrants and the 2003 Warrants were exercisable into 1,855,000 and 811,645 shares of common stock, respectively.

The Company anticipates that available funds, together with anticipated cash flows generated from future operations will be sufficient to meet the Company's cash needs during 2004, so long as one of the Company's two crews is employed, of which there is no assurance.

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 7. FINANCIAL STATEMENTS.

Financial Statements
December 31, 2003 and 2002

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Report of Independent Certified Public Accountants

Board of Directors and Stockholders
TGC Industries, Inc.

We have audited the accompanying balance sheet of TGC Industries, Inc. as of December 31, 2003, and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TGC Industries, Inc. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Lane Gorman Trubitt, L.L.P.
Dallas, Texas
January 30, 2004

Report of Independent Certified Public Accountants

Board of Directors and Stockholders
TGC Industries, Inc.

We have audited the accompanying balance sheet of TGC Industries, Inc. as of December 31, 2002, and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures

in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TGC Industries, Inc. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP
 Dallas, Texas
 February 4, 2003

TGC Industries, Inc.
 BALANCE SHEETS
 December 31,

	2003	2002
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$1,025,221	\$523,120
Trade accounts receivable	797,454	662,050
Costs and estimated earnings in excess of billings on uncompleted contracts	30,494	32,845
Prepaid expenses and other	106,322	101,965
	<u>1,959,491</u>	<u>1,319,980</u>
Total current assets		
PROPERTY AND EQUIPMENT - at cost		
Machinery and equipment	11,888,410	11,635,752
Automobiles and trucks	893,297	833,743
Furniture and fixtures	326,108	323,323
	<u>13,107,815</u>	<u>12,792,818</u>
Less accumulated depreciation and amortization	(12,313,180)	(11,173,415)
	<u>794,635</u>	<u>1,619,403</u>
OTHER ASSETS	4,824	4,824
	<u> </u>	<u> </u>
	<u>\$2,758,950</u>	<u>\$2,944,207</u>
	=====	=====

The accompanying notes are an integral part of these statements.

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TGC Industries, Inc.
BALANCE SHEETS - Continued
December 31,

	2003	2002
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 120,149	\$ 199,336
Accrued liabilities	105,307	121,517
Billings in excess of costs and estimated earnings on uncompleted contracts	295,979	874,187
Current maturities of notes payable	2,594	133,459
Current portion of capital lease obligations	108,868	127,295
Total current liabilities	632,897	1,455,794
NOTES PAYABLE, less current maturities	96,379	98,972
CAPITAL LEASE OBLIGATIONS, less current portion	86,335	29,167
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Preferred stock, \$1.00 par value; 4,000,000 shares authorized; 8.5% senior convertible preferred stock; 3,024,264 and 2,782,708 shares issued and outstanding at December 31, 2003 and 2002, respectively	3,024,264	2,782,708
8% Series C convertible exchangeable preferred stock; 1,150,350 shares issued, 58,100 shares outstanding	58,100	58,100
Common stock, \$.01 and \$.30 par value; 25,000,000 shares authorized; 5,727,008 and 5,547,008 issued at December 31, 2003 and 2002, respectively	57,270	1,664,102
Additional paid-in capital	6,696,047	5,302,871
Accumulated deficit	(7,677,028)	(8,232,193)
Treasury stock, at cost, 31,944 shares	(215,314)	(215,314)
	1,943,339	1,360,274
	\$2,758,950	\$2,944,207
	=====	=====

Balances at						
January 1, 2002	3,596,095	\$3,596,095	2,511,169	\$753,350	\$5,413,336	
\$(6,520,684)	\$(215,314)	\$3,026,783				
Conversion of preferred stock	(977,550)	(977,550)	3,035,839	910,752	66,798	
- -	-	-				
Dividend on 8-1/2% senior convertible preferred stock	222,263	222,263			(222,263)	
- -	-	-				
Issuance of stock warrants	-	-	-	-	45,000	
- -	45,000					
Net loss	-	-	-	-	-	
(1,711,509)	(1,711,509)					
Balances at						
December 31, 2002	2,840,808	2,840,808	5,547,008	1,664,102	5,302,871	
(8,232,193)	(215,314)	1,360,274				
Reduction in Par Value of Common Stock from \$.30 to \$.01	-	-	-	(1,608,632)	1,608,632	
- -	-	-				
Dividend on 8-1/2% senior convertible preferred stock	241,556	241,556	-	-	(241,556)	
- -	-	-				
Issuance of stock warrants	-	-	-	-	22,500	
- -	22,500					
Issuance of Common Stock	-	-	180,000	1,800	3,600	
- -	5,400					
Net income	-	-	-	-	-	
555,165	555,165					
Balances at						
December 31, 2003	3,082,364	\$3,082,364	5,727,008	\$57,270	\$6,696,047	
\$(7,677,028)	\$(215,314)	\$1,943,339				

The accompanying notes are an integral part of these statements.

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TGC Industries, Inc.
STATEMENTS OF CASH FLOWS
Year Ended December 31,

	2003	2002
Cash flows from operating activities		
Net income (loss)	\$ 555,165	\$(1,711,509)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	1,314,042	1,522,815
Gain on disposal of property and equipment	(19,349)	-
Debt issuance costs	22,500	45,000
Director fees	5,400	
Changes in operating assets and liabilities		
Trade accounts receivable	(135,404)	593,904
Costs and estimated earnings in excess of billings on uncompleted contracts	2,351	(12,711)
Prepaid expenses and other	(4,357)	(29,146)
Trade accounts payable	(79,187)	(868,170)
Accrued liabilities	(16,210)	(55,469)
Billings in excess of costs and estimated earnings on uncompleted contracts	(578,208)	111,186

Net cash provided by (used in) operating activities	1,066,743	(404,100)
Cash flows from investing activities		
Capital expenditures	(314,959)	(70,377)
Proceeds from sale of property and equipment	19,349	-
Net cash used in investing activities	(295,610)	(70,377)
Cash flows from financing activities		
Proceeds from issuance of debt	-	150,000
Principal payments on notes payable	(133,458)	(67,731)
Principal payments on capital lease obligations	(135,574)	(128,633)
Net cash used in financing activities	(269,032)	(46,364)
Net increase (decrease) in cash and cash equivalents	502,101	(520,841)
Cash and cash equivalents at beginning of year	523,120	1,043,961
Cash and cash equivalents at end of year	\$1,025,221	\$ 523,120
	=====	=====
Supplemental cash flow information		
Interest paid	\$ 11,267	\$ 14,332
Income taxes paid	\$ -	\$ -
Noncash investing and financing activities		
Capital lease obligations incurred	\$ 174,315	\$ 70,558
Financed equipment purchase	\$ -	\$ 29,861

At the election of the Senior Preferred Stockholder, 108,819, 113,444, 118,265 and 123,291 shares of 8.5% Senior Preferred Stock were issued to the Senior Preferred Stockholder as payment for the June 1, 2002, December 2002, June 1, 2003 and December 1, 2003 dividends, respectively.

