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ORRSTOWN FINANCIAL SERVICES INC

Form 8-K

October 19, 2005

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 - October 18, 2005
ORRSTOWN FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	33-18888	23-2530374
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

77 East King Street P. O. Box 250, Shippensburg, Pennsylvania	17257
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:	(717) 532-6114

N/A

(Former name or former address, if changed since last report)

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Item 1.01 Entry Into Material Agreements.

Not Applicable.

Item 1.02 Termination of Material Agreement.

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Not Applicable.

Item 1.03 Bankruptcy.

Not Applicable.

Item 2.01 Acquisition - Disposition of Assets.

Not Applicable.

Item 2.02 Result of Operations - Financial Condition.

Orrstown Financial Services, Inc. (OTC Bulletin Board: ORRF), the parent company of Orrstown Bank, has announced third quarter 2005 earnings of \$2,762,000, or \$.51 per share versus \$1,966,000, or \$.37 per share for the third quarter of 2004.

Item 2.03 Financial Obligations - Off-Balance Sheet.

Not Applicable.

Item 2.04 Acceleration of Financial Obligations.

Not Applicable.

Item 2.05 Exit or Disposal Activities

Not Applicable.

Item 2.06 Material Impairments

Not Applicable.

Item 3.01 Notice of Delisting or Noncompliance

Not Applicable.

Item 3.02 Unregistered Sale of Securities

Not Applicable.

Item 3.03 Modification of Shareholder Rights.

Not Applicable.

Item 4.01 Change in Accountants.

Not Applicable.

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Item 4.02 Non-Reliance on Financial Statements.

Not Applicable.

Item 5.01 Change in Control.

Not Applicable.

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Item 5.02 Resignation of Directors - Principal Officers.

Not Applicable.

Item 5.03 By-Law Amendments - Change in Fiscal Year.

Not Applicable.

Item 5.04 Suspension of Trading - Employee Benefit Plans.

Not Applicable.

Item 5.05 Code of Ethics.

Not Applicable.

Item 7.01 Regulation FD.

Not Applicable.

Item 8.01 Voluntary Disclosure of Other Events.

Not Applicable.

Item 9.01. Exhibits

(a) Not Applicable.

(b) Not Applicable.

(c) Exhibit:

Orrstown 99 News Release, dated October 18, 2005 of
Financial Services, Inc.

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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 hereunto duly authorized.

ORRSTOWN FINANCIAL SERVICES, INC.
(Registrant)

Dated: October 18, 2005

/S/Bradley S. Everly

Bradley S. Everly
Senior Vice President & CFO

Chief Financial Officer

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EXHIBIT INDEX

Number		Page
Manually Exhibit Original		In Signed
99	News Release, dated October 18, 2005, of Orrstown Financial Services, Inc.	6

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Exhibit 99

Orrstown Financial Services, Inc.

FOR IMMEDIATE RELEASE

CONTACT:

Robert J. Gentry
Vice President
Director of Marketing
717-530-3545 Phone
717-530-5664 Fax

Orrstown Financial Services, Inc.
Reports Record Third Quarter Earnings

Shippensburg, PA (October 18, 2005) - Orrstown Financial Services, Inc. (OTC Bulletin Board: ORRF), the parent company of Orrstown Bank, has announced third quarter 2005 earnings of \$2,762,000, or \$.51 per share versus \$1,966,000, or \$.37 per share for the third quarter of 2004. This represents a 40.5% increase in third quarter earnings compared to the prior year. Net income for the nine months ended September 30, 2005 was \$7,493,000, or an 32.3% increase over the \$5,663,000 earned in 2004. Earnings per share grew 31.1% from \$1.06 per share for the first nine

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months of 2004 to \$1.39 for the first nine months of 2005.

The 2005 third quarter cash dividend declared was \$.15 per share versus \$.1238 per share during the third quarter of 2004, which reflects a 21.2% increase. Dividends declared for the nine months ended September 30, 2005 totaled \$.4233 per share versus \$.3524 per share for the same period in 2004, or an increase of 20.1%. All per share amounts have been restated to reflect the 5% stock dividend of June 2005.

Return on average assets and return on average equity were 1.92% and 20.04% respectively for the third quarter of 2005 versus 1.53% and 16.77% respectively for the third quarter of 2004.

Net interest income rose \$2,847,000, or 20.5% to \$16,716,000 during the first nine months of 2005 versus \$13,869,000 for the first nine months of 2004. Non-interest income, excluding securities transactions, increased \$1,873,000, or 37.0% to \$6,937,000 during the first nine months of 2005 versus the \$5,064,000 generated a year earlier.

"Our results this year are again validating the business model we employ," commented Kenneth R. Shoemaker, President and Chief Executive Officer. "We strive to attract talented and dedicated staff and give them the opportunity to succeed. We remain committed to providing our customers with the best banking experience possible as we maintain our tradition of excellence."

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With over \$580 million in assets, Orrstown Financial Services, Inc. and its subsidiary, Orrstown Bank, provide a full range of consumer and business financial services through fourteen banking offices and four remote service facilities located in Cumberland and Franklin Counties of Pennsylvania. Orrstown Financial Services, Inc.'s stock is traded in the over-the-counter market under the symbol ORRF.

A summary of financial highlights follows:

For Quarter Ended:	September 30, 2005	September 30, 2004	% Change
Net Income	\$2,762,000	\$1,966,000	+ 40.5%
Primary Earnings Per Share	\$.51	\$.37	+ 37.8%
Diluted Earnings Per Share	\$.49	\$.35	+ 40.0%
Dividends Per Share	\$.15	\$.1238	+ 21.2%
Return on Assets	1.92%	1.53%	
Return on Equity	20.04%	16.77%	
For Nine Months Ended:	September 30, 2005	September 30, 2004	% Change
Net Income	\$7,493,000	\$5,663,000	+ 32.3%
Primary Earnings Per Share	\$1.39	\$1.06	+ 31.1%
Diluted Earnings Per Share	\$1.33	\$1.02	+ 30.4%
Dividends Per Share	\$.4233	\$.3524	+ 20.1%
Return on Assets	1.84%	1.54%	
Return on Equity	19.11%	16.62%	
Balance Sheet Highlights:	September 30, 2005	September 30, 2004	% Change

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Assets	\$581,180,000	\$519,403,000	+ 11.9%
Loans, Gross	\$439,206,000	\$379,021,000	+ 15.9%
Deposits	\$452,288,000	\$397,411,000	+ 13.8%
Equity	\$ 55,219,000	\$ 47,435,000	+ 16.4%

Certain statements in this release may constitute "forward looking statements" under the Private Securities Litigation Reform Act of 1995, which involve risk and uncertainties. Orrstown Financial's actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such a difference include, but are not limited to, economic conditions, competition in the geographic and business areas in which Orrstown Financial conducts its operations, fluctuations in interest rates, credit quality, and government regulation.

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