

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, 2005

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 7 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99.1 Press Release dated January 16, 2004.

Item 9. Regulation FD Disclosure and

Item 12. Results of Operation and Financial Condition

Twin Disc, Inc. has reported its 2nd quarter 2005 financial results. The Company's press release dated January 24, 2005 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.

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.

Twin Disc, Inc.
/s/ Fred H. Timm

Fred H. Timm
Chief Accounting Officer

FOR IMMEDIATE RELEASE
Contact: Christopher J. Eperjesy
(262) 638-4343

TWIN DISC, INC., ANNOUNCES FINANCIAL RESULTS FOR
FISCAL 2005 SECOND QUARTER AND FIRST HALF

RACINE, WISCONSIN-January 24, 2005-Twin Disc, Inc. (NASDAQ: TWIN), today announced financial results for the fiscal 2005 second quarter and the first six months ended December 31, 2004. The second quarter of fiscal 2005 represents the fourth consecutive quarter sales improved year-over-year and the eighth consecutive quarter net earnings improved year-over-year.

For the three months ended December 31, 2004, sales increased 29 percent to \$54,731,000 compared to \$42,371,000 in the same period last fiscal year. Year-to-date sales have increased \$19,776,000, or 24 percent to \$100,113,000 from \$80,337,000 in the fiscal 2004 first half.

Net earnings for the fiscal 2005 second quarter increased to \$1,174,000, or \$0.40 per diluted share from \$508,000, or \$0.18 per diluted share in the fiscal 2004 second quarter. Year-to-date net earnings increased to \$2,326,000, or \$0.80 per diluted share from \$679,000, or \$0.24 per diluted share a year ago. The year-to-date results include the effect of the Company's recent acquisition of Rolla SP Propellers SA (Rolla), which was acquired as of the end of the prior fiscal year.

In the fiscal 2005 second quarter, gross margin as a percentage of sales increased slightly to 25.6 percent from 25.3 percent in the fiscal 2004 second quarter. Gross margins in the fiscal 2005 first half increased 1.4 percentage points to 25.8 percent from 24.4 percent in the same period a year ago, as a result of higher sales volume, improved business mix, efficiencies and sourcing, and lower pension expenses even though industrial raw material costs in general increased as well as higher energy and shipping prices.

Chairman and Chief Executive Officer Michael E. Batten said, "We are very pleased with both the operating and financial progress achieved for the first half of the fiscal year and over the past 12 months. The benefits of implementing and enhancing the restructuring strategies that were begun approximately two years ago are contributing to leveraging our capability to manufacture at higher unit volumes. However, continued increases in raw material prices are restricting some of these improvements and prior benefits of our cost control policies. Our backlog of orders, excluding Rolla, to be shipped over the next six months is \$51.8 million, which is down slightly from the prior quarter, but is higher than the backlog at the end of the fiscal year and is nine percent higher than it was a year ago.

"We are encouraged with our financial growth and are seeking acquisitions to add to future growth and profitability. With our trailing twelve-month sales and earnings now at \$205.9 million and \$2.40 per diluted share, respectively, we are confident about the financial outlook for fiscal 2005.

"The Company's balance sheet remains firm. Inventories over the first half of the year were up just 14 percent compared with the 24 percent increase in sales. Our accounts receivable have decreased seven percent since the fiscal year end and shareholders' equity rose to nearly \$69.0 million from \$61.0 million at June 30, 2004. Over the past six months, total debt increased \$3.5 million, to \$24.9 million, primarily due to increased pension funding, working capital requirements related to increased sales activity and capital spending, including the completion of a new facility at our manufacturing operation in Switzerland," concluded Mr. Batten.

Twin Disc, Inc., designs, manufactures and internationally distributes heavy-duty off-highway power transmission equipment for the construction, industrial, government, marine, agricultural, and energy and natural resources 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, | |
|--|------------------------------------|----------|----------------------------------|-----------|
| | 2004 | 2003 | 2004 | 2003 |
| Net sales | \$54,731 | \$42,371 | \$100,113 | \$ 80,337 |
| Cost of goods sold | 40,693 | 31,650 | 74,300 | 60,720 |
| Gross profit | 14,038 | 10,721 | 25,813 | 19,617 |
| Marketing, engineering and administrative expenses | 11,261 | 9,277 | 20,770 | 17,635 |
| Interest expense | 291 | 283 | 510 | 563 |
| Other expense (Income), net | 185 | 21 | 141 | (184) |
| Earnings before income taxes and minority interest | 2,301 | 1,140 | 4,392 | 1,603 |
| Income taxes | 1,084 | 624 | 1,998 | 905 |
| Minority interest | 43 | 8 | 68 | 19 |
| Net earnings | \$ 1,174 | \$ 508 | \$ 2,326 | \$ 679 |
| Earnings per share: | | | | |
| Basic | \$ 0.41 | \$ 0.18 | \$ 0.82 | \$ 0.24 |
| Diluted | \$ 0.40 | \$ 0.18 | \$ 0.80 | \$ 0.24 |
| Average shares outstanding: | | | | |
| Basic | 2,859 | 2,813 | 2,848 | 2,808 |
| Diluted | 2,907 | 2,833 | 2,895 | 2,823 |
| Dividends per share | \$0.175 | \$0.175 | \$ 0.35 | \$ 0.35 |

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

| | December 31, 2004 | June 30, 2004 |
|--------------------------------------|----------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$8,914 | \$9,127 |
| Trade accounts receivable, net | 34,335 | 37,091 |
| Inventories, net | 59,558 | 52,079 |
| Deferred income taxes | 4,557 | 4,216 |
| Other | 3,768 | 3,111 |
| Total current assets | 111,132 | 105,624 |
| Property, plant and equipment, net | 36,234 | 33,222 |
| Goodwill | 13,098 | 12,717 |
| Deferred Income taxes | 15,383 | 15,668 |
| Other assets | 9,446 | 9,406 |
| | \$185,293 | \$176,637 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Notes payable | \$2,710 | \$1,607 |
| Current maturities on long-term debt | 2,857 | 3,018 |

| | | |
|--------------------------------------|-----------|-----------|
| Accounts payable | 16,242 | 17,241 |
| Accrued liabilities | 28,762 | 27,262 |
| | ----- | ----- |
| Total current liabilities | 50,571 | 49,128 |
| Long-term debt | 19,370 | 16,813 |
| Accrued retirement benefits | 46,283 | 49,456 |
| | ----- | ----- |
| | 116,224 | 115,397 |
| Minority interest | 483 | 509 |
| Shareholders' equity: | | |
| Common stock | 11,653 | 11,653 |
| Retained earnings | 87,763 | 86,443 |
| Unearned Compensation | (308) | (304) |
| Accumulated other comprehensive loss | (14,719) | (20,301) |
| | ----- | ----- |
| | 84,389 | 77,491 |
| Less treasury stock, at cost | 15,803 | 16,760 |
| | ----- | ----- |
| Total shareholders' equity | 68,586 | 60,731 |
| | ----- | ----- |
| | \$185,293 | \$176,637 |