The accompanying notes are an integral part of these statements.

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE A - NATURE OF OPERATIONS

TGC Industries, Inc. (TGC or the Company) is engaged in the domestic geophysical services business and primarily conducts seismic surveys and sells gravity data to companies engaged in exploration in the oil and gas industry.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

The Company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. The Company maintains its accounts at financial institutions located in Texas. The bank accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Trade Receivables

Trade accounts receivable are recorded in accordance with terms and amounts as specified in the related contracts on an ongoing basis. The Company evaluates the collectibility of accounts receivable on a specific account basis using a combination of factors, including the age of the outstanding balances, evaluation of the customer's financial condition, and discussions with relevant Company personnel and with the customers directly. An allowance for doubtful accounts or direct write-off is recorded when it is determined that the receivable may not be collected, depending on the facts known and the probability of collection of the outstanding amount.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the individual assets ranging from 1 to 7 years. Expenditures for major renewals and betterments that extend the useful lives of property and

equipment are capitalized. Expenditures for maintenance and repairs are charged to expenses as incurred.

Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted cash flows estimated to be generated by those assets.

TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

Revenue Recognition

Revenues from conducting seismic surveys are recognized over the term of the contract using the percentage-of-completion method. Under this method, revenues are recognized on the units-of-production method. Revenues for the sale of gravity data are recognized when services are rendered.

Stock-Based Compensation

The Company has two stock-based employee compensation plans, which are described more fully in Note H. The Company accounts for those plans under the recognition and measurement principles of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income (loss) and income (loss) per share allocable to common stockholders if the Company had applied the fair value recognition provisions of Financial Accounting Standards Board ("FASB") Statement No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", to stock-based employee compensation:

	Year Ended December 31,	
	2003	2002
Net income (loss) allocable to common stockholders, as reported	\$ 252,167	\$(1,992,162)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	\$ (39,123)	(54,643)
Pro forma net income (loss) allocable TO common stockholders	\$ 213,044	(2,046,805)
	=====	=====
Income (loss) per common share		
Basic - as reported	\$0.05	\$(.37)
Diluted - as reported	\$0.04	\$(.37)
Basic - pro forma	\$0.04	\$(.38)
Diluted - pro forma	\$0.03	\$(.38)

TGC Industries, Inc.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Instruments

The Company's financial instruments recorded on the balance sheet include cash and cash equivalents, accounts receivable, accounts payable and debt. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these items. Fair value of long-term debt is based on rates available to the Company for debt with similar terms and maturities.

Earnings (Loss) Per Share

Basic earnings (loss) per common share is based upon the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants and convertible securities.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

Recent Accounting Pronouncements - During 2003, the FASB released Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", and Statement No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." The FASB also revised Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" and amendment of Statements No. 87, 88, and 103." The Company believes that the impact of these new standards will not have a material effect on the Company's financial position, results of operations or disclosures.

TGC Industries, Inc.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

Note C - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

The components of uncompleted contracts are as follows at December 31, :

	2003	2002
Costs incurred on uncompleted contracts	_____	_____
and estimated earnings	\$ 111,567	\$ 264,751
Less billings to date	(377,052)	(1,106,093)
	_____	_____

\$ (265,485) \$ (841,342)
 =====

The components of uncompleted contracts are reflected in the balance sheets at December 31, 2003 and 2002 as follows:

	2003	2002
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 30,494	\$ 32,845
Billings in excess of costs and Estimated earnings on uncompleted contracts	(295,979)	(874,187)
	\$(265,485)	\$(841,342)

NOTE D - ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31, :

	2003	2002
Compensation and payroll taxes	\$ 65,690	\$ 33,465
Other	39,617	88,052
	\$ 105,307	\$ 121,517

NOTE E - DEBT

Line of Credit

During 2001, the Company entered into an unsecured revolving line of credit arrangement with a bank, providing for borrowings of up to \$125,000. The facility bore interest at prime plus 1% per annum, and matured in October

TGC Industries, Inc.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

NOTE E - DEBT - Continued

2003. The Company had committed the availability to irrevocable letters of credit totaling \$125,000 which also expired in October 2003. Therefore, the Company had no borrowing availability under this line of credit. The letters of credit, with an insurance company as beneficiary, were being used to guarantee continuing seismic insurance bonds totaling \$125,000, issued by the insurance company to two states in which the Company performs seismic surveys. In October 2003, the Company was able to secure replacement seismic bonds from an insurance company that did not require letters of credit.

On June 12, 2003, certain Directors extended a line of credit with a \$300,000 credit limit. The line of credit accrued interest at 6.75% and matured December 31, 2003. There were no advances made under this line of credit.

Notes Payable

Notes payable consist of the following at December 31:

	2003	2002
Note payable to a finance company, interest at 4%, due in monthly installments of \$552 including		

interest; collateralized by equipment and accounts receivable	\$ 98,973	\$ 101,461
Note payable to a finance company, interest at 4%, due in monthly installments of \$1,130 including interest; collateralized by equipment and accounts receivable	-	3,365
Note payable to a finance company, Interest at 5%, due in monthly installments of \$2,556 including interest; collateralized by equipment	-	7,605
Note payable to certain investors	-	120,000
	<u>\$ 98,973</u>	<u>\$ 232,431</u>
	=====	=====

Aggregate annual maturities of notes payable at December 31, 2003 are as follows:

Year Ending December 31,	
<u>2004</u>	\$ 2,594
2005	2,702
2006	2,816
2007	2,934
2008	3,058
Thereafter	84,869
	<u>98,973</u>
Less current maturities	(2,594)
	<u>\$ 96,379</u>
	=====

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE F - LEASES

Capital Leases

The Company leases certain specialized seismic equipment under leases classified as capital leases. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of December 31, 2003.

