

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDING
SEPTEMBER 30, 2001.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM
_____ TO _____.

Commission File Number 0-14908

TGC INDUSTRIES, INC.
(Exact name of small business issuer as specified in its charter)

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

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

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

Check whether the issuer (1) filed all reports required to be filed
by Section 13 or 15 (d) of the Exchange Act during the past 12
months (or for such shorter period that the registrant was required
to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

Yes X No

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

Class	Outstanding at October 31, 2001
Common Stock (\$.30 Par Value)	2,479,225

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PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

Incorporated herein is the following unaudited financial
information:

Balance Sheet as of September 30, 2001.

Statements of Operations for the three and nine month
periods ended September 30, 2001 and 2000.

Statements of Cash Flows for the nine month periods ended
September 30, 2001 and 2000.

Notes to Financial Statements.

TGC INDUSTRIES, INC
BALANCE SHEET
(UNAUDITED)

	SEPTEMBER 30, 2001
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$1,121,094
Accounts receivable	626,278
Cost and estimated earnings in excess of billings on uncompleted contracts	156,032
Prepaid expenses and other	73,790
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Total current assets	1,977,194
PROPERTY AND EQUIPMENT - at cost	
Machinery and equipment	11,352,340
Automobiles and trucks	852,179
Furniture and fixtures	323,323
Other	18,144
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	12,545,986
Less accumulated depreciation and amortization	(9,462,927)
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	3,083,059
OTHER ASSETS	1,824
Total assets	<hr/> \$5,062,077 <hr/> =====

See notes to Financial Statements

TGC INDUSTRIES, INC
BALANCE SHEET -- CONTINUED
(UNAUDITED)

SEPTEMBER 30,
2001

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Trade accounts payable	\$ 557,129
Accrued liabilities	267,481
Billings in excess of costs and estimated earnings on uncompleted contracts	641,039
Current maturities of long-term obligations	64,482

Total current liabilities 1,530,131

LONG-TERM OBLIGATIONS, less current maturities

145,528

STOCKHOLDERS' EQUITY

Preferred stock, \$1.00 par value; 4,000,000 shares authorized: 8-1/2% Senior convertible preferred stock; 2,456,062 shares issued and outstanding	2,456,062
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8% Series C convertible exchangeable preferred stock; 1,150,350 shares issued, 1,035,650 shares outstanding	1,035,650
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Common stock, \$.30 par value; 25,000,000 shares authorized; 2,511,169 shares issued	753,351
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Additional paid-in capital	5,517,718
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Accumulated deficit	(6,161,049)
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Treasury stock, at cost (31,944 shares)	(215,314)
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3,386,418

Total liabilities and stockholders' equity \$ 5,062,077

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See notes to Financial Statements

TGC INDUSTRIES, INC
STATEMENTS OF OPERATIONS

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	2001	2000	2001	2000
Revenue	\$3,545,427	\$2,589,305	\$7,001,059	\$4,387,672
Cost of services	3,251,429	2,291,310	7,038,786	4,757,649
Selling, general, adm.	245,292	243,080	736,578	727,971
	<u>3,496,721</u>	<u>2,534,390</u>	<u>7,775,364</u>	<u>5,485,620</u>
INCOME (LOSS) FROM OPERATIONS	48,706	54,915	(774,305)	(1,097,948)

Interest expense	3,600	12,756	14,904	134,652
NET INCOME (LOSS)	45,106	42,159	(789,209)	(1,232,600)
Less dividend requirements on preferred stock	156,585	181,349	486,677	408,581
LOSS ALLOCABLE TO COMMON STOCKHOLDERS	\$(111,479)	\$(139,190)	\$(1,275,886)	\$(1,641,181)
Loss per common share:				
Basic and diluted	\$ (.05)	\$ (.06)	\$ (.54)	\$ (.72)
Weighted average number of common shares:				
Basic and diluted	2,437,893	2,321,358	2,382,708	2,286,820
See notes to Financial Statements				

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TGC INDUSTRIES, INC
Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(789,209)	\$(1,232,600)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,211,711	1,235,559
Gain on disposal of property and equipment	(4,000)	(3,901)
Changes in operating assets and liabilities		
Trade accounts receivable	268,486	(653,914)
Billings in excess of cost and estimated earnings on uncompleted contracts	314,507	323,403
Prepaid expenses	(1,705)	(95,836)
Other assets	(1,429)	100
Accounts payable	220,253	422,224
Accrued liabilities	126,946	266,748
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,345,560	261,783
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(332,537)	(513,336)
Proceeds from sale of property and equipment	4,000	3,901
NET CASH USED IN INVESTING ACTIVITIES	(328,537)	(509,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of warrants	3,766	-
Proceeds from issuance of debt	81,904	77,580
Principal payments of debt obligations	(240,730)	(719,204)
NET CASH USED IN FINANCING ACTIVITIES	(155,060)	(641,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	861,963	(889,276)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	259,131	1,898,674
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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$1,121,094	\$1,009,398
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Supplemental cash flow information		
Interest paid	\$14,904	\$ 54,374
Income taxes paid	\$ -	\$ -

See notes to Financial Statements

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TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2001

NOTE A -- BASIS OF PRESENTATION

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

NOTE B -- MANAGEMENT PRESENTATION

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position, results of operations, and changes in financial position have been included. The results of the interim periods are not necessarily indicative of results to be expected for the entire year. For further information, refer to the financial statements and the footnotes thereto included in the Company's Annual Report for the year ended December 31, 2000 filed on Form 10-KSB.

