

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) January 24, 2006

Twin Disc, Incorporated

(exact name of registrant as specified in its charter)

WISCONSIN

39-0667110

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1328 Racine Street Racine, Wisconsin 53403

(Address of principal executive offices)

Registrant's telephone number, including area code: (262)638-4000

Item 2.02. Results of Operation and Financial Condition

Twin Disc, Inc. has reported its 2nd quarter 2006 financial results. The Company's press release dated January 24, 2006 announcing the results is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information in this Current Report is being furnished pursuant to Items 9 and 12 of Form 8-K and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and Section 11 of the Securities Act of 1933, as amended, or otherwise subject to the liabilities of those sections. The Current Report will not be deemed an admission by the Company as to the materiality of any information in this report that is required to be disclosed solely by Items 9 or 12. The Company does not undertake a duty to update the information in this Current Report and cautions that the information included in this Current Report is current only as of January 24, 2005, and may change thereafter.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99 Twin Disc, Incorporated's 2nd quarter 2006 financial results.

SIGNATURE

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

January 24, 2006

Twin Disc, Inc.
/s/ Christopher J. Eperjesy

Christopher J. Eperjesy
VP - Finance, CFO and Secretary

FOR IMMEDIATE RELEASE

Contact: Christopher J. Eperjesy
(262) 638-4343TWIN DISC, INC., ANNOUNCES HIGHER FISCAL 2006
SECOND-QUARTER FINANCIAL RESULTSSecond-Quarter Diluted EPS Up 121.1%
First-Half Diluted EPS Up 123.7%
Backlog Up Significantly
Management Confident About 2006

RACINE, WISCONSIN-January 24, 2006-Twin Disc, Inc. (NASDAQ: TWIN), today reported financial results for the fiscal 2006 second quarter and first half ended December 31, 2005.

Sales for the quarter ended December 31, 2005, improved 4.2 percent to \$57,051,000 from \$54,731,000 in the same period a year ago. Year to date, sales increased 6.5 percent to \$106,628,000 from \$100,113,000 in the fiscal 2005 first half. Sales continue to benefit from strong demand across all the markets the Company serves, especially from its oilfield, military, and commercial marine customers.

Gross margin as a percentage of sales increased 2.6 percentage points to 28.1 percent from 25.5 percent in last year's comparable period. For the fiscal 2006 first half, gross margin as a percentage of sales increased 2.9 percentage points to 28.5 percent from 25.6 percent in the same period last year. The increase in gross margins is a result of a shift in product mix to higher margin items, selective price increases, improved absorption due to higher volume at the Company's domestic manufacturing operation, and previously announced cost reduction programs.

Net earnings for the second quarter increased 123.6 percent, or \$1,376,000, to \$2,489,000, or \$0.84 per diluted share, compared with \$1,113,000, or \$0.38 per diluted share, for the fiscal 2005 second quarter. For the fiscal 2006 first half, net earnings increased 127.1 percent to \$4,974,000, or \$1.70 per diluted share, compared with \$2,190,000, or \$0.76 per diluted share, in the fiscal 2005 first half.

Commenting on the results, Michael E. Batten, Chairman and Chief Executive Officer, said, "Fiscal 2006 is turning out to be one of the best years in the Company's 87 year history. We are extremely pleased with the positive momentum as this was the best second quarter of sales since 1982, and the best second quarter for net earnings since 1989. With our trailing twelve-month sales and earnings now at \$224,987,000 and \$3.31 per diluted share, respectively, we are confident about the financial outlook for fiscal 2006. We are encouraged with our financial growth and are seeking acquisitions to further expand our internal businesses."

Christopher J. Eperjesy, Vice President, Chief Financial Officer and Secretary, stated, "The Company's balance sheet remains firm. At the end of the second quarter, working capital increased 27.5 percent to \$55,608,000. Our accounts receivable and accounts payable decreased 10.9 percent and 17.7 percent, respectively. With our six-month backlog up 40.0 percent since June 30, 2005, our inventories were up only 13.0. Further, over the past five years, over half of our sales and significantly more than half of our income came in the second half of the year. Shareholders' equity now stands at \$69,879,000, an increase of 4.5 percent from \$66,899,000 at June 30, 2005."

Mr. Batten concluded, "Our backlog of orders to be shipped over the next six months is approximately \$87,000,000, up over 60.0 percent compared with the same period a year ago. Based on our expanding backlog, strong margins, business mix and favorable industry dynamics, Twin Disc is well positioned to continue to expand sales and earnings throughout the year."

Twin Disc designs, manufactures and sells heavy-duty off-highway power transmission equipment. Products offered include: marine transmissions, surface drives and propellers; power-shift transmissions; power take-offs and reduction gears; industrial clutches; and control systems. The Company sells its products to customers primarily in the marine, industrial equipment, government, energy and natural resources, and agricultural markets.

This press release may contain statements that are forward looking as defined by the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. All forward-looking statements are based on current expectations regarding important risk factors including those identified in the Company's most recent periodic report and other filings with the Securities and Exchange Commission. Accordingly, actual results may differ materially from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved.

--Financial Results Follow--

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per-share data; unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
	----	----	----	----
Net sales	\$57,051	\$54,731	\$106,628	\$100,113
Cost of goods sold	41,028	40,793	76,201	74,523
	-----	-----	-----	-----
Gross profit	16,023	13,938	30,427	25,590
Marketing, engineering and administrative expenses	11,489	11,261	21,637	20,770
Interest expense	399	291	715	510
Other expense (Income), net	(47)	185	(101)	141
	-----	-----	-----	-----
Earnings before income taxes and minority interest	4,182	2,201	8,176	4,169
Income taxes	1,671	1,045	3,137	1,911
Minority interest	22	43	65	68
	-----	-----	-----	-----
Net earnings	\$2,489	\$1,113	\$4,974	\$2,190
	-----	-----	-----	-----
Earnings per share:				
Basic	\$ 0.86	\$ 0.39	\$ 1.73	\$ 0.77
Diluted	\$ 0.84	\$ 0.38	\$ 1.70	\$ 0.76
Average shares outstanding:				
Basic	2,888	2,859	2,877	2,848
Diluted	2,950	2,907	2,934	2,895
Dividends per share	\$0.175	\$0.175	\$ 0.35	\$ 0.35

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per-share data; unaudited)

	December 31, 2005	June 30, 2005
	----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$11,493	\$11,614
Trade accounts receivable, net	33,623	37,751
Inventories, net	54,778	48,481
Deferred income taxes	6,944	5,514
Other	2,437	3,423
	-----	-----
Total current assets	109,275	106,783
Property, plant and equipment, net	38,771	40,331
Goodwill	12,591	12,854
Deferred income taxes	14,680	16,230

Other assets	9,026	9,097
	-----	-----
	\$184,343	\$185,295
	-----	-----
	-----	-----

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes payable	\$831	\$3,522
Current maturities on long-term debt	2,854	2,849
Accounts payable	17,897	21,746
Accrued liabilities	32,085	35,050

Total current liabilities	----- 53,667	----- 63,167
Long-term debt	21,631	14,958
Accrued retirement benefits	38,639	39,680
	----- 113,937	----- 117,805
Minority interest	527	591
Shareholders' equity:		
Common stock	11,653	11,653
Retained earnings	93,277	89,316
Unearned Compensation	(135)	(203)
Accumulated other comprehensive loss	(19,478)	(17,567)
	----- 85,317	----- 83,199
Less treasury stock, at cost	15,438	16,300
	----- 69,879	----- 66,899
Total shareholders' equity	69,879	66,899
	----- \$184,343	----- \$185,295
	----- -----	----- -----