Year Ending December 31,	
<u>2004</u>	\$ 115,555
2005	51,484
2006	45,681
Total minimum lease payments required	<u>212,720</u>
Less: Amount representing interest	(17,517)
Present value of minimum lease payments	<u>195,203</u>
Less current maturities	(108,868)
	<u>\$ 86,335</u>
	=====

The net book value of the capital assets leased was approximately \$259,000 and \$285,000 as of December 31, 2003 and 2002, respectively. Total accumulated depreciation on these assets was approximately \$132,000 and \$168,000 as of December 31, 2003 and 2002, respectively.

Operating Leases

The Company leases office space under an operating lease that expires September 30, 2004. The lease expense for the years ended December 31, 2003 and 2002, was approximately \$69,000 and \$64,000, respectively.

The following is a schedule by years of future minimum rental payments required under the operating lease as of December 31, 2003:

Year Ending
December 31:

2004	\$ 52,488
Thereafter	-
Total minimum payments required	\$ 52,488 =====

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE G FAIR VALUE OF DEBT OBLIGATIONS

The fair value of debt obligations is estimated using discounted cash flows based on the Company's incremental borrowing rate for similar types of borrowings. A comparison of the carrying value and fair value of these instruments is as follows:

	December 31,	
	2003	2002
Carrying value	\$98,973	\$232,431
Fair value	\$98,973	\$201,737

NOTE H - STOCKHOLDERS' EQUITY

Earnings Per Share

The following is a reconciliation of net income and weighted average common shares outstanding for purposes of calculating basic and diluted net income per share:

	December 31,	
	2003	2002
Numerator:		
Net income (loss)	\$ 555,165	\$(1,711,509)
Less dividend requirements on preferred stock	(302,998)	(280,653)
Income (loss) allocable to common stockholders	\$ 252,167 =====	\$(1,992,162) =====
Denominator:		
Basic - weighted average common shares outstanding	5,546,132	5,330,492
Dilutive effect of warrants	732,977	-
Diluted outstanding shares	6,279,109 =====	5,330,492 =====
Basic net income (loss) per share	\$.05	\$ (0.37)
Diluted net income (loss) per share	\$.04	\$ (0.37)

The effect of preferred stock dividends on the amount of income (loss)

available to common stockholders was \$.05 and \$.05 for the years ended December 31, 2003 and 2002, respectively.

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE H - STOCKHOLDERS' EQUITY - Continued

Outstanding warrants that were not included in the diluted calculation because their effect would be anti-dilutive total 850,000 and 1,310,274 for the years ended December 31, 2003 and 2002, respectively.

Outstanding options that were not included in the diluted calculation because their effect would be anti-dilutive total 182,100 and 232,100 for the years ended December 31, 2003 and 2002, respectively.

Stock-Based Compensation Plans

The Company currently has in effect a 1993 Stock Option Plan (the "1993 Plan"). Options for up to 283,334 shares of the Company's common stock may be granted under the 1993 Plan. Options under the 1993 Plan must be granted at prices not less than the market price at the date of grant and must be exercised within five years from the date of grant. As of December 31, 2002, options covering 63,100 shares are exercisable as follows: (i) one-third of the shares after the 12 month period following the date of the grant, (ii) two-thirds of the shares after the 24 month period following the date of the grant, and (iii) all of the shares of stock after the 36 month period following the date of the grant. Options covering 34,000 shares expired or were canceled during 2003. At December 31, 2003, outstanding options for 29,100 shares were exercisable.

The Company currently has in effect a 1999 stock option plan (the "1999 Plan"). Options for up to 300,000 shares of the Company's common stock may be granted under the 1999 Plan. Options under the 1999 Plan must be granted at prices not less than the lesser of the par value per share of the stock or the fair market value per share of the Company's stock on the date of the grant, and their term cannot exceed five years from the date of the grant. As of December 31, 2002, options covering 169,000 shares, expire five years from the date of the grant and are exercisable as follows: (i) one-third of the shares after the 12 month period following the date of the grant, (ii) two-thirds of the shares after the 24 month period following the date of the grant, and (iii) all of the shares of stock after the 36 month period following the date of the grant. Options covering 16,000 shares were canceled during 2003. At December 31, 2003, outstanding options covering 153,000 shares were exercisable.

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE H - STOCKHOLDERS' EQUITY - Continued

The following table summarizes activity under the Plans:

Shares under option	Weighted average exercise price
------------------------	------------------------------------

Balance at January 1, 2002	232,100	\$.96
Canceled/expired	-	-
Balance at December 31, 2002	232,100	.96
Canceled/expired	(50,000)	.98
Balance at December 31, 2003	182,100	\$.96
	=====	=====
Exercisable at December 31:		
2003	182,100	\$.96
2002	175,766	\$.95

The following information applies to options outstanding and exercisable at December 31, 2003:

Range of Exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price
\$.75 - \$1.00	182,100	1.72	\$.96

Stock Warrants

Effective January 1, 2001, 181,634 warrants covering 6,054 shares of common stock expired. Per the warrant agreement, any unexercised warrants are automatically deemed exercised at the rate of one share of the Company's common stock for each 30 warrants held. These warrants remain unredeemed at December 31, 2003 and 2002, respectively.

In connection with the issuance of subordinated notes payable during 1999, certain officers and directors received warrants covering 850,000 shares with a value of \$391,000. These warrants have a strike price of \$.30 and expire on July 31, 2009.

In connection with the issuance of debt during 2002, certain investors received warrants covering 1,500,000 shares with a value of \$45,000. These warrants have a strike price of \$.20 and expire on September 12, 2012.

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TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE H - STOCKHOLDERS' EQUITY - Continued

In connection with the commitment to provide the Company with a line of credit up to \$300,000 during 2003, certain Directors received warrants covering 750,000 shares with a value of \$22,500. These warrants have a strike price of \$.20 and expire on June 12, 2013.

