

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) April 19, 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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Item 7 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit 99.1 Press Release dated April 19, 2005.

Item 9. Regulation FD Disclosure and

Item 12. Results of Operation and Financial Condition

Twin Disc, Inc. has reported its 3rd quarter 2005 financial results. The Company's press release dated April 19, 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 April 19, 2005, and may change thereafter.

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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.

Twin Disc, Inc.  
/s/ Fred H. Timm  
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Fred H. Timm  
Chief Accounting Officer

RACINE, WISCONSIN-April 19, 2005-Twin Disc, Inc. (NASDAQ: TWIN), today announced financial results for the fiscal 2005 third quarter and the nine months ended March 31, 2005. The third quarter of fiscal 2005 represents the fifth consecutive quarter sales improved year-over-year; however, gross profit margins were under pressure and restricted any earnings improvement primarily because of higher raw material and energy costs and the effect of unfavorable currency exchange rates.

For the three months ended March 31, 2005, sales increased \$7,830,000, or 16.1 percent to \$56,436,000 compared with \$48,606,000 in the same period last fiscal year. Year-to-date, sales have increased \$27,606,000, or 21.4 percent to \$156,549,000 from \$128,943,000 in the fiscal 2004 nine-month period. Business has been solid across the board and this pattern is remaining firm into the fourth quarter.

For the fiscal 2005 third quarter, gross margin as a percentage of sales, decreased to 25.0 percent from 26.6 percent in the fiscal 2004 third quarter. This decline results principally from the inability to offset higher prices for steel, shipping and energy; as well as, the unfavorable impact of producing pleasure craft marine transmissions in Euros at the Company's Belgium facility and selling them in US dollars to the North American market. Management has taken measures to offset the higher raw material costs through pricing actions to be effective in the fourth quarter.

The year-to-date gross margin; however, improved to 25.5 percent from 25.2 percent in the same period a year ago, which is a result of the higher level of profitability recorded during the first two quarters of the 2005 fiscal year.

The increases in marketing, engineering and administrative (ME&A) expenses both in the quarter and year-to-date are primarily attributable to accruals related to the reintroduction of the corporate incentive program after a two year freeze, costs associated with the inclusions of Rolla's ME&A expenses starting with this fiscal year, foreign currency translation effect on foreign operations and the roll-out of a new corporate website ([www.twindisc.com](http://www.twindisc.com)).

Net earnings for the fiscal 2005 third quarter declined to \$1,218,000, or \$0.42 per diluted share from \$1,776,000, or \$0.62 per diluted share in the fiscal 2004 third quarter. Year-to-date, net income has increased to \$3,544,000, or \$1.22 per diluted share from \$2,455,000, or \$0.86 per diluted share a year ago. The year-to-date results include the effect of the Company's acquisition of Rolla SP Propellers SA (Rolla), which was acquired at the end of the prior fiscal year.

Michael E. Batten, Chairman and Chief Executive Officer said, "We are very impressed by the breadth and size of our incoming orders. Further, the backlog of orders to be shipped over the next six months, which does not include any business booked from Rolla, was \$62,700,000 at March 31, 2005, up 27.0 percent since the year began and up 20.0 percent compared with the same period a year ago and is the highest six-month backlog since the third quarter of fiscal 1998. Thus, we see business expanding well into next year."

Mr. Batten further stated, "Our challenge is taking this growth and bringing it to the bottom line. The benefits from a number of our programs that were controlling production expenses and improving productivity have been penalized due to the inflation from the costs for raw materials and the deflation of the dollar. We are acting quickly to resolve these inflationary pressures. Some of the improvement will be seen in the fourth quarter with the full effect realized in the new fiscal year. We are also analyzing various strategies that could reduce the impact of the weak dollar. And again, we are optimistic that our actions will produce noticeable results."

Christopher J. Eperjesy, Vice President - Finance/Treasurer and Chief Financial Officer, stated, "Our asset management and our cash flow continued to strengthen our balance sheet. Inventories at March 31, 2005 were about even over the same period last year compared with the 16.1 percent increase in third-quarter sales. Our accounts receivable were up 3.5 percent since fiscal year end and shareholders' equity rose to \$68,268,000 from \$60,731,000 at June 30, 2004. The balance sheet remains strong with excellent liquidity and we are poised to take advantage of an accretive acquisition when the opportunity occurs, as well as, continuing to make investments that improve our manufacturing productivity and quality."

Mr. Batten concluded, "For fiscal 2005, our net income will compare favorably with the prior year, while we will be challenged during the fourth quarter to beat last year's impressive fourth quarter earnings. Looking forward to fiscal 2006, we are expecting another good year."

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		Nine Months Ended	
	March 31,		March 31,	
	2005	2004	2005	2004
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Net sales	\$56,436	\$48,606	\$156,549	\$128,943
Cost of goods sold	42,352	35,689	116,652	96,409
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Gross profit	14,084	12,917	39,897	32,534
Marketing, engineering and administrative expenses	11,227	9,520	31,997	27,156
Interest expense	304	272	814	835
Other expense (Income), net	181	(42)	322	(227)
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Earnings before income taxes and minority interest	2,372	3,167	6,764	4,770
Income taxes	1,158	1,393	3,156	2,298
Minority interest	(4)	(2)	64	17
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Net earnings	\$ 1,218	\$ 1,776	\$ 3,544	\$ 2,455
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Earnings per share:				
Basic	\$ 0.42	\$ 0.63	\$ 1.24	\$ 0.87
Diluted	\$ 0.42	\$ 0.62	\$ 1.22	\$ 0.86
Average shares outstanding:				
Basic	2,877	2,819	2,858	2,811
Diluted	2,928	2,848	2,906	2,832
Dividends per share	\$ 0.175	\$ 0.175	\$ 0.525	\$ 0.525

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

	March 31,	June 30,
ASSETS	2005	2004
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Current assets:		
Cash and cash equivalents	\$8,579	\$9,127
Trade accounts receivable, net	38,383	37,091
Inventories, net	56,137	52,079
Deferred income taxes	4,557	4,216
Other	3,415	3,111
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Total current assets	111,071	105,624

Property, plant and equipment, net	36,616	33,222
Goodwill	13,065	12,717
Deferred income taxes	15,454	15,668
Other assets	8,973	9,406
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	\$185,179	\$176,637
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## LIABILITIES AND SHAREHOLDERS' EQUITY

## Current liabilities:

Notes payable	\$3,575	\$1,607
Current maturities on long-term debt	2,857	3,018
Accounts payable	17,849	17,241
Accrued liabilities	28,283	27,262
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Total current liabilities	52,564	49,128
Long-term debt	17,618	16,813
Accrued retirement benefits	46,249	49,456
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	116,431	115,397

Minority interest	480	509
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## Shareholders' equity:

Common stock	11,653	11,653
Retained earnings	88,472	86,443
Unearned Compensation	(255)	(304)
Accumulated other comprehensive loss	(16,057)	(20,301)
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	83,813	77,491
Less treasury stock, at cost	15,545	16,760
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Total shareholders' equity	68,268	60,731
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	\$185,179	\$176,637
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