UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 1-4422

ROLLINS, INC.
(Exact name of registrant as specified in its charter)

Delaware	51-0068479
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2170 Piedmont Road, N.E., Atlanta, Georgia
(Address of principal executive offices)

30324
(Zip Code)

(404) 888-2000
(Registrant's telephone number, including area code)

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 [ ]

Rollins, Inc. had 30,179,147 shares of its $1 Par Value Common Stock outstanding as of July 31, 2001.

<TABLE>
<CAPTION>

ROLLINS, INC. AND SUBSIDIARIES

INDEX

</TABLE>

PART I FINANCIAL INFORMATION
Item 1. Financial Statements.
<TABLE>
<CAPTION>

ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousands except share data)

	(Unaudited) June 30, 2001	December 31, 2000
ASSETS		
Cash and Short-Term Investments	$ 15,399	$ 399
Trade Receivables, Net	54,750	50,099
Materials and Supplies	13,134	12,980
Deferred Income Taxes	16,791	18,472
Other Current Assets	9,877	7,019
Current Assets	109,951	88,969
Equipment and Property, Net	48,417	49,349
Goodwill and Other Intangible Assets, Net	113,925	115,966
Deferred Income Taxes	41,052	42,645
Other Assets	124	1,890
Total Assets	$ 313,469	$ 298,819
LIABILITIES		
Capital Lease Obligations	$ 1,015	$ 1,829
Accounts Payable	17,978	15,302
Accrued Insurance	10,378	10,126
Accrued Payroll	22,398	21,195
Unearned Revenue	35,206	28,381
Other Current Liabilities	34,514	33,973
Current Liabilities	121,489	110,806
Capital Lease Obligations	-	256
Accrued Insurance	36,000	39,400
Accrual for Termite Contracts	42,732	42,651
Long-Term Accrued Liabilities	25,531	27,107
Total Liabilities	225,752	220,220
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, par value $1 per share; 99,500,000 shares authorized; 30,179,147 and 30,036,241 shares issued at June 30, 2001 and December 31, 2000, respectively	30,179	30,036
Earnings Retained	57,538	48,563
Total Stockholders' Equity	87,717	78,599
Total Liabilities and Stockholders' Equity	$ 313,469	$ 298,819

<FN>
The accompanying notes are an integral part of these condensed consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND EARNINGS RETAINED
(In thousands except share and per share data)
(Unaudited)

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
REVENUES				
Customer Services	$ 181,349	$ 180,528	$ 332,322	$ 330,078
COSTS AND EXPENSES				
Cost of Services Provided	98,720	99,129	184,993	185,523
Depreciation and Amortization	4,744	4,604	9,893	8,871
Sales, General and Administrative	63,308	63,728	119,599	121,336
	166,772	167,461	314,485	315,730
INCOME BEFORE INCOME TAXES	14,577	13,067	17,837	14,348
PROVISION FOR INCOME TAXES				
Current	3,851	4,415	4,129	4,352
Deferred	1,688	550	2,649	1,100
	5,539	4,965	6,778	5,452
NET INCOME	$ 9,038	$ 8,102	$ 11,059	$ 8,896
EARNINGS RETAINED				
Balance at Beginning of Period	51,033	43,968	48,563	41,909
Cash Dividends	(1,509)	(1,532)	(3,018)	(3,024)
Common Stock Purchased and Retired	-	(144)	-	(144)
Other	(1,024)	(49)	934	2,708
BALANCE AT END OF PERIOD	$ 57,538	$ 50,345	$ 57,538	$ 50,345
EARNINGS PER SHARE - BASIC AND DILUTED	$ 0.30	$ 0.27	$ 0.37	$ 0.30
WEIGHTED SHARES OUTSTANDING - BASIC	30,179,147	30,029,576	30,144,319	29,982,112