The agreements covering the warrants issued in 2002 and 2003 contain provisions that in the event dividends are declared and paid on the Company's Senior Preferred Stock in additional shares of Senior Preferred Stock the number of additional common shares for which the warrants are exercisable and the purchase price shall be adjusted. At December 31, 2003, the warrants issued in 2002 and the warrants issued in 2003 were exercisable into 1,855,000 shares at \$.16 per share and 811,645 shares at \$.18 per share, respectively.

Preferred Stock

During 1996, the Company issued 1,150,350 shares of Series C 8% convertible exchangeable preferred stock ("Series C Preferred Stock") at \$5.00 per share in a private placement offering with gross proceeds of approximately \$5,800,000. The Series C Preferred Stock is, at the option of the Company, exchangeable into 8% subordinated convertible debentures. Prior to November 30, 2001, the Series C Preferred Stock and debentures were convertible into shares of the Company's common stock at the conversion price of (i) \$2.00 per share if exercised by December 31, 2001, (ii) \$3.75 per share if

exercised from January 1, 2002 by December 31, 2001, (ii) \$3.75 per share if exercised from January 1, 2002 through December 31, 2002, and (iii) \$6.00 per share thereafter. At a November 30, 2001 meeting, the Company's Board of Directors approved amendments to the conversion terms of the Series C Preferred Stock. The amendments were as follows: the conversion price was reduced from \$2.00 per share to \$1.61 per share and the date of the conversion price increase to \$3.75 per share was delayed from December 31, 2001, until January 31, 2002. The subsequent date of the increase in the conversion price to \$6.00 per share remained December 31, 2002. In January 2002, the Series C Preferred shareholders converted 977,550 shares of Series C Preferred Stock into 3,035,839 shares of common stock. As a result, 58,100 shares of Series C Preferred Stock remain outstanding at December 31, 2003.

In 2000, the Company issued 2,252,445 shares of 8.5% Senior Convertible Preferred Stock (Senior Preferred Stock) to a debt holder in consideration for an outstanding debenture plus accrued interest, and in accordance with the terms of the agreement, issued 103,490 additional shares of Senior Preferred Stock to the Senior Preferred stockholder as payment for 2000 dividends. At the election of the Senior Preferred stockholder, the Company issued 100,127, 104,383, 108,819, 113,444, 118,265 and 123,291 additional shares of Senior Preferred Stock to the Senior Preferred stockholder as payment for the June 1, 2001, December 1, 2001, June 1, 2002, December 1, 2002, June 1, 2003 and December 1, 2003 dividends, respectively, resulting in 3,024,264 shares outstanding at December 31, 2003.

TGC Industries, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003 and 2002

NOTE H - STOCKHOLDERS' EQUITY - Continued

Dividends

Holders of the Company's 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. As of December 31, 2003, following the conversion of 977,550 shares of the Series C Preferred Stock as noted above, cumulative dividends of \$116,200 were in arrears.

Holders of the Company's Senior Preferred Stock will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8.5% per annum. The dividends are payable semi-annually during June and December of each year. Dividends payable in 2003 and 2002 were paid in additional shares of Senior Preferred Stock, at the election of the Senior Preferred Stockholder.

NOTE I - INCOME TAXES

The income tax provision (benefit) reconciled to the tax computed at the statutory Federal rate is as follows:

	Years Ended December 31,	
	2003	2002
Federal tax provision (benefit) at statutory rate	\$ 188,756	\$(581,913)
Non-deductible expenses	33,370	24,109
Change in valuation allowance	(222,126)	557,804
	\$ -	\$ -
	=====	=====

TGC Industries, Inc.
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2003 and 2002

NOTE I - INCOME TAXES - Continued

Deferred tax assets and liability consist of the following:

	December 31,	
	2003	2002
Deferred tax assets		
Net operating loss carryforwards	\$2,783,950	\$3,159,224
Other	3,280	3,502
	<u>2,787,230</u>	<u>3,162,726</u>
Deferred tax liability		
Property and equipment	(107,093)	(260,463)
	<u>2,680,137</u>	<u>2,902,263</u>
Less valuation allowance	(2,680,137)	(2,902,263)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>
	=====	=====

At December 31, 2003, the Company had net operating loss carryforwards of approximately \$7,900,000 available to offset future taxable income, which expire at various dates through 2023. Future tax benefits, such as net operating loss carryforwards, are recognized to the extent that realization of such benefits are more likely than not.

NOTE J - 401(k) PLAN

The Company has a 401(k) salary deferral plan which covers all employees who have reached the age of 20.5 years and have been employed by the Company for at least one year. The covered employees may elect to have an amount deducted from their wages for investment in a retirement plan. The Company makes contributions to the plan equal to 100% of each participant's salary reduction contributions to the plan up to 2% of the participant's compensation. The Company's matching contribution to the plan was approximately \$21,000 and \$17,000 for the years ended December 31, 2003 and 2002, respectively.

NOTE K - CONCENTRATION OF CREDIT RISK

The Company sells its geophysical services primarily to large independent oil and gas companies operating in the United States. The Company performs ongoing credit evaluations of its customer's financial condition and, generally, requires no collateral from its customers.

Sales and accounts receivable from the Company's largest customers as of and for the years ended December 31, 2003 and 2002 consist of the following:

Company	Sales		Accounts Receivable	
	2003	2002	2003	2002
A	15%	-	-	37%
B	12%	-	-	53%
C	-	39%	-	-
D	-	12%	-	-
E	-	11%	-	-

As of December 31, 2003, three additional customers accounted for 64%, 11% and 10% of outstanding accounts receivable, respectively.

NOTE L - CONTINGENCIES

In conducting its activities, the Company from time to time is the subject of various claims arising from the ordinary course of business. In the opinion of management, the ultimate resolution of such claims is not expected to have a material adverse effect upon the financial position of the Company.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

As reported on Form 8-K filed with the Securities and Exchange Commission on April 9, 2003, Grant Thornton LLP ("Grant Thornton") notified the Audit Committee (the "Audit Committee") of TGC and the Board of Directors of the TGC that Grant Thornton declined to stand for re-election as the Company's principal accountants. In addition, the Audit Committee and the Board of Directors approved the engagement of Lane Gorman Trubitt, L.L.P. as the Company's principal accountants.

