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 September 30, 2003.

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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

Rollins, Inc. had 45,111,567 shares of its $1 Par Value Common Stock outstanding as of October 15, 2003.

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ROLLINS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION
Item 1. Financial Statements.

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

<S>	<C>	September 30, 2003 (Unaudited) <C>	December 31, 2002 <C>
ASSETS			
	Cash and Short-Term Investments	$ 55,066	$ 38,315
	Marketable Securities	27,000	---
	Trade Receivables, Net of Allowance for Doubtful Accounts of $4,890 and $5,441, respectively	52,689	47,740
	Materials and Supplies	10,646	10,662
	Deferred Income Taxes	21,934	20,035
	Other Current Assets	13,035	9,470
	Current Assets	180,370	126,222
	Equipment and Property, Net	37,484	38,880
	Goodwill	72,498	72,392
	Customer Contracts and Other Intangible Assets	31,972	35,507
	Deferred Income Taxes	34,760	44,406
	Total Assets	$ 357,084	$ 317,407
LIABILITIES			
	Accounts Payable	$ 13,482	$ 12,138
	Accrued Insurance	13,050	11,740
	Accrued Payroll	33,218	28,623
	Unearned Revenue	49,533	43,049
	Accrual for Termite Contracts	19,000	19,000
	Other Current Liabilities	18,787	15,312
	Current Liabilities	147,070	129,862
	Accrued Insurance, Less Current Portion	27,637	30,222
	Accrual for Termite Contracts, Less Current Portion	28,114	27,446
	Accrued Pension	5,770	10,769
	Long-Term Accrued Liabilities	28,652	28,418
	Total Liabilities	237,243	226,717
Commitments and Contingencies			
STOCKHOLDERS' EQUITY			
	Common Stock, par value $1 per share; 99,500,000 shares authorized; 45,108,317 and 44,799,368 shares issued and outstanding, respectively	45,108	44,799
	Additional Paid-In Capital	4,176	299
	Accumulated Other Comprehensive Loss	(16,602)	(16,947)
	Retained Earnings	87,159	62,539
	Total Stockholders' Equity	119,841	90,690
	Total Liabilities and Stockholders' Equity	$ 357,084	$ 317,407

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
<S> <C>	<C>	<C>	<C>	<C>
REVENUES				
Customer Services	$ 178,262	$ 174,063	$ 518,489	$ 511,554
COSTS AND EXPENSES				
Cost of Services Provided	96,085	94,402	275,713	275,609
Depreciation and Amortization	5,065	5,425	15,258	16,298
Sales, General & Administrative	61,426	63,478	177,901	182,055
Net Interest Income	(120)	(135)	(280)	(125)
	162,456	163,170	468,592	473,837
INCOME BEFORE INCOME TAXES	15,806	10,893	49,897	37,717
PROVISION FOR INCOME TAXES				
Current	4,728	4,600	15,481	12,346
Deferred	1,278	(461)	3,480	1,986
	6,006	4,139	18,961	14,332
NET INCOME	$ 9,800	$ 6,754	$ 30,936	$ 23,385
EARNINGS PER SHARE - BASIC	$ 0.22	$ 0.15	$ 0.69	$ 0.52
EARNINGS PER SHARE - DILUTED	$ 0.21	$ 0.15	$ 0.67	$ 0.52
Average Shares Outstanding---Basic	45,115	44,885	45,049	45,101
Average Shares Outstanding---Diluted	45,994	45,118	46,170	45,382