WEIGHTED SHARES OUTSTANDING - DILUTED	30,319,912	30,030,229	30,294,240	29,984,044

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ROLLINS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2001	2000
<S> <C>	<C>	<C>
OPERATING ACTIVITIES		
Net Income	$ 11,059	$ 8,896
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9,893	8,871
Provision for Deferred Income Taxes	2,649	1,100
Other, Net	70	521
(Increase) Decrease in Assets:		
Trade Receivables	(4,651)	(9,653)
Materials and Supplies	(153)	(1,237)
Other Current Assets	(2,737)	(6,231)
Other Non-Current Assets	(779)	1,340
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	8,075	5,216
Unearned Revenue	6,825	8,685
Accrued Insurance	(3,147)	(1,704)
Accrual for Termite Contracts	81	(4,437)
Long-Term Accrued Liabilities	(1,513)	(2,416)
Net Cash Provided by Operating Activities	25,672	8,951
INVESTING ACTIVITIES		
Purchases of Equipment and Property	(3,872)	(8,600)
Net Cash Used for Acquisition of Companies	(345)	(3,374)
Marketable Securities, Net	-	11,923
Net Cash Used in Investing Activities	(4,217)	(51)
FINANCING ACTIVITIES		
Dividends Paid	(3,018)	(3,024)
Common Stock Purchased and Retired	-	(154)
Payments on Capital Leases	(1,070)	(2,306)

Payments, Net of Borrowings, under Line of Credit Agreement	(1,400)	-
Other	(967)	201
Net Cash Used in Financing Activities	(6,455)	(5,283)
Net Increase in Cash and Short-Term Investments	15,000	3,617
Cash and Short-Term Investments at Beginning of Period	399	5,689
Cash and Short-Term Investments at End of Period	$ 15,399	$ 9,306

<FN>
The accompanying notes are an integral part of these condensed consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PREPARATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations.

These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Company's annual report on Form 10-K for the year ended December 31, 2000.

The Company has only one reportable segment, its pest and termite control business. The Company's results of operations and its financial condition are not reliant upon any single customer or a few customers or the Company's foreign operations.

In the opinion of management, the condensed consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Company as of June 30, 2001 and December 31, 2000, and the results of operations for the three and six months ended June 30, 2001 and 2000 and cash flows for the six months ended June 30, 2001 and 2000. Operating results for the three months and six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

For the three and six months ended June 30, 2001 and 2000, comprehensive income is not materially different from net income and, as a result, the impact of SFAS 130, "Reporting Comprehensive Income," is not reflected in the Company's consolidated financial statements included herein.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The adoption of this standard, effective for the Company as of January 1, 2001, did not impact the results of operations or financial condition of the Company as the Company is not a party to any derivative transactions that fall under the provisions of this statement.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" (effective July 1, 2001) and SFAS No. 142, "Goodwill and Other Intangible Assets" (effective for the Company on January 1, 2002). SFAS No. 141 prohibits pooling-of- interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead will be subject to periodic impairment testing. The Company is in the process of evaluating the financial statement impact of adoption of SFAS No. 142.

Certain amounts for prior periods have been reclassified to conform with the current period condensed consolidated financial statement presentation. Such reclassifications had no effect on previously reported net income.

NOTE 2. PROVISION FOR INCOME TAXES

The book provision for income taxes includes the liability for federal and state income taxes. The deferred provision for income taxes arises from the changes during the year in the Company's net deferred tax asset or liability.