The reports of Grant Thornton on the Company's consolidated financial statements for the years ended December 31, 2001 and 2002 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

As stated in the Form 8-K, in connection with its audits for years ended December 31, 2001 and 2002, there were no disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Grant Thornton, would have caused them to make reference thereto in their reports on the Company's consolidated financial statements for such years.

Item 8A. CONTROLS AND PROCEDURES

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 III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTER AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Certain information required by Item 9 of the Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Nominees for Directors" in the proxy statement.

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ITEM 10. EXECUTIVE COMPENSATION.

The information required by Item 10 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Executive Compensation" in the proxy statement.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by Item 11 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Security Ownership of Certain Beneficial Owners and Management" in the proxy statement.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 12 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Transactions with Management" in the proxy statement.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

Item 13 (a) The following is a list of exhibits to this Form 10-KSB:

- 3.1 Restated Articles of Incorporation as of July 31, 1986, filed as Exhibit 3(a) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.
- 3.2 Certificate of Amendment to the Company's Restated Articles of Incorporation, as of July 5, 1988, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1988, and incorporated herein by reference.
- 3.3 Restated Articles of Incorporation (with amendment) as of November 6, 1998, filed as Exhibit 3.3 to the

Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998, and incorporated herein by reference.

- 3.4 Restated Articles of Incorporation (with amendment) as filed with the Secretary of State of Texas on June 20, 2003.

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- 3.5 First Amended Bylaws of the Company as amended, filed as Exhibit 3.2 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.
- 3.6 Amendment to the Company's First Amended Bylaws as adopted by the Board of Directors on March 7, 1988, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.
- 4.1 Statement of Resolution Establishing Series of Preferred Stock of TGC Industries, Inc. filed with the Secretary of State of Texas on July 16, 1993, filed as Exhibit 2 to the Company's Current Report on Form 8-K dated August 11, 1993, and incorporated herein by reference.
- 4.2 Statement of Resolution Establishing Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on July 9, 1996, filed as Exhibit B to the Company's current report on Form 8-K dated July 11, 1996, filed with the Commission and incorporated herein by reference.
- 4.3 Statement of Resolution Regarding Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on December 30, 1998, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 30, 1998, and incorporated herein by reference.
- 4.4 Statement of Resolution Regarding Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on July 9, 1999, filed as Exhibit 4.4 to the Company's Annual Report on Form 10-KSB for fiscal year ended December 31, 2000, and incorporated herein by reference.
- 4.5 Statement of Resolution regarding Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on December 4, 2001, filed as Exhibit 4.5 to the Company's Annual Report on Form 10-KSB for fiscal year ended December 31, 2001, and incorporated herein by reference.

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- 4.6 Statement of Resolution regarding Series C 8% Convertible Exchangeable Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State

of Texas on December 11, 2002, filed as Exhibit 4.6 to the Company's Annual Report on Form 10-KSB for fiscal year ended December 31, 2002, and incorporated herein by reference.

- 4.7 Form of Debenture Agreement and Debenture for 8% Subordinated Convertible Debentures, Series A, filed as Exhibit 4.2 to the Company's Registration Statement on Form SB-2 (Registration No. 333-12269), as amended, filed with the Commission and incorporated herein by reference.
- 4.8 Form of Warrant Agreement dated July 28, 1995, as amended, and Warrant, filed as Exhibit 4.3 to the Company's Registration Statement on Form SB-2 (Registration No. 333-12269), as amended, filed with the Commission and incorporated herein by reference.
- 4.9 Debenture Agreement dated December 10, 1999, with respect to the Company's \$2,500,000 8 1/2% Convertible Subordinated Debenture, Series B payable to Wedge Energy Services, L.L.C., filed as Exhibit 4.6 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, and incorporated herein by reference.
- 4.10 Statement of Resolution Establishing 8-1/2% Senior Convertible Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on May 17, 2000, filed as Exhibit 4.8 to the Company's Annual Report on Form 10-KSB for fiscal year ended December 31, 2000, and incorporated herein by reference.
- 4.11 Statement of Resolution regarding 8-1/2% Senior Convertible Preferred Stock of TGC Industries, Inc. as filed with the Secretary of State of Texas on November 27, 2002, filed as Exhibit 4.11 to the Company's Annual Report on Form 10-KSB for fiscal year ended December 31, 2002, and incorporated herein by reference.
- 10.1 Service Mark License Agreement dated as of July 31, 1986, between the Company and Supreme Industries, Inc. (formerly ESI Industries, Inc.), relating to the use of the Company's logo, filed as Exhibit 10(b) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.

- 10.2 The Company's 1986 Incentive and Nonqualified Stock Option Plan, filed as Exhibit 10(c) to the Company's Registration Statement on Form 10 (Registration No. 0-14908), filed with the Commission and incorporated herein by reference.
- 10.3 Amendment Number One to the Company's 1986 Incentive and Nonqualified Stock Option Plan as adopted by the Board of Directors on May 1, 1987, filed as Exhibit 10.4 to the Company's annual report on Form 10-K for the fiscal year ended December 31, 1987, and incorporated herein by reference.
- 10.4 The Company's 1993 Stock Option Plan as adopted by the Board of Directors on June 3, 1993, filed as Exhibit 10.4 to the Company's Registration Statement on Form S-2 (Registration No. 33-73216), filed with the Commission and incorporated by reference.
- 10.5 Master Contract for Geophysical Services-Onshore dated April 18, 1990 between Marathon Oil Co. and the Company together with a form of Supplementary

Agreement thereto, filed as Exhibit 10.8 to the Company's Registration Statement on Form S-2 (Registration No. 33-73216), filed with the Commission and incorporated herein by reference.

- 10.6 Agreement for Spin-off of Subsidiary Stock filed as Exhibit 1 to the Company's Form 8-K filed with the Commission on August 9, 1996 and incorporated herein by reference.
- 10.7 Bill of Sale dated July 31, 1996 between TGC Industries, Inc. and Chase Packaging Corporation, filed as Exhibit 10.8 to the Company's annual report on Form 10-KSB for the fiscal year ended December 31, 1996, and incorporated herein by reference.
- 10.8 Amendment No. 1 to the 1993 Stock Option Plan as adopted by the Board of Directors on July 24, 1996, filed as Exhibit 10.9 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998, and incorporated herein by reference.
- 10.9 Amendment No. 2 to the 1993 Stock Option Plan as adopted by the Board of Directors and approved by Company's Shareholders on June 4, 1998, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1998, and incorporated herein by reference.

