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ORRSTOWN FINANCIAL SERVICES INC

Form 8-K

January 18, 2006

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 - January 18, 2006
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 fourth quarter 2005 earnings of \$2,494,000, or \$.46 per share versus \$2,107,000, or \$.39 per share for the fourth 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.

Item 5.02 Resignation of Directors - Principal Officers.

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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 January 18, 2006 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: January 18, 2006

/s/Bradley S. Everly

Bradley S. Everly
Senior Vice President & CFO
Chief Financial Officer

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EXHIBIT INDEX

Exhibit		Page Number In Manually Signed Original
99	News Release, dated January 18, 2006, 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

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Orrstown Financial Services, Inc. Reports Record Annual
Earnings and Increases Quarterly Dividend

Shippensburg, PA (January 18, 2006) - Orrstown Financial Services, Inc. (OTC Bulletin Board: ORRF), the parent company of Orrstown Bank, has announced fourth quarter 2005 earnings of \$2,494,000, or \$.46 per share versus \$2,107,000, or \$.39 per share for the fourth quarter of 2004. This represents an 18.4% increase in fourth quarter earnings compared to the prior year. Net income for the year ended December 31, 2005 was \$9,987,000, or a 28.5% increase over the \$7,770,000 earned during 2004. Primary earnings per share grew 27.6% from \$1.45 during 2004 to \$1.85 for 2005.

The Board of Directors voted to increase the first quarter cash dividend to \$.18 per share payable to shareholders of record on February 8, 2006. This

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represents an increase of 35.0% over the dividend of \$.1333 declared during the first quarter of 2005. All per share amounts have been restated to reflect the 5% stock dividend of June 2005. The dividend will be paid on February 24, 2006.

Return on average assets and return on average equity were 1.71% and 17.55%, respectively, for the fourth quarter of 2005 versus 1.64% and 17.22%, respectively, for the fourth quarter of 2004. For the year 2005, return on average assets and return on average equity were 1.81% and 18.69%, respectively, versus 1.57% and 16.78% during 2004.

Kenneth R. Shoemaker, President and Chief Executive Officer stated, "This was a year of exceptional performance. I am proud that our team was able to build on our previous strong base to produce these results for our shareholders. We remain committed to providing our customers with the best banking experience possible as we maintain our tradition of excellence."

With over \$600 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.

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A summary of financial highlights follows:

For Quarter Ended:	December 31, 2005	December 31, 2004	% Change
Net Income	\$2,494,000	\$2,107,000	+ 18.4%
Primary Earnings Per Share	\$.46	\$.39	+ 17.9%
Diluted Earnings Per Share	\$.44	\$.38	+ 15.8%
Dividends Per Share	\$.16	\$.1238	+ 29.2%
Return on Assets	1.71%	1.64%	
Return on Equity	17.55%	17.22%	
For Nine Months Ended:	December 31, 2005	December 31, 2004	% Change
Net Income	\$9,987,000	\$7,770,000	+ 28.5%
Primary Earnings Per Share	\$1.85	\$1.45	+ 27.6%
Diluted Earnings Per Share	\$1.77	\$1.40	+ 26.4%
Dividends Per Share	\$.5833	\$.4762	+ 22.5%
Return on Assets	1.81%	1.57%	
Return on Equity	18.69%	16.78%	
Balance Sheet Highlights:	December 31, 2005	December 31, 2004	% Change
Assets	\$601,460,000	\$514,651,000	+ 16.9%
Loans, Gross	\$460,386,000	\$389,268,000	+ 18.3%
Deposits	\$462,822,000	\$405,363,000	+ 14.2%
Equity	\$ 57,310,000	\$ 49,250,000	+ 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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