NOTE 3. EARNINGS PER SHARE

Pursuant to the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share," the number of weighted average shares used in computing basic and diluted earnings per share (EPS) are as follows (in thousands):

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Basic EPS	30,179	30,029	30,144	29,982
Effect of Dilutive Stock Options	141	1	150	2
Diluted EPS	30,320	30,030	30,294	29,984

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NOTE 4. LEGAL PROCEEDINGS

One of the Company's subsidiaries, Orkin Exterminating Company, Inc., is a named defendant in Butland et al. v. Orkin Exterminating Company, Inc. et al. pending in the Circuit Court of Hillsborough County, Tampa, Florida. The plaintiffs filed suit in March of 1999 and are seeking monetary damages in excess of $15,000 for each named plaintiff and injunctive relief for alleged breach of contract, fraud and various violations of Florida State law. The attorneys for the plaintiffs contend that the case is suitable for a class action. The Court may rule in December 2001 on whether the class should be certified and their case should proceed as a class action. The Company believes this case to be without merit and intends to defend itself aggressively through trial, if necessary. At this time, the final outcome of the litigation cannot be determined. However, it is the opinion of Management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

The Company is not subject to any other material litigation, except for the two cases disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2000. There has been no material change regarding these two cases since the filing of the Form 10-K.

Additionally, in the normal course of business, the Company is a defendant in a number of lawsuits which allege that plaintiffs have been damaged as a result of the rendering of services by Company personnel and equipment. The Company is actively contesting these actions. It is the opinion of Management that the outcome of these actions, and the cases described in the Company's Form 10-K for the year ended December 31, 2000, will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company reported net income of $9.0 million or $0.30 per share for the quarter compared to net income of $8.1 million or $0.27 per share for the comparable quarter in 2000. Net income for the first six months of 2001 increased 24.3% to $11.1 million or $0.37 per share compared to $8.9 million or $0.30 per share for the same period in 2000. Revenues for the second quarter and six months ended June 30, 2001, increased 0.5% and 0.7%, respectively.

The improvement in earnings for the quarter and first six months resulted primarily from new pest and termite initiatives that have increased productivity and improved customer retention. The Cost of Services Provided and Sales, General and Administrative both reflect margin improvements that were partially offset by an increase in the Provision for Income Taxes.

Results of Operations

Revenues increased to $181.3 million for the second quarter of 2001 from $180.5 million for the same quarterly period of 2000. For the first six months of 2001, the Company generated revenues of $332.3 million, up 0.7% from last year's amount of $330.1 million. Revenue growth was reflective of the slowing economy.

Cost of Services Provided was approximately $409,000 less than the prior year quarter and improved to represent 54.4% of revenues compared with 54.9% for the same quarter of the prior year. Improvement can be mainly attributed to increased service technician productivity and reduced travel expense which was partially offset by higher insurance and claims experience. For the first six months of 2001, Cost of Services Provided improved to represent 55.7% of revenues compared to 56.2% for the prior year period. The improvement can primarily be attributed to reductions, as a percentage of revenues, in service salaries, personnel related expenses, and travel expense partially offset by higher insurance and claims experience.

Sales, General and Administrative decreased $420,000 and as a percentage of revenues was 34.9% compared to 35.3% for the same quarter of the prior year. For the first half of 2001, Sales, General and Administrative decreased as a percentage of revenues to 36.0% compared with 36.8% for the prior year period. The improvements as a percentage of revenues for the quarter and year-to-date resulted primarily from reductions in sales salaries, personnel related experience, sales promotions, and bad debt expense.

Depreciation and Amortization expenses for the second quarter of 2001 were $140,000 higher than the prior year quarter. For the first six months of 2001, Depreciation and Amortization expenses were $1.0 million higher than the prior year period. The increase was primarily due to the amortization of intangible assets associated with the Company's July 2000 acquisition of Johnson Wax Professional's interest in the Acurid Retail Services, L.L.C. joint venture and to the depreciation associated with FOCUS, the Company's new proprietary branch computer system.

The Company's net tax provisions of $5.5 million for the quarter and $6.8 million for the first six months reflect increased taxable income over the prior year periods.

Liquidity and Capital Resources

The Company believes its current cash balances, future cash flows from operating activities and line of credit will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future. The Company's operations generated cash of $25.7 million for the first six months of 2001 compared with cash provided by operating activities of $9.0 million in the same period of 2000. This increase resulted primarily from favorable changes in working capital related primarily to higher net income from operations that has been adjusted for non-cash items as well as improvements in accounts receivable collections and differences in the timing of accounts payable and other accrued expenses.