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- 10.10 Warrant Agreements and Warrant Certificates dated July 30, 1999 issued by the Company to JMS Inc. Cust FBO William J. Barrett Keogh, JMS Inc. Cust FBO Herbert M. Gardner Keogh, Edward L. Flynn, Allen T. McInnes, and Wayne A. Whitener in connection with the issuance by the Company of notes payable to such persons, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, and incorporated herein by reference.
- 10.11 Debenture Purchase Agreement dated December 10, 1999, between WEDGE Energy Services, L.L.C. and the Company with respect to the purchase by WEDGE of the Company's 8 1/2% Convertible Subordinated Debenture, Series B, for the cash consideration of \$2,500,000 paid by WEDGE to the Company, filed as Exhibit 10.11 to the Company's Annual Report filed on Form 10-KSB for the fiscal year ended December 31, 1999, and incorporated herein by reference.
- 10.12 Voting Agreement dated December 10, 1999, between the Company, WEDGE Energy Services, L.L.C., and the following shareholders of the Company: Allen McInnes, Wayne Whitener, Herbert Gardner, William J. Barrett and Edward L. Flynn, filed as Exhibit 10.12 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, and incorporated herein by reference.
- 10.13 The Company's 1999 Stock Option Plan as adopted by the Board of Directors on December 14, 1999, filed as Exhibit 10.13 to the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1999, and incorporated herein by reference.
- 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.

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Item 13 (b) Reports on Form 8-K.

One report under Item 4 of Form 8-K was filed during the reporting period, as follows:

Form 8-K was filed on April 9, 2003, to report changes in the registrant's certifying accountant.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by item 14 of Form 10-KSB is hereby incorporated by reference from the Company's definitive proxy statement, which will be filed pursuant to Regulation 14A within 120 days after the Company's year end for the year covered by this report, under the caption "Principal Accountant Fees and Services" in the proxy statement.

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SIGNATURES

In accordance with Section 13 or 15(d) 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: March 23, 2004

By: /s/ Wayne A. Whitener
Wayne A. Whitener
President (Principal Executive
Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 23, 2004

By: /s/ Wayne A. Whitener
Wayne A. Whitener
President, Chief Executive
Officer and Director

Date: March 23, 2004

By: /s/ Kenneth Uselton
Kenneth Uselton, Secretary and
Treasurer (Principal Financial and
Accounting Officer)

Date: March 23, 2004

By: /s/ William J. Barrett
William J. Barrett
Director

Date: March 23, 2004

By: /s/ Herbert M. Gardner
Herbert M. Gardner
Director

Date: March 23, 2004

By: /s/ Allen T. McInnes
Allen T. McInnes
Director

Date: March 23, 2004

By: /s/ Edward L. Flynn
Edward L. Flynn
Director

Date: March 23, 2004

By: /s/ William C. Hurtt, Jr.
William C. Hurtt, Jr.
Director

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EXHIBIT 3.4

RESTATED ARTICLES OF INCORPORATION
(with amendment)
OF
TGC INDUSTRIES, INC.

ARTICLE ONE

TGC INDUSTRIES, INC., pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, hereby adopts Restated Articles of Incorporation which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and as further amended by such Restated Articles of Incorporation as hereinafter set forth and which contain no other change in any provision thereof.

ARTICLE TWO

The Articles of Incorporation of the Corporation are amended by the Restated Articles of Incorporation as follows:

A. Article 4 is amended by amending Article 4.a. to read in its entirety as follows:

4.a. Common Stock . The aggregate number of shares of Common Stock which the Corporation may issue is 25,000,00 shares, each having a par value of \$.01. The shares shall be designated as Common Stock and shall have identical rights and privileges in every respect.

ARTICLE THREE

Each such amendment made by these Restated Articles of Incorporation has been effected in conformity with the provisions of the Texas Business Corporation Act, and each such amendment made by the Restated Articles of Incorporation was duly adopted by the shareholders of the Corporation on the 12th day of June, 2003.

ARTICLE FOUR

The number of shares of capital stock of the Corporation outstanding at the time of such adoption was 8,355,872; and the number of shares entitled to vote thereon was 8,355,872.

The designation and number of outstanding shares of each class or series entitled to vote thereon as a class were as follows:

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<u>Class or Series</u>	<u>Number of Shares Outstanding and Entitled to Vote</u>
Common Stock	5,515,064

ARTICLE FIVE

The number of shares of capital stock voted for such amendment was 7,464,141; and the number of shares voted against such amendment was 15,345.

The number of shares of each class or series entitled to vote thereon as a class, voting for or against such amendment were as follows:

<u>Class or Series</u>	<u>Number of Shares Voted For</u>	<u>Against</u>
Common Stock	4,623,333	15,345

ARTICLE SIX

The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the following Restated Articles of Incorporation which accurately copy the entire text thereof and as amended as above set forth:

1. Name. The name of the Corporation is TGC INDUSTRIES, INC.
2. Duration. The period of its duration is perpetual.
3. Purposes. The Corporation is being organized under the Texas Business Corporation Act for the purpose of carrying out any lawful purpose or purposes.
4. Shares. The Corporation may issue two classes of shares as follows:
 - a. Common Stock. The aggregate number of shares of Common Stock which the Corporation may issue is 25,000,000 shares, each having a par

value of \$.01. The shares shall be designated as Common Stock and shall have identical rights and privileges in every respect.

b. Preferred Stock. The aggregate number of shares of Preferred Stock which the Corporation may issue is 4,000,000, each having a par value of \$1.00. The Preferred Stock authorized by these Restated Articles of Incorporation may be issued from time to time in series. The shares of each series shall be subject not only to the provisions of this Article 4b which is applicable to all series of preferred shares, but also to the additional provisions with respect to such series as are fixed from time to time by the

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Board of Directors. All preferred shares of each series shall be identical and of equal rank, except as may be modified by the Board of Directors. Each share of each series shall be identical in all respects with the other shares of such series, except as to the date from which dividends thereon shall be cumulative in the event the Board designates any such series to be cumulative preferred. The Board of Directors is hereby authorized and required to fix, in the manner and to the full extent provided and permitted by law, all provisions of the shares of each series not otherwise set forth in these Articles, including, but not limited to:

(1) Designation of Series-Number of Shares. The distinctive designation of each series and the number of shares constituting such series, which number may be increased (except where otherwise provided by the Board of Directors in its resolution creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by resolution of the Board of Directors;

(2) Dividend Rates and Rights. The annual rate and frequency of payment of dividends payable on the shares of all series and the dividend rights applicable thereto, including, in the event of Cumulative Preferred Stock, the date from which dividends shall be cumulative on all shares of any series issued prior to the record date for the first dividend on shares of such series;

(3) Redemption. The rights, if any, of the Corporation to redeem; the terms and conditions of redemption; and the redemption price or prices, if any, for the shares of each, any, or all series;

(4) Sinking Fund. The obligation, if any, of the Corporation to maintain a sinking fund for the periodic redemption of shares of any series and to apply the sinking fund to the redemption of such shares;

(5) Voluntary Liquidation Preferences. The amount payable on shares of each series in the event of any voluntary liquidation, dissolution, or winding up of the affairs of the Corporation;

(6) Conversion Rights. The rights, if any, of the holders of shares of each series to convert such shares into the Corporation's Common Stock and the terms and conditions of such conversion; and

(7) Voting Rights. The voting rights, if any, of the holders of the shares of each series, and any other preferences, and relative, participating, optional, or other special rights, and any qualifications, limitations, or restrictions thereof.

c. Reverse Stock Split. Effective as of 5:00 p.m. Central Standard Time, on November 6, 1998 (referred to herein as "Effective Time"), every three shares of the Common Stock, par value \$.10, issued and outstanding as of the Effective Time were automatically, and without action on the part of the stockholders, converted and combined into one validly issued, fully paid and non-assessable share of Common Stock, par value \$.30,

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(the "Reverse Split"). In the case of a holder of shares not evenly divisible by three, such holders received in lieu of any fraction of a share, an additional share of Common Stock. As of the Effective Time and thereafter, a certificate(s) representing shares of Common Stock prior to the Reverse Split were deemed to represent the number of new shares into which the old shares were convertible.

5. Commencement Of Business. The corporation will not commence business until it has received for the issuance of its shares consideration having a minimum value of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) and consisting only of labor done or money or property actually received.

6. No preemptive Rights. No shareholder or other person may have any preemptive rights.

7. Special Provisions Permitted To Be Set Forth In Articles Of Incorporation:

a. Interested Directors, Officers, and Shareholders.

(1) If paragraph (2) below is satisfied, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the corporation's directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose.

(2) Paragraph (1) above will apply only if:

(a) The contract or transaction is fair as to the corporation as of the time it is authorized, approved, or ratified by the Board of Directors, a committee of the board, or the shareholders;

(b) The material facts as to the relationship or interest of the director or officer and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(c) The material facts as to the relationship or interest of the director or officer and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the shareholders.

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(3) For purposes of paragraphs (1) and (2) above, common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

b. Indemnification.

(1) The corporation shall indemnify, to the extent provided in the following paragraphs, any person who is or was a director, officer, agent, or employee of the corporation and any person who serves or served at the corporation's request as a director, officer, agent, employee, partner, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise. In the event the provisions of indemnification set forth below are more restrictive than the provisions of indemnification allowed by Article 2.02-1 of the Texas Business Corporation Act, then such persons named above shall be indemnified to the full extent permitted by

(2) In case of a suit by or in the right of the corporation against a person named in paragraph (1) above by reason of such person's holding a position named in such paragraph (1) hereafter referred to as a derivative suit, the corporation shall indemnify such person for reasonable expenses actually incurred by such person in connection with the defense or settlement of the suit, but only if such person satisfies the standard in paragraph (4) to follow.

(3) In case of a threatened or pending suit, action, or proceeding (whether civil, criminal, administrative, or investigative), other than a derivative suit, hereafter referred to as a non-derivative suit, against a person named in paragraph (1) above by reason of such person's holding a position named in such paragraph (1), the corporation shall indemnify such person if such person satisfies the standard contained in paragraph (4), for amounts actually and reasonably incurred by such person in connection with the defense or settlement of the non-derivative suit as expenses (including court costs and attorneys' fees), amounts paid in settlement, judgments, and fines.

(4) Whether in the nature of a derivative suit or non-derivative suit, a person named in Paragraph (1) above will be indemnified only if it is determined in accordance with paragraph (5) above that such person:

- (a) acted in good faith in the transaction which is the subject of the suit;
- (b) reasonably believed:
 - (i) his conduct was in the best interests of the corporation; and

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- (ii) in all other cases, that his conduct was not opposed to the best interests of the corporation; and
- (c) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent will not, of itself, create a presumption that this person failed to satisfy the standard contained in this paragraph.

(5) A determination that the standard of paragraph (4) above has been satisfied must be made:

- (a) by a majority vote of a quorum consisting of directors who at the time of the vote are not named defendants or respondents in the proceeding; or
- (b) if such quorum cannot be obtained, by a majority vote of a committee of the board of directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding; or
- (c) by special legal counsel selected by the board of directors or a committee of a board by vote as set forth in subparagraphs (a) and (b) above, or, if such quorum cannot be obtained and such committee cannot be established, by a majority vote of all directors; or

(d) by the shareholders in a vote that excludes the vote of directors who are named defendants or respondents in the proceeding.

(6) Authorization of indemnification and determination as to

reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified by subparagraph (5)(c) above for the selection of special legal counsel.

(7) The corporation may reimburse or pay in advance any reasonable expenses (including court costs and attorneys' fees) which may become subject to indemnification under paragraphs (1) through (6) above, but only in accordance with the provisions as stated in paragraph (5) above, and only after the person to receive the payment (i) signs a written affirmation of his good faith belief that he has met the standard of conduct necessary for indemnification under paragraph (4), and (ii) undertakes in writing to repay such advances unless it is ultimately determined that such

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person is entitled to indemnification by the corporation. The written undertaking required by this paragraph must be an unlimited general obligation of the director but need not be secured. It may be accepted without reference to financial ability to make repayment.

