SECURITIES AND EXCHANGE COMMISSION
WASHINGTON
Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1995 Commission File Number 1-7635

TWIN DISC, INCORPORATED

(Exact name of registrant as specified in its charter)

Wisconsin	39-0667110
(State or other jurisdiction of Incorporation or organization)	(I.R.S Employer Identification No.)
1328 Racine Street, Racine, Wisconsin	53403
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (414) 638-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 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

At March 31, 1995, the registrant had 2,774,374 shares of its common stock outstanding.

FINANCIAL STATEMENTS

TWIN DISC, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(Thousands)	March 31 1995 (unaudited)	June 30 1994
Assets		
Cash and cash equivalents	$ 3,626	$ 4,166
Accounts and notes receivable	28,374	25,682
Inventories	45,890	41,569
Deferred income taxes	4,510	4,511
Other current assets	3,380	4,482
Total current assets	85,780	80,410
Property, plant and equipment	109,556	103,776
Accumulated depreciation	72,240	67,100
Net property, plant and equipment	37,316	36,676
Deferred income taxes	4,511	4,584
Intangible pension asset	9,606	9,606
Other assets	16,279	12,640
	$153,492	$143,916
Liabilities		
Notes payable	$ 2,500	$ 3,000
Accounts payable	11,197	7,890
Accrued liabilities	21,705	21,820
Total current liabilities	35,402	32,710
Long-term debt	14,020	11,500
Accrued postretirement benefits	34,638	34,309
Total liabilities	84,060	78,519
Shareholders' Equity		
Common stock	11,653	11,653
Retained earnings	64,860	63,353
Translation component	10,830	7,778
	87,343	82,784
Treasury stock	17,911	17,387
	69,432	65,397
	$153,492	$143,916

The notes to consolidated financial statements are an integral part of this statement.

TWIN DISC, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31		Nine Months Ended March 31	
	1995	1994	1995	1994
Net sales	$42,946	$34,147	$115,648	$100,169
Cost of goods sold	33,444	26,644	90,456	81,126
	9,502	7,503	25,192	19,043
Marketing, engineering and administrative expenses	6,746	5,872	19,542	16,949
Interest expense	359	166	939	535
Other (income)and expense, net	76	(24)	(236)	(611)
	7,181	6,014	20,245	16,873
Earnings before income tax	2,321	1,489	4,947	2,170
Income taxes	916	547	1,975	688
Net Earnings	$ 1,405	$ 942	$ 2,972	$ 1,482
Earnings per share data:				
Earnings per share	$ 0.50	$ 0.34	$ 1.06	$ 0.53
Dividends per share	$ .175	$ .175	$ .525	$ .525
Average shares outstanding (thousands)	2,787	2,799	2,795	2,799
Translation component of equity				
Balance - beginning of the period	$ 8,420	$ 5,855	$ 7,778	$ 6,219
Translation adjustment	2,410	875	3,052	511
Balance - end of the period	$10,830	$ 6,730	$10,830	$ 6,730

In thousands of dollars except per share statistics and average shares outstanding. Per share figures are based on average shares outstanding.

The notes to consolidated financial statements are an integral part of this statement.

TWIN DISC, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands)	Nine Months Ended March 31 1995	1994
Cash flows from operating activities:		
Net earnings	$ 2,972	$ 1,482
Non-cash adjustments to net earnings:		
Depreciation	3,133	3,500
Net change in working capital, excluding cash and debt	(838)	3,240
	5,267	8,222
Cash flows from investing activities:		
Acquisitions of fixed assets	(2,748)	(2,650)
Proceeds from sale of fixed assets	29	377
Investment in affiliates	(3,168)	-
	(5,887)	(2,273)
Cash flows from financing activities:		
Decrease in notes payable,net	(615)	(2,122)
Proceeds from long-term debt	2,510	-
Principal payments on long-term debt	-	(1,000)
Dividend payments	(1,465)	(1,470)
Treasury stock activity	(524)	-
	(94)	(4,592)
Effect of exchange rate changes on cash	174	176
Net change in cash and cash equivalents	(540)	1,533
Cash and cash equivalents:		
Beginning of period	4,166	2,903
End of period	$ 3,626	$ 4,436

The notes to consolidated financial statements are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

A. Basis of Presentation

The unaudited financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of the Company, include all adjustments, consisting only of normal recurring items, necessary for a fair statement of results for each period. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted account principles have been condensed or omitted pursuant to such SEC rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with financial statements and the notes thereto included in the Company's latest Annual Report. The year end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles.

