

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) October 21, 2005  
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Twin Disc, Incorporated  
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(exact name of registrant as specified in its charter)

WISCONSIN  
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39-0667110  
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(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

1328 Racine Street Racine, Wisconsin 53403  
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(Address of principal executive offices)

Registrant's telephone number, including area code: (262)638-4000  
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Check the appropriate below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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Item 2.02 Results of Operations and Financial Condition.

Twin Disc, Inc. has reported its 1st quarter 2006 financial results. The Company's press release dated October 21, 2005 announcing the results is attached hereto as Exhibit 99 and is incorporated herein in its entirety by reference.

The information in this Current Report shall not be deemed "filed" for the purpose 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, nor will this Current Report 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 Item 2.02. The Current Report shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933m as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. 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 October 21, 2005, and may change thereafter.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99 Twin Disc, Incorporated's 1st quarter 2006 financial results.  
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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.

October 21, 2005

Twin Disc, Inc.

/s/ Christopher J. Eperjesy

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Christopher J. Eperjesy  
VP - Finance, CFO and Secretary

EXHIBIT INDEX

Exhibit Number    Description

Exhibit 99        Twin Disc, Incorporated's 1st quarter 2006 financial  
results.

TWIN DISC, INC., ANNOUNCES HIGHER FISCAL 2006  
FIRST-QUARTER FINANCIAL RESULTS

First-Quarter Diluted EPS up 129.7% to \$0.85 versus \$0.37  
First-Quarter Sales up 9.2% to \$49,577,000  
Management Optimistic about the Fiscal 2006 Outlook

RACINE, WISCONSIN-October 21, 2005-Twin Disc, Inc. (NASDAQ: TWIN). today reported significantly improved financial results for the fiscal 2006 first quarter ended September 30, 2005. Sales and diluted earnings per share for the first three months of fiscal 2006 represented the best first quarter in the past 24 fiscal years.

Sales for the quarter ended September 30, 2005 improved 9.2 percent to \$49,577,000 from \$45,382,000 in the same period a year ago. The results for the current fiscal quarter were favorably impacted by continued strong demand across all the markets the Company serves, especially from its oil and military customers.

Gross margin as a percentage of sales increased 3.4 percent to 29.1 percent from 25.7 percent in last year's comparable period. This was the fourth sequential quarterly increase in gross margins as a result of the Company's previously announced cost reduction programs, shifting product mix to higher margined items, and selective price increases. Net earnings for the first quarter increased 130.8 percent, or \$1,409,000 to \$2,486,000, or \$0.85 per diluted share, compared with \$1,077,000, or \$0.37 per diluted share, for the fiscal 2005 first quarter.

Commenting on the results, Michael E. Batten, Chairman and Chief Executive Officer, said, "We are extremely encouraged with how the 2006 fiscal year has started out. The bottom-line growth experienced in the quarter exceeded our expectations, as we were successful in increasing sales, managing costs, and improving margins. Our trailing 12-month earnings per diluted share now stands at \$2.86, representing the positive sales and earnings momentum that started in the second half of fiscal year 2004."

Christopher J. Eperjesy, Vice President - Finance, Chief Financial Officer and Secretary, stated, "We remain focused on strengthening the Company's balance sheet to support our future growth. At the end of the first quarter, working capital was \$52,298,000, an increase of \$8,682,000 from the end of fiscal 2005. In the quarter, we invested \$1,300,000 in capital expenditures, and, for the year, we expect to spend approximately \$10,000,000 in investments in capital assets, compared to almost \$12,000,000 in fiscal 2005. While inventories increased during the quarter as a result of our strong backlog and improved order rate, accounts receivable declined \$3,556,000, or 9.4 percent. Shareholders' equity now stands at \$69,438,000 an increase of 3.8 percent from \$66,899,000 at fiscal year end."

Mr. Batten concluded, "We received a number of new contracts during the quarter, including one of the largest orders we have ever received for our 8500 Series Transmissions. More companies throughout the markets we serve are recognizing Twin Disc as a leading provider of innovative and highly reliable power transmission products. Our backlog of orders to be shipped over the next six months, including the backlog from Rolla, was \$74,700,000. Based on our strong backlog, improving margins 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.

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

	Three Months Ended September 30,	
	2005	2004
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Net sales	\$49,577	\$45,382
Cost of goods sold	35,173	33,730
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Gross profit	14,404	11,652
Marketing, engineering and administrative expenses	10,147	9,509
Interest expense	316	219
Other income, net	(54)	(44)
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Earnings before income taxes and minority interest	3,995	1,968
Income taxes	1,466	866
Minority interest	(43)	(25)
Net earnings	\$ 2,486	\$ 1,077
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Earnings per share:		
Basic	\$ 0.87	\$ 0.38
Diluted	\$ 0.85	\$ 0.37
Average shares outstanding:		
Basic	2,866	2,836
Diluted	2,921	2,888
Dividends per share	\$ 0.175	\$ 0.175

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

	September 30, 2005 ----	June 30, 2005 ----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$9,502	\$11,614
Trade accounts receivable, net	34,195	37,751
Inventories, net	53,345	48,481
Deferred income taxes	5,807	5,514
Other	4,015	3,423
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Total current assets	106,864	106,783
Property, plant and equipment, net	39,957	40,331
Goodwill	12,764	12,854
Deferred income taxes	14,627	16,230
Other assets	8,932	9,097
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	\$183,144	\$185,295
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<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$3,135	\$3,522
Current maturities on long-term debt	2,849	2,849
Accounts payable	15,880	21,746
Accrued liabilities	32,702	35,050
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Total current liabilities	54,566	63,167
Long-term debt	20,277	14,958
Accrued retirement benefits	38,346	39,680
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	113,189	117,805
Minority interest	517	591
Shareholders' equity:		
Common stock	11,653	11,653
Retained earnings	91,297	89,316
Unearned Compensation	(150)	(203)
Accumulated other comprehensive loss	(17,842)	(17,567)
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	84,958	83,199
Less treasury stock, at cost	15,520	16,300
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Total shareholders' equity	69,438	66,899
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	\$183,144	\$185,295
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