The Company invested approximately $4.2 million in capital expenditures and acquisitions during the first six months of 2001, and expects to invest between $7.5 and $10.0 million for the remainder of 2001, inclusive of improvements to its management information systems. Capital expenditures in the first six months of 2001 consisted primarily of equipment replacements and upgrades and improvements to the Company's management information systems. A total of $3.0 million was paid in cash dividends during the first six months of 2001. The capital expenditures, acquisitions and cash dividends were primarily funded through existing cash balances and operating activities. The Company maintains a $40.0 million line of credit, of which the full amount is available for borrowing as of July 31, 2001.

The Company is aggressively defending a class action lawsuit filed in Houston County, Alabama and is appealing a judgment rendered against the Company by the Circuit Court of Macon County, Alabama. Additionally, the Company intends to defend itself aggressively through trial, if necessary, in a potential class action matter pending in the Circuit Court of Hillsborough County, Florida. For further discussion, see Note 4 to the accompanying consolidated financial statements.

Impact of Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" (effective July 1, 2001) and SFAS No. 142, "Goodwill and Other Intangible Assets" (effective for the Company on January 1, 2002). SFAS No. 141 prohibits pooling-of-interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead will be subject to periodic impairment testing. The Company is in the process of evaluating the financial statement impact of adoption of SFAS No. 142, which cannot be determined at this time.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the expected impact of the outcome of outstanding litigation on the Company's financial condition, results of operations and liquidity; and the Company's projected 2001 capital expenditures, performance, and borrowings. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in the Cutler, Butland, Jeter or other litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process reforms and pest control selling and treatment methods; climate and weather trends; competitive factors and pricing practices; potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of July 31, 2001, the Company no longer maintains a material investment portfolio subject to interest rate risk exposure. The Company is, however, subject to interest rate risk exposure through borrowings on its $40.0 million line of credit. Due to the absence of such borrowings at July 31, 2001 and as currently anticipated at December 31, 2001, this risk is not expected to have a material effect upon the Company's results of operations or financial position going forward.

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PART II OTHER INFORMATION

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Item 1. Legal Proceedings.

See Note 4 to Part I, Item 1 for discussion of certain litigation.

Item 4. Submission of Matters to a Vote of Security Holders.

The Company's Annual Meeting of Stockholders was held on April 24, 2001. At the meeting, stockholders elected two Class III Directors for the three-year term expiring in 2004.

Results of the voting were as follows:

Election of Class III Directors:	For	Withheld
Wilton Looney	28,746,448	100,503
Bill J. Dismuke	28,607,166	239,785

Item 5. Other Information.

Gary W. Rollins, 56, president and chief operating officer, was named to the additional post of chief executive officer effective July 24, 2001. He succeeded R. Randall Rollins who continues as chairman of the board.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(3) (i) Restated Certificate of Incorporation of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (i) as filed with its Form 10-K for the year ended December 31, 1997.

(ii) By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (ii) as filed with its Form 10-Q for the quarterly period ended March 31, 1999.

(iii) Amendment to the By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (iii) as filed with its Form 10-Q for the quarterly period ended March 31, 2001.

(4) Form of Common Stock Certificate of Rollins, Inc. is incorporated herein by reference to Exhibit (4) as filed with its Form 10-K for the year ended December 31, 1998.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed or were required to be filed during the second quarter of 2001.

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SIGNATURES

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.

ROLLINS, INC.
(Registrant)

Date: August 13, 2001 By: /s/ Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer
(Member of the Board of Directors)

Date: August 13, 2001 By: /s/ Harry J. Cynkus

Harry J. Cynkus
Chief Financial Officer and Treasurer
(Principal Financial and Accounting
Officer)