NOTE C -- EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per common share are based upon the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share are based upon the weighted average number of common shares outstanding and, when dilutive, common shares issuable for stock options, warrants and convertible securities. The effect of preferred stock dividends on the amount of loss available to common stockholders was \$.06 and \$.08 for the three months ended September 30, 2001 and 2000, respectively, and \$.20 and \$.18 for the nine months ended September 30, 2001 and 2000, respectively.

Outstanding warrants that were not included in the diluted calculation because their effect would be anti-dilutive totaled 850,000 for each of the three and nine month periods ended September 30, 2001, and 1,136,575 for each of the three and nine month periods ended September 30, 2000. Outstanding options that were not included in the diluted calculation because their effect would be anti-dilutive totaled 241,100 for each of the three and nine month periods ended September 30, 2001, and 176,497 for each of the three and nine month periods ended September 30, 2000.

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TGC INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2001
(Continued)

NOTE D DIVIDENDS

Holder of the Company's Series C 8% Convertible Exchangeable Preferred Stock ("Series C Preferred Stock") will receive, when, as and if declared by the Board of Directors of the Company, dividends at a rate of 8% per annum. The dividends are payable semi-annually during January and July of each year. At September 30, 2001, cumulative dividends of approximately \$1,035,650 were in arrears on the Company's

Series C Preferred Stock.

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

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

RESULTS OF OPERATIONS

TGC Industries, Inc. ("TGC") reported revenue of \$3,545,427 and net income, before dividend requirements on preferred stock, of \$45,106 for the three month period ended September 30, 2001, compared with revenue of \$2,589,305 and net income, before dividend requirements on preferred stock, of \$42,159 for 2000. Loss allocable to common stockholders per common share, on a basic and diluted basis, was \$(.05) for the three month period ended September 30, 2001, compared with a loss per common share of \$(.06) for 2000.

For the nine month period ended September 30, 2001, TGC had revenue of \$7,001,059 and a net loss, before dividend requirements on preferred stock, of \$(789,209). This compares with revenue of \$4,387,672 and a net loss, before dividend requirements on preferred stock, of \$(1,232,600) for the same period in 2000. Loss allocable to common stockholders per common share, on a basic and diluted basis, was \$(.54) for the nine month period ended September 30, 2001, compared with a loss per common share of \$(.72) for the same period in 2000.

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As a result of TGC reporting a loss allocable to common stockholders for the three and nine month periods ended September 30, 2001 and 2000, the number of shares used in the loss per share computation does not include any common shares issuable for stock options, warrants or convertible securities because the effect of their inclusion would be anti-dilutive.

TGC was awarded and completed sufficient work to return to profitability, before dividend requirements on preferred stock, during the third quarter of 2001 showing a significant improvement over the first two quarters of 2001. TGC had a backlog of \$6,173,700 at September 30, 2001. Despite the recent difficult industry conditions, management believes that bidding activity for seismic services will remain at or near current levels and the geophysical services industry has favorable long-term prospects.

Non-cash charges for depreciation and amortization were \$1,211,711 for the nine month period ended September 30, 2001 compared with \$1,235,559 for the same period of 2000.

At December 31, 2000, TGC had net operating loss carryforwards of approximately \$7,800,000 available to offset future taxable income, which expire at various dates through 2020.

FINANCIAL CONDITION

Cash of \$1,345,560 was provided from operations for the nine month period ended September 30, 2001 compared with cash provided from operations of \$261,783 for the same period of 2000. This increase was primarily the result of a decrease in accounts receivable, and a reduction in the net loss. Cash used in investing activities for the nine month periods ended September 30, 2001 and 2000, was \$328,537 and \$509,435, respectively. These funds were used principally for the addition of equipment. Cash used in financing activities for the nine month periods ended September 30, 2001 and 2000, was \$155,060 and \$641,624, respectively. These funds were used primarily for principal payments of debt obligations.

Working capital increased \$117,529 to \$447,063 from the December 31,

2000 balance of \$329,534. The Company's current ratio was 1.29 at September 30, 2001, compared with 1.36 at December 31, 2000. Stockholders' equity decreased \$785,442 from the December 31, 2000 balance of \$4,171,860 to \$3,386,418 at September 30, 2001. This decrease was primarily attributable to the net loss, before dividend requirements on preferred stock, of \$789,209.

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 2001.

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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, without limitation, the unpredictable nature of forecasting weather, the potential for contract delay or cancellation, and the potential for fluctuations in oil and gas prices. 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.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a. Exhibits -- None.
- b. Reports -- None.

SIGNATURES

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

TGC INDUSTRIES, INC.

Date: November 8, 2001 /s/ Wayne A. Whitener
Wayne A. Whitener
President & Chief
Executive Officer
(Principal Executive Officer)

Date: November 8, 2001 /s/ Kenneth W. Uselton
Kenneth W. Uselton
Treasurer (Principal Financial
and Accounting Officer)