DIVIDENDS PER SHARE	$ 0.05	$ 0.0333	$ 0.15	$ 0.10

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
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ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2003	2002
<S> <C>	<C>	<C>
OPERATING ACTIVITIES		
Net Income	$ 30,936	$ 23,385
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	15,258	16,298
Deferred Income Taxes	7,748	2,085
Other, Net	278	776
(Increase) Decrease in Assets:		
Trade Receivables	(4,810)	(4,894)
Materials and Supplies	69	831
Other Current Assets	(3,565)	(577)
Other Non-Current Assets	(60)	96
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	11,727	3,720
Unearned Revenue	6,484	15,602
Accrued Insurance	(1,275)	(449)
Accrual for Termite Contracts	668	822
Long-Term Accrued Liabilities	(4,724)	(4,359)
Net Cash Provided by Operating Activities	58,734	53,336
INVESTING ACTIVITIES		
Purchase of Marketable Securities	(27,000)	---
Purchases of Equipment and Property	(8,744)	(5,900)
Acquisition of Companies	(1,543)	(1,768)
Net Cash Used in Investing Activities	(37,287)	(7,668)

FINANCING ACTIVITIES		
Dividends Paid	(6,754)	(4,511)
Common Stock Purchased	---	(5,288)
Payments on Capital Leases	---	(256)
Other	2,058	231
Net Cash Used in Financing Activities	(4,696)	(9,824)
Net Increase in Cash and Short-Term Investments	16,751	35,844
Cash and Short-Term Investments At Beginning of Period	38,315	8,650
Cash and Short-Term Investments At End of Period	$ 55,066	$ 44,494

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

NOTE 1. BASIS OF PREPARATION AND OTHER

The consolidated financial statements included herein have been prepared by Rollins, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reporting on Form 10-Q. These consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standard No. 94, Consolidation of All Majority-Owned Subsidiaries ("SFAS 94"). In accordance with SFAS 94, our policy is to consolidate all subsidiaries or investees where we have voting control. We do not have any subsidiaries or investees where we have less than a 100% equity interest or less than 100% voting control, nor do we have any interest in other investees, joint ventures, or other entities that would require consolidation.

Footnote disclosures normally included in 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 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, 2002.

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.

The Company uses its Orkin franchise program for strategic growth in mostly secondary markets. Since the inception of the franchise program in 1994, the Company's policy has been to defer recognition of any initial franchise fee income because the franchise agreement provides the Company an option but not the obligation, to acquire the franchises' customer base at a future date. Since the beginning of the program, the Company has repurchased two franchises and the deferred revenues were used to reduce the purchase price allocated to the acquired assets.

In the opinion of management, the consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Company as of September 30, 2003 and December 31, 2002, and the results of its operations for the three and nine months ended September 30, 2003 and 2002 and cash flows for the nine months ended September 30, 2003 and 2002. Operating results for the three and nine months ended September 30, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003.

Comprehensive income includes foreign currency translation adjustments (See Note 5). For the three and nine months ended September 30, 2003 and 2002, comprehensive income is not materially different from net income.

The Board of Directors, at its quarterly meeting on January 28, 2003, authorized a three-for-two stock split by the issuance on March 10, 2003 of one additional common share for each two common shares held of record on February 10, 2003. Accordingly, the par value for additional shares issued was adjusted to common stock, and fractional shares resulting from the stock split were settled in cash. All share and per share data appearing throughout this Form 10-Q have been retroactively adjusted for this stock split.

In November 2002, the Emerging Issues Task Force issued EITF 00-21, Revenue Arrangements with Multiple Deliverables, which is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The Company adopted EITF 00-21 in the third quarter of 2003. This EITF addresses how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. The Company's termite baiting service involves multiple deliverables, consisting of an initial directed liquid termiticide treatment, installation of termite monitoring stations, and subsequent periodic monitoring inspections. The portion of the termite baiting service sales price applicable to subsequent periodic monitoring inspections, which is determined based on fair value, is deferred and recognized over the first year of each contract. The portion of the sales price applicable to the termiticide treatment and installation of the monitoring services is determined under the residual method (the total sales price less the fair value of the monitoring inspections). Revenues from the termiticide treatment and installation of the termite monitoring stations are

recognized upon performance of the service and installation. The adoption of this EITF did not have a significant effect on the Company's financial position, results of operations or liquidity.

