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ORRSTOWN FINANCIAL SERVICES INC

Form 8-K

July 21, 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 - July 20, 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., the parent company of Orrstown Bank, has announced record second quarter 2005 earnings of \$ 2,560,000, or \$.45 per fully diluted share versus \$ 1,891,000, or \$.34 per share for the second 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:

99 News Release, dated July 20, 2005 of Orrstown
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: July 20, 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 July 20, 2005, of Orrstown Financial Services, Inc.	6

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Exhibit 99

Orrstown Financial Services, Inc.

FOR IMMEDIATE RELEASE

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

CONTACT:

Reports Record Second Quarter Earnings

Shippensburg, PA (July 20, 2005) - Orrstown Financial Services, Inc. (OTC Bulletin Board: ORRF), the parent company of Orrstown Bank, has announced record second quarter 2005 earnings of \$2,560,000, or \$.45 per fully diluted share versus \$1,891,000, or \$.34 per share for the second quarter of 2004. This represents a 35.4% increase in second quarter earnings compared to the prior year, and is a 17.9% increase over first quarter 2005 results. Net income for the six months ended June 30, 2005 was \$4,731,000, or a

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28.0% increase over the \$3,697,000 earned in 2004. Earnings per diluted share grew 25.4% from \$.67 per share for the first six months of 2004 to \$.84 for the first half of 2005.

The 2005 second quarter cash dividend was \$.14 per share versus \$.1143 per share during the second quarter of 2004, which reflects a 22.5% increase. Dividends declared for the six months ended June 30, 2005 totaled \$.2733 per share versus \$.2286 per share for the same period in 2004, or an increase of 19.6%. All per share amounts have been restated to reflect a 5% stock dividend paid June 29, 2005.

Return on average assets and return on average equity were 1.90% and 19.73% respectively for the second quarter of 2005 versus 1.55% and 16.62% respectively for the second quarter of 2004.

Net interest income rose \$1,789,000, or 19.7% to \$10,854,000 during the first half of 2005 versus \$9,065,000 during the first half of 2004. Non-interest income, excluding securities transactions, rose \$964,000, or 29.7% to \$4,210,000 during the first six months of 2005 versus the \$3,246,000 generated a year earlier.

According to Kenneth R. Shoemaker, President and Chief Executive Officer, "We are very pleased with both the growth and earnings momentum we are achieving this year. We believe that our commitment to delivering unparalleled service to those in our market, who expect and value this level of dedication, is driving our success. These results affirm our success in executing this strategy."

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With over \$570 million in assets, Orrstown Financial Services, Inc. and its subsidiary, Orrstown Bank, provide a full range of consumer and business financial services through thirteen banking offices and three 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:	June 30, 2005	June 30, 2004	% Change
Net Income	\$2,560,000	\$1,891,000	+ 35.4%
Primary Earnings Per Share	\$.48	\$.35	+ 37.1%
Diluted Earnings Per Share	\$.45	\$.34	+ 32.4%
Dividends Per Share	\$.14	\$.1143	+ 22.5%
Return on Assets	1.90%	1.55%	
Return on Equity	19.73%	16.62%	
For Six Months Ended:	June 30, 2005	June 30, 2004	% Change
Net Income	\$4,731,000	\$3,697,000	+ 28.0%
Primary Earnings Per Share	\$.88	\$.69	+ 27.5%
Diluted Earnings Per Share	\$.84	\$.67	+ 25.4%
Dividends Per Share	\$.2733	\$.2286	+ 19.6%
Return on Assets	1.80%	1.55%	
Return on Equity	18.61%	16.55%	

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Balance Sheet Highlights:	June 30, 2005	June 30, 2004	% Change
Assets	\$574,019,000	\$492,036,000	+ 16.7%
Loans, Gross	\$424,252,000	\$372,533,000	+ 13.9%
Deposits	\$453,446,000	\$388,320,000	+ 16.8%
Equity	\$ 53,076,000	\$ 45,532,000	+ 16.6%

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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