(8) The indemnification provided by paragraphs (1) through (6) above will not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise.

(9) The indemnification and advance payment provided by paragraphs (1) through (7) above will continue as to a person who has ceased to hold a position named in paragraph (1) above and will inure to such person's heirs, executors, and administrators.

(10) The corporation may purchase and maintain insurance on behalf of any person who holds or has held any position named in paragraph (1) above against any liability incurred by such person in any such position, or arising out of such person's status as such, whether or not the corporation would have power to indemnify such person against such liability under paragraphs (1) through (7) above.

(11) Indemnification payments and advance payments made under paragraphs (1) through (10) above are to be reported in writing to the shareholders of the corporation in the next notice or waiver of notice of annual meeting, or within twelve months, whichever is sooner.

c. Bylaws. The power to alter, amend, or repeal the Bylaws is hereby vested in the Board of Directors.

d. Non-Cumulative Voting. Directors are to be elected by plurality vote. Cumulative voting is not permitted.

e. Purchase Own Stock. The corporation may, directly or indirectly, purchase its own shares to the extent of the aggregate of unrestricted capital surplus available therefor and unrestricted reduction surplus available therefor.

f. Supermajority Vote for Business Combinations.

The affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the Corporation at a duly called meeting of the stockholders shall be required for the approval or authorization of (1) any merger or consolidation of the Corporation with or into another corporation or entity, or (2) any sale of all or substantially all of the Corporation's assets to another corporation or entity.

g. Consideration of Fairness of Business Combinations.

The Board of Directors of the Corporation, when evaluating any offer of another party to (1) purchase or otherwise acquire all or substantially all of the properties or assets of the Corporation, (2) merge or consolidate the Corporation with or into another corporation or entity,

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or (3) make a tender or exchange offer for any equity security of the Corporation, may, in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its shareholders, give due consideration to all relevant factors, including, without limitation: (a) the fairness of the price or financial terms of the proposal, (b) the relationship of the proposal to the value of the Corporation in a transaction of a similar type resulting from arm's length negotiations; and (c) the social and economic effects of the proposed transaction on the employees, shareholders and other constituents of the Corporation and on the communities in which the Corporation operates or is located.

h. Number and Classification of Directors.

The Board of Directors shall consist of not less than three (3) nor more than nine (9) directors. The number of Directors may be increased or decreased (within the limits stated above) by resolution of the Board of Directors, but no decrease may have the effect of shortening the term of any incumbent director. A director may be removed prior to the end of the term for which he is elected only for cause and by the affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the Corporation at a meeting of the stockholders duly called for the consideration of such removal. At any such time as the Board of Directors shall consist of nine (9) directors, the Board of Directors may by resolution classify the Board into three (3) classes, each class to consist of three (3) directors. The term of office of directors of the first class shall expire at the first annual meeting of shareholders after their election, that of the second class shall expire at the second annual meeting after their election, and that of the third class shall expire at the third annual meeting after their election. At each annual meeting after such classification the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

i. Supermajority Vote for Amendment of this Article.

The provisions set forth in this Article 7 may not be amended, altered, changed or repealed in any respect unless such action is approved by the affirmative vote of the holders of eighty percent (80%) or more of the issued and outstanding shares of the corporation at a meeting of the stockholders duly called for the consideration of such amendment, alteration, change or repeal.

j. Limitation of Liability.

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for an act or omission in the director's capacity as a director, except that this paragraph does not eliminate or limit the liability of a director for (1)

breach of a director's duty of loyalty to the corporation, (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law, (3) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office, (4) an act or omission for which the liability of a director is expressly provided for by statute, or (5) an act related to an unlawful corporate distribution. Neither the amendment nor repeal of this paragraph shall eliminate or reduce the effect of this paragraph in respect of any matter occurring, or any cause of action, suit or claim that, but for this paragraph, would accrue or arise, prior to such amendment or repeal. If the Texas Business Corporation Act or the Texas Miscellaneous Corporation Laws Act is hereinafter amended to authorize corporate action further eliminating or limiting their personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Texas

Business Corporation Act or the Texas Miscellaneous Corporation Laws Act, as so amended from time to time.

8. Registered Office and Agent. The street address of the Corporation's present registered office and the name of its initial registered agent at such address are as follows:

CT Corporation System
350 N. St. Paul
Dallas, Texas 75201

9. Directors. The number of directors constituting the present board of directors is eight, and the names and addresses of the persons who will serve as directors until the next annual meeting and until their successors are duly elected and qualified are:

Name	Address
William J. Barrett	636 River Road Fair Haven, New Jersey 07704
Edward L. Flynn	75 - 11 Myrtle Avenue Glendale, New York 11385
Herbert M. Gardner	636 River Road Fair Haven, New Jersey 07704
William C. Hurtt, Jr.	236 Navesink Avenue Navesink, New Jersey 07752
Allen T. McInnes	TGC Industries, Inc. 1304 Summit Avenue, Suite 2 Plano, Texas 75074
Pasquale V. Scaturro	1415 Louisiana, Suite 3000 Houston, Texas 77002

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James M. Tidwell	1415 Louisiana, Suite 3000 Houston, Texas 77002
Wayne A. Whitener	TGC Industries, Inc. 1304 Summit, Suite 2 Plano, Texas 75074

DATED this 18th day of June, 2003.

TGC INDUSTRIES, INC.

By: /s/ Wayne A. Whitener
Wayne A. Whitener, President and CEO

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this annual report on Form 10-KSB of TGC Industries, Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - c) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal year 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: March 23, 2004

/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 annual report on Form 10-KSB of TGC Industries, Inc.;
2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - c) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal year 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):

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- 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: March 23, 2004

/s/ Kenneth W. Uselton
Kenneth W. Uselton
Secretary/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 annual report on Form 10-KSB (the "Form 10-KSB") for the fiscal year ended December 31, 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-KSB 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-KSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 23, 2004

/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 annual report on Form 10-KSB (the "Form 10-KSB") for the fiscal year ended December 31, 2003 of TGC Industries, Inc. (the "Company"). I, Kenneth W. Uselton, Secretary/Treasurer (Principal Financial and Accounting Officer) of the Company, certify that, to the best of my knowledge:

- (1) The Form 10-KSB 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-KSB fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 23, 2004

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

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