In December 2002, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). The Interpretation requires that a variable interest entity be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN 46 are effective for all variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003. The Company believes the adoption of the Interpretation will not have a material impact on the financial position, results of operations or liquidity of the Company.

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

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services as evidenced by the following chart.

	Total Net Revenues		
	2003	2002	2001
First Quarter	$ 155,122	$ 153,302	$ 150,280
Second Quarter	185,105	184,189	180,731
Third Quarter	178,262	174,063	169,223
Fourth Quarter	N/A	153,871	149,691

Cash and short-term investments include cash on hand and in banks with original maturities of three months or less.

In 2003, the Company has invested $27,000,000 in marketable securities and classified them as available for sale securities. The securities are carried at their fair value, which approximates cost as of September 30, 2003. Any unrealized holding gains and losses, net of income taxes, will be reflected as a separate component of stockholders' equity until realized. For the purposes of computing realized and unrealized gains and losses, cost is determined on a specific identification basis.

NOTE 2. EARNINGS PER SHARE

In accordance with SFAS No. 128, Earnings Per Share, the Company computes basic Earnings Per Share ("EPS") on the basis of weighted-average shares outstanding. Diluted EPS is computed on the basis of weighted-average shares outstanding plus common stock options outstanding during the period, which, if exercised, would have a dilutive effect on EPS. Basic and diluted EPS have been restated for the three-for-two stock split for all applicable periods presented (See Note 1). A reconciliation of the number of weighted-average shares used in computing basic and diluted EPS is as follows:

<TABLE>
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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(In thousands except per share data amounts)	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Basic and diluted earnings available to stockholders (numerator):	$9,800	$6,754	$30,936	$23,385
Shares (denominator):				
Weighted-average shares outstanding	45,115	44,855	45,049	45,101
Effect of Dilutive securities:				
Employee Stock Options	879	263	1,121	281
Adjusted Weighted-Average Shares and Assumed Exercises	45,994	45,118	46,170	45,382
Per share amounts:				
Basic earnings per common share	$0.22	$0.15	$0.69	$0.52
Diluted earnings per common share	$0.21	$0.15	$0.67	$0.52

</TABLE>

NOTE 3. LEGAL PROCEEDINGS

Orkin, one of the Company's subsidiaries, is a named defendant in Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al. pending in the District Court of Houston County, Alabama. The plaintiffs in the above mentioned case filed suit in March of 1996 and are seeking monetary damages and injunctive relief for alleged breach of contract arising out of alleged missed or inadequate reinspections. The attorneys for the plaintiffs contend that the case is suitable for a class action and the court has ruled that the plaintiffs would be permitted to pursue a class action lawsuit against Orkin. Orkin believes this case to be without merit and intends to defend itself vigorously at trial. At this time, the final outcome of the litigation cannot be determined. However, in the opinion of Management, the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Orkin is also 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 and injunctive relief. The Court ruled in early April 2002, certifying the class action lawsuit against Orkin. Orkin appealed this ruling to the Florida Second District Court of Appeals which remanded the case back to the trial court for further findings. Moreover, Orkin believes this case to be without merit and intends to defend itself vigorously through trial, if necessary. At this time, the final outcome of the litigation cannot be determined. However, in the opinion of Management, the ultimate resolution of this action will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

Orkin is involved in certain environmental matters primarily arising in the normal course of business. In the opinion of Management, the Company's liability under any of these matters would not materially affect its financial condition or results of operations.

Additionally, in the normal course of business, Orkin is a defendant in a number of lawsuits, which allege that plaintiffs have been damaged as a result of the rendering of services by Orkin personnel and equipment. Orkin is actively contesting these actions. Some lawsuits have been filed (Ernest W. Warren and Dolores G. Warren et al. v. Orkin Exterminating Company, Inc., et al.; Elizabeth Allen and William Allen et al. v. Rollins, Inc. and Orkin Exterminating Company, Inc.; Francis D. Petsch, et al. v. Orkin Exterminating Company, Inc. et al.; and Bob J. Stevens v. Orkin Exterminating Company, Inc. and Rollins, Inc.) in which the Plaintiffs are seeking certification of a class. The cases originate in Georgia, Florida, and Texas. The Company believes them to be without merit and intends to vigorously contest certification and defend itself through trial, if necessary. In the opinion of Management, however, the outcome of these actions will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

NOTE 4. STOCKHOLDERS' EQUITY

For the third quarter and nine months ended September 30, 2003, approximately 26,000 and 244,000 shares of common stock were issued upon exercise of stock options by employees. The Company accounts for its employee stock options under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(In thousands, except per share data)	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
Net income, as reported	$9,800	$6,754	$30,936	$23,385
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(483)	(463)	(1,449)	(1,389)
Pro forma net income	$9,317	$6,291	$29,487	$21,996
Earnings per share:				
Basic-as reported	$0.22	$0.15	$0.69	$0.52
Basic-pro forma	$0.21	$0.14	$0.65	$0.49

Diluted-as reported	$0.21	$0.15	$0.67	$0.52
Diluted-pro forma	$0.20	$0.14	$0.64	$0.48

</TABLE>

NOTE 5. ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss consists of the following (in thousands):

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	Minimum Pension Liability	Foreign Currency Translation	Total
<S>	<C>	<C>	<C>
Balance at December 31, 2001	$ (4,047)	$ (775)	$ (4,822)
Change during first nine months of 2002:			
Before-tax amount	---	14	14
Tax benefit	---	(5)	(5)
	---	9	9
Balance at September 30, 2002	$ (4,047)	$ (766)	$ (4,813)
Balance at December 31, 2002	$ (16,182)	$ (765)	$ (16,947)
Change during first nine months of 2003:			
Before-tax amount	---	557	557
Tax benefit	---	(212)	(212)
	---	345	345
Balance at September 30, 2003	$ (16,182)	$ (420)	$ (16,602)

</TABLE>

NOTE 6. ACCRUAL FOR TERMITE CONTRACTS

During the first quarter of 2003, the Company adopted the accounting provisions of FASB Interpretation No. 45 ("FIN 45"), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Indebtedness of Others, which requires that the fair value of guarantees issued after December 31, 2002 be recorded as a liability, with the offsetting entry being recorded based on the circumstances in which the guarantee was issued. FIN 45 further states that the liability is typically reduced over the term of the guarantee. The adoption had no impact on the Company's financial position, results of operations or liquidity.

The Company maintains an accrual for termite contracts representing the estimated costs of reapplications, repair claims and associated labor, chemicals, and other costs relative to termite control services performed

prior to the balance sheet date. A reconciliation of the beginning and ending balances of the accrual for termite contracts is as follows:

(In thousands)	
Beginning Balance as of December 31, 2002	$46,446
Current Year Provision	17,596
Settlements, Claims and Expenditures Made During the Period	(16,928)
Ending Balance as of September 30, 2003	$47,114

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

The Company's continued emphasis on customer retention, along with building recurring revenues, resulted in revenue growth of 2.4% in the third quarter and 1.4% for the first nine months of 2003 despite a sluggish economy and unseasonably wet and cold weather conditions in parts of the U.S. in the first half of the year. Revenues were up 1.2% in the first quarter and 0.5% in the second quarter.

The financial results for the third quarter and the first nine months of 2003 were positively impacted by the continued benefit of our recent service initiatives, which included every-other-month residential pest control service, AcuridSM premium commercial pest control services, and termite directed liquid and baiting treatment.

For the third quarter of 2003, the Company had net income of $9.8 million compared to net income of $6.8 million in the third quarter of 2002, which represents a 45.1% increase. In addition to the revenue increase of 2.4%, the Company achieved margin improvement in Cost of Services Provided of 0.3 percentage points, expressed as a percentage of revenues, and Sales, General and Administrative expenses improved by 2.0 margin points or $2.1 million.

For the first nine months of 2003, the Company had net income of $30.9 million compared to net income of $23.4 million in the first nine months of 2002, which represents a 32.3% increase. In addition to the revenue increase of 1.4%, the Company achieved margin improvements, expressed as a percentage of revenues, in Cost of Services Provided of 0.7 points and in Sales, General and Administrative of 1.3 points.

For the first nine months of 2003, the Company generated cash of $43.8 million compared to $35.8 million for the first nine months of 2002. The Company had Cash, Short-Term Investments and Marketable Securities of $82.1 million at September 30, 2003, compared to $38.3 million at December 31, 2002 and $44.5 million at September 30, 2002.

On October 10, 2003, the Company announced the establishment of an Orkin franchise in Panama. The Company began its Orkin franchise program in the U. S. in 1994, and established its first international franchise in Mexico in 2000. Today, Orkin has 44 franchises in total.

Results of Operations

Revenues for the quarter ended September 30, 2003 increased to $178.3 million, an increase of $4.2 million or 2.4% from last year's third quarter revenues of $174.1 million. Revenues for the nine month period ended September 30, 2003 increased to $518.5 million, an increase of $6.9 million or 1.4% from last year's first nine month revenues of $511.6 million. The Company's revenue growth was very similar across its primary services, which are residential pest control, commercial pest control, and termite service. The growth in pest control revenues in the third quarter reflects the impact of increases in sales units, better average selling prices, continued improvements in customer retention, and successful price increase campaigns. Every-other-month service, our primary residential pest control service offering, continues to grow in importance, comprising 52.8% of our residential pest control customer base at September 30, 2003. In commercial pest control, the Company continued to receive favorable reaction to the rollout of its premium Gold Medal service, which specifically targets food processing companies, and also achieved improvements in average prices on new sales and successful price increases from existing customers. As another sign of strengthening in the commercial market, the Company achieved its highest ever month of sales to national accounts in September 2003. Termite revenues increased in the third quarter as a result of continued growth in recurring revenues from bait monitoring and renewal revenues, although termite revenues for the first nine months of 2003 decreased slightly, mainly as a result of the unusually wet and cold weather in parts of the U.S. in the first half of the year. Per the National Climatic Data Center's 109 years of tracking weather data, temperatures in the Northeast Region of the country were the 10th coldest on record, and the Southeast experienced the second wettest six month period on record. The Company's foreign operations accounted for approximately 7% of total third quarter revenues and 6% of total revenues for the nine months of 2003.

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services as evidenced by the following chart.

	Total Net Revenues		
	2003	2002	2001
First Quarter	$ 155,122	$ 153,302	$ 150,280
Second Quarter	185,105	184,189	180,731
Third Quarter	178,262	174,063	169,223
Fourth Quarter	N/A	153,871	149,691

Cost of Services Provided for the third quarter ended September 30, 2003 increased $1.7 million or 1.8%, although the expense margin expressed as a percentage of revenues improved by 0.3 percentage points, representing 53.9% of revenues for the third quarter 2003 compared to 54.2% of revenues in the prior year third quarter. The dollar increase was mainly due to higher expenses for insurance and claims and fringe benefit costs. The expense margin improvement was primarily from continued improvement in service payroll. For the first nine months of 2003, Cost of Services Provided were flat with the prior year, reflecting an increase of just $104,000, which enabled an improvement in the expense margin of 0.7 percentage points. Cost of Services Provided represented 53.2% of revenues for the first nine months of 2003 compared to 53.9% of revenues in the prior year, with most of the margin improvement coming from lower service payroll and lower materials and supplies. These were partially offset by higher fleet expenses, as a result of higher fuel costs and a temporary spike in vehicle counts in the first quarter, fringe benefit increases, and higher insurance and claims. Service technician productivity and average pay continued to improve, which leads to better employee retention and, in management's opinion, improved customer retention.

Sales, General and Administrative for the third quarter ended September 30, 2003 decreased $2.1 million or 3.2% and, as a percentage of revenues, improved by 2.0 margin points or 5.5%, averaging 34.5% of total revenues compared to 36.5% for the prior year quarter. Sales, General and Administrative for the first nine months of 2003 decreased $4.2 million or 2.3% and, as a percentage of revenues, improved by 1.3 margin points or 3.7%, averaging 34.3% of total revenues compared to 35.6% for the prior year. The improvement for the quarter and the year was a result of the home office process improvement initiative started in 2002, lower field administrative costs as a result of technology and organizational investments, lower sales payroll due to lower staffing and partly from the formation of regional call centers, and lower bad debt expenses due to better collections and improvement in the receivables aging statistics.

Depreciation and Amortization expenses for the quarter ended September 30, 2003 were $360,000 or 6.6% lower than the prior year quarter. For the first nine months of 2003, Depreciation and Amortization expenses were $1.0 million or 6.4% lower than the prior year. The decrease was due to lower capital spending and certain technology assets becoming fully depreciated in the last twelve months.

The Company's tax provision of $6.0 million for the third quarter and $19.0 million for the first nine months ended September 30, 2003 reflects increased pre-tax income over the prior year periods. The effective tax rate was 38% in all periods.

Critical Accounting Policies

We view critical accounting policies to be those policies that are very important to the portrayal of our financial condition and results of operations, and that require Management's most difficult, complex or subjective judgments. The circumstances that make these judgments difficult or complex relate to the need for Management to make estimates about the effect of matters that are inherently uncertain. We believe our critical accounting policies to be as follows:

Accrual for Termite Contracts - The Company maintains an accrual for termite contracts representing the estimated costs of reapplications, repair claims and associated labor, chemicals, and other costs relative to termite control services performed prior to the balance sheet date. The Company contracts an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration in determining the accrual balance, along with Management's knowledge of changes in business practices, contract changes, ongoing claims and termite remediation trends. The reserve is established based on all these factors. Management makes judgments utilizing these operational factors but recognizes that they are inherently subjective due to the difficulty in predicting settlements and awards. Other factors that may impact future cost include chemical life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company's business practices. However, it is not possible to accurately predict future significant claims. Positive changes to our business practices include revisions made to our contracts, more effective treatment methods that include a directed-liquid baiting program, more effective termiticides, and expanded training methods and techniques.

Accrued Insurance - The Company self-insures, up to specified limits, certain risks related to general liability, workers' compensation and vehicle liability. The estimated costs of existing and future claims under the self-insurance program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts an independent third party actuary on an annual basis to provide the Company a range of estimated liability based upon historical claims information. The actuarial study is a major consideration, along with Management's knowledge of changes in business practices and existing claims compared to current balances. The reserve is established based on all these factors. Management's judgment is inherently subjective and a number of factors are outside Management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. It should be noted that the number of claims has been decreasing due to the Company's proactive risk management to develop and maintain ongoing programs. However, it is not possible to accurately predict future significant claims. Initiatives that have been implemented include pre-employment screening and an annual motor vehicle report required on all its drivers, utilization of a Global Positioning System that has been fully deployed to our Company vehicles, post-offer physicals for new employees, and pre-hire, random and post-accident drug testing. The Company has improved the time required to report a claim by utilizing a "Red Alert" program that provides serious accident assessment twenty four hours a day and seven days a week and has instituted a modified duty program that enables employees to go back to work on a limited-duty basis.

Revenue Recognition - The Company's revenue recognition policies follow the criteria outlined in the SEC's Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"). Revenue is recognized at the time services are performed through a contractual arrangement where collectibility is reasonably assured. Residential and commercial pest control services are primarily recurring in nature, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one year contract, and revenues are recognized at the time services are performed. For pest control customers, the Company offers a discount for those customers who prepay for a full year of services. The Company defers recognition of these advance payments and recognizes the revenue as the services are rendered. The Company classifies the discounts related to the advance payments as a reduction in revenues. Termite baiting revenues are recognized when the initial services are performed at the inception of a new contract, although a portion of every termite baiting sale is deferred. The amount deferred is an estimate of the fair value of monitoring services to be rendered after the initial service. The amount deferred is then recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenue in a pattern that approximates the timing of performing monitoring visits. Baiting renewals are deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits. Traditional termite treatments are recognized as revenue at the time services are performed. Traditional termite contract renewals are recognized as revenues at the renewal date in order to match the revenue with the approximate timing of the corresponding service provided.

Liquidity and Capital Resources

The Company believes its current cash and marketable securities balances, future cash flows from operating activities and available borrowings under its $55.0 million credit facility will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future, including acquisition of select pest control businesses. The Company's operations generated cash of $58.7 million for the first nine months ended September 30, 2003, compared with cash provided by operating activities of $53.3 million for the same period in 2002. The 2003 results were achieved primarily from higher Net Income and strong advance payments received from customers. The decrease in Long-Term Accrued Liabilities in the first nine months of 2003 was due to a $5 million contribution to the defined benefit retirement plan in April 2003.

The Company invested approximately $8.7 million in capital expenditures during the nine months ended September 30, 2003, compared to $5.9 million during the same period in 2002, and expects to invest between $2.0 million and $4.0 million for the remainder of 2003. Capital expenditures for the first nine months consisted primarily of the purchase of equipment replacements and upgrades and improvements to the Company's management information systems. During the first nine months, the Company made acquisitions totaling $1.5 million, compared to $1.8 million during the same period in 2002. A total of $6.8 million was paid in cash dividends ($0.15 per share) during the first nine months of 2003, compared to $4.5 million or $0.10 per share during the same period in 2002. At the January 28, 2003 Board of Directors' Meeting, the Board approved a 50% increase in the quarterly dividend, from $0.033 to $0.05 per share on the split number of shares resulting from the three-for-two stock split to holders on March 10, 2003. The capital expenditures, acquisitions and cash dividends were funded entirely through existing cash balances and operating activities. The Company maintains a $55.0 million credit facility with a commercial bank, of which no borrowings were outstanding as of September 30, 2003 or October 15, 2003. However, the Company does maintain approximately $32.0 million in Letters of Credit.

Orkin, one of the Company's subsidiaries, is aggressively defending a class action lawsuit filed in Hillsborough County, Tampa, Florida. In early April 2002, the Circuit Court of Hillsborough County certified the class action status of Butland et al. v. Orkin Exterminating Company, Inc. et al. Orkin is also a defendant in Helen Cutler and Mary Lewin v. Orkin

Exterminating Company, Inc. et al pending in the District Court of Houston County, Alabama. Other lawsuits against Orkin, and in some instances the Company, are also being vigorously defended, including the Warren, Allen, Petsch, and Stevens cases. For further discussion, see Note 3 to the accompanying financial statements.

The Company made contributions of $20.0 million to the defined benefit retirement plan (the "Plan") during 2002 as a result of the Plan being underfunded. The Company made contributions of $5.0 million to the Plan in the second quarter of 2003 and believes that it may make additional contributions in the amount of approximately $5.0 million in the remainder of 2003. In the opinion of Management, additional Plan contributions will not have a material effect on the Company's financial position, results of operations or liquidity.

Impact of Recent Accounting Pronouncements

In November 2002, the Emerging Issues Task Force issued EITF 00-21, Revenue Arrangements with Multiple Deliverables, which is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. The Company adopted EITF 00-21 in the third quarter of 2003. This EITF addresses how to account for arrangements that involve the delivery or performance of multiple products, services, and/or rights to use assets. The Company's termite baiting service involves multiple deliverables, consisting of an initial directed liquid termiticide treatment, installation of termite monitoring stations, and subsequent periodic monitoring inspections. The portion of the termite baiting service sales price applicable to subsequent periodic monitoring inspections, which is determined based on fair value, is deferred and recognized over the first year of each contract. The portion of the sales price applicable to the termiticide treatment and installation of the monitoring services is determined under the residual method (the total sales price less the fair value of the monitoring inspections). Revenues from the termiticide treatment and installation of the termite monitoring stations are recognized upon performance of the service and installation. The adoption of this EITF did not have a significant effect on the Company's financial position, results of operations or liquidity.

In December 2002, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities ("FIN 46"). The Interpretation requires that a variable interest entity be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN 46 are effective for all variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003. The Company believes the adoption of the Interpretation will not have a material impact on the financial position, results of operations or liquidity of the Company.

Forward-Looking Statements

This Quarterly Report 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 potential future pension plan contributions, the outcome of litigation arising in the ordinary course of business and the outcome of the Helen Cutler and Mary Lewin v. Orkin Exterminating Company, Inc. et al. ("Cutler") and the Butland et al. v. Orkin Exterminating Company, Inc. et al. ("Butland") litigation on the Company's financial condition, results of operations and liquidity; the adequacy of the Company's resources to fund operations and obligations; the impact of the corporate restructuring on liquidity and results of operations; and the Company's projected 2003 capital expenditures. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks, timing and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in the Cutler, Butland 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; the Company's ability to identify potential acquisitions; climate and weather trends particularly unseasonable cold and wet weather; competitive factors and pricing practices; that the cost reduction benefits of the corporate restructuring may not be as great as expected or eliminated positions may have to be reinstated in the future; potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations and additional risks discussed in the Company's Form 10-K for the year ended December 31, 2002. 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 September 30, 2003, the Company maintained an investment portfolio subject to short-term interest rate risk exposure. The Company has been affected by the impact of lower interest rates on interest income from its short-term investments and marketable securities. The Company is also subject to interest rate risk exposure through borrowings on its $55.0 million credit facility. Due to the absence of such borrowings as of September 30, 2003 and as currently anticipated for the remainder of 2003, this risk is not expected to have a material effect upon the Company's results of operations or financial position going forward. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material effect upon the Company's results of operations or financial position going forward.

Item 4. Controls and Procedures.

Under the supervision and with the participation of our Management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of September 30, 2003. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to Rollins, Inc., including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

In addition, there were no significant changes in our internal control over financial reporting during the quarter that could significantly affect these controls. We have not identified any significant deficiency or material weaknesses in our internal controls, and therefore there were no corrective actions taken.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 3 to Part I, Item 1 for discussion of certain litigation.

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) Amended and Restated By-laws of Rollins, Inc. is incorporated by reference to Exhibit (3) (ii) as filed with its Form 10-Q for the quarterly period ended June 30, 2003.

(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.

(iv) Amendment to the By-laws of Rollins, Inc. is incorporated herein by reference to Exhibit (3) (iv) as filed with its Form 10-K for the year ended December 31, 2002.

(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.

(31.1) Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(31.2) Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32.1) Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

On July 24, 2003, the Company furnished a report on Form 8-K, which reported under Item

9 that on July 22, 2003, the Company reported earnings for the second quarter ended June 30, 2003.

On July 24, 2003, the Company furnished a report on Form 8-K, which reported under Item 9 that on July 22, 2003, the Board of Directors has declared a regular quarterly dividend of $0.05 per share.

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: October 29, 2003 By: /s/ Gary W. Rollins

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

Date: October 29, 2003 By: /s/ Harry J. Cynkus

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

Exhibit 31.1

Certifications

I, Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervisions, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003 By: /s/ Gary W. Rollins

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

Exhibit 31.2

I, Harry J. Cynkus, Chief Financial Officer of Rollins, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rollins, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervisions, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003 By: /s/ Harry J. Cynkus

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

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

To the best of their knowledge the undersigned hereby certify that the Quarterly Report on Form 10-Q of Rollins, Inc. for the quarterly period ended September 30, 2003, fully complies with the requirements of Sections 13(a) and 15(d) of The Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of Rollins, Inc.

Date: October 29, 2003

/s/ Gary W. Rollins

Gary W. Rollins
Chief Executive Officer, President
and Chief Operating Officer

Date: October