B. Inventory

The major classes of inventories were as follows (in thousands):

	March 31 1995	June 30 1994
Inventories:		
Finished parts	$34,618	$30,315
Work in process	8,125	7,539
Raw materials	3,147	3,715
	$45,890	$41,569

C. Contingencies

The Company is involved in various stages of investigation relative to hazardous waste sites, some of which are on the United States EPA National Priorities List (Superfund). While it is impossible at this time to determine with certainty the ultimate outcome of such environmental matters, they are not expected to materially affect the Company's financial position or results of operations.

MANAGEMENT DISCUSSION AND ANALYSIS

The steady recovery in our markets continued in the third quarter and led to a 26 percent increase in sales when compared to those reported a year ago. Net earnings also were up sharply from last year's third quarter as a result of the higher sales and improved manufacturing productivity.

Quarterly net sales from domestic manufacturing operations were about 28 percent higher than a year ago. The increases were seen across most product lines, but the most notable improvements were Arneson surface drives, transmissions for large farm tractors, steering units for a military contract, and marine transmissions for fish and work boats.

The increase in sales reported by our Belgian subsidiary was slightly less than the domestic component, but a large part of that increase was due to the weaker dollar exchange rate used in translation. About one-third of the increase was attributable to the higher volume of shipments. Much of the increased demand being served by that operation relates to dollar denominated shipments into the United States, and the weak dollar is causing margins to be squeezed. To date, budgeted earnings are being realized through above budget sales volume and productivity. In terms of products and markets, the higher sales level continues to reflect demand for mobile torque converters and marine transmissions for pleasure craft applications.

Domestic and overseas marketing subsidiaries continued to post volume gains with sales of the overseas operations, as stated in dollar terms, generally augmented by the effects of translating at the weaker dollar exchange rates. While demand for marine transmissions continues, there is also solid demand for Arneson surface drives and power take-offs.

Cost of goods sold as percent of net sales showed only a slight improvement over the costs reported in the same quarter last year despite the volume increase. The principal factors mitigating the favorable effect of volume and productivity have been the narrowing of European margins caused by dollar's decline and a change in mix of product sold domestically. As markets recover, the higher unit volumes reduce the relative importance of our stable, profitable renewal parts business.

Marketing, engineering, and administrative expenses continued to run about 15 percent higher than last year but declined as a percent of sales. As in the prior quarter, most of the increase was caused by three items of similar magnitude - computer leasing and training costs associated with this year's phase-in of new business systems, weakness of dollar exchange rates, and costs associated with domestic operational changes. While the increase in interest expense reflects the significant rise in borrowing rates in the U.S. during the past year, most of the change in that item is due to a 30 percent increase in average debt outstanding since last year.

Working capital increased by $3 million during the quarter, and the current ratio declined slightly to 2.4. The current ratio is virtually unchanged from the beginning of the fiscal year, but working capital has increased by $3 million since that time. While incremental sales volume normally would be expected to require higher working capital, most of the increase can be attributed to the effect of translating at the weak dollar rates. For the quarter, net cash flow from operations exceeded spending for capital equipment and payment of dividends and enabled repayment of debt. For the nine months, operating cash flows have been sufficient for internal needs, but additional borrowing was required in the first quarter for investment purposes. Despite the increased borrowing during the period, our balance sheet remains strong, and we continue to have liquidity sufficient for our near-term needs.

OTHER INFORMATION

There were no reports on Form 8-K during the three months ended March 31, 1995. The financial statements included herein have been subjected to a limited review by Coopers & Lybrand L.L.P., the registrant's independent public auditors, in accordance with professional standards and procedures for such review.

There were no securities of the Company sold by the Company during the three months ended March 31, 1995, which were not registered under the Securities Act of 1933, in reliance upon an exemption from registration provided by Section 4 (2) of the Act.

SIGNATURE

Pursuant to the requirements 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, INCORPORATED
(Registrant)

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(Date)

Fred H. Timm
Corporate Controller/Secretary
(Chief Accounting Officer)

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TWIN DISC, INCORPORATED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS SET FORTH IN THE THIRD QUARTER REPORT TO SHAREHOLDERS FOR THE NINE MONTHS ENDED MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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MAR-31-1995
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