

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 15, 2004

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

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 2005 financial results. The Company's press release dated October 15, 2004 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 15, 2004, and may change thereafter.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99 Twin Disc, Incorporated's 1st quarter 2005 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.

October 15, 2004

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

Fred H. Timm
Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
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Exhibit 99	Twin Disc, Incorporated's 1st quarter 2005 financial results.
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TWIN DISC, INC., ANNOUNCES FIRST-QUARTER FINANCIAL RESULTS
Seventh Consecutive Quarter with Year-over-Year Improvement in Earnings

RACINE, WISCONSIN-October 15, 2004-Twin Disc, Inc. (NYSE: TDI), today reported significantly improved financial results for the fiscal 2005 first quarter ended September 30, 2004. The financial results for the first three months of fiscal 2005 represents the best first quarter in the past seven fiscal years.

Net earnings for the first quarter increased \$981,000 to \$1,152,000, or \$0.40 per diluted share, compared with \$171,000, or \$0.06 per diluted share, for the fiscal 2004 first quarter. This represents the seventh consecutive fiscal quarter with year-over-year improvement in net earnings.

Sales for the quarter ended September 30, 2004 improved 19.5% to \$45,382,000 from \$37,966,000 in the same period a year ago. This represents the third consecutive fiscal quarter with year-over-year improvement in sales. The results for the current fiscal quarter were favorably impacted by the Company's recent acquisition of Rolla SP Propellers SA (Rolla) as well as a previously announced military contract to supply transmission systems for vehicles to be delivered to the Israeli Defense Forces. The latter contributed nearly \$2.4 million in sales for the quarter.

Gross margin as a percentage of sales increased to 25.9% from 23.4%. Gross margins improved primarily due to higher volume while maintaining fixed costs at fiscal year 2004 levels. The benefits from cost reduction, prior restructuring programs and lower pension expense helped to offset higher steel and other costs.

Commenting on the results, Chairman and Chief Executive Officer Michael E. Batten said, "The current fiscal year has started out very strong and continues the positive momentum we established in the second half of fiscal year 2004. Demand across most of our markets is up and our backlog of orders remains very healthy. Our trailing 12-month earnings per diluted share now stand at \$2.18 as we continue to focus on improving our worldwide operating results.

"The Company's balance sheet remains strong with excellent liquidity. Accounts receivable were down nearly \$4 million, or 10%, while inventory increased a like amount. The latter is primarily a result of increased order activity as we schedule production to meet demand for the balance of the fiscal year. Long-term debt increased a little more than \$3 million versus the end of fiscal 2004. This increase is primarily attributable to increased funding in the quarter of the Company's pension plan as well as increased capital investment. In the quarter, the Company invested \$1,740,000 in capital expenditures. In total, the Company expects to more than double its investments in capital assets in fiscal 2005 compared to fiscal 2004. The ratio of total debt to capital (total debt plus shareholders' equity) was 28.6%, compared with 26.1% at the prior fiscal year-end. We continue our efforts to improve our overall liquidity and strength our balance sheet.

"Our backlog of orders to be shipped over the next six months, excluding the backlog from Rolla, was \$52,200,000, an increase of 6% from fiscal year end, and 27% higher than it was at September 30, 2003. We see our business remaining firm entering the new quarter.

"Our marketing activities, as well as engineering services and manufacturing are at high levels. We remain focused in producing quality products, providing value-added services and using our global manufacturing presence to be able to source and purchase components and raw materials that will allow us to contain manufacturing costs. This is positioning the Company to expand sales, achieve improving margins and manage higher returns on assets to earn our cost of capital. We are pleased with our progress and believe we have more room for improvement."

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 September 30,	
	2004	2003
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Net sales	\$45,382	\$37,966
Cost of goods sold	33,607	29,070
Gross profit	11,775	8,896
Marketing, engineering and administrative expenses	9,509	8,358
Interest expense	219	280
Other income, net	(44)	(205)
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Earnings before income taxes and minority interest	2,091	463
Income taxes	914	281
Minority interest	25	11
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Net earnings	\$ 1,152	\$ 171
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Earnings per share:		
Basic	\$ 0.41	\$ 0.06
Diluted	\$ 0.40	\$ 0.06
Average shares outstanding:		
Basic	2,836	2,803
Diluted	2,888	2,839
Dividends per share	\$ 0.175	\$ 0.175

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

	September 30,	June 30,
	2004	2004
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,008	\$ 9,127
Trade accounts receivable, net	33,292	37,091
Inventories, net	55,840	52,079
Deferred income taxes	4,216	4,216
Other	3,432	3,111
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Total current assets	104,788	105,624
Property, plant and equipment, net	33,798	33,222
Goodwill	12,683	12,717
Deferred income taxes	15,673	15,668
Other assets	9,407	9,406
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	\$176,349	\$176,637

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Notes payable	\$ 1,865	\$1,607
Current maturities on long-term debt	2,857	3,018
Accounts payable	15,525	17,241
Accrued liabilities	27,161	27,262
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Total current liabilities	47,408	49,128
Long-term debt	20,151	16,813
Accrued retirement benefits	46,210	49,456
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	113,769	115,397
Minority interest	441	509
Shareholders' equity:		
Common stock	11,653	11,653
Retained earnings	87,094	86,443
Unearned Compensation	(262)	(304)
Accumulated other comprehensive loss	(20,072)	(20,301)
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	78,413	77,491
Less treasury stock, at cost	16,274	16,760
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Total shareholders' equity	62,139	60,731
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	\$176,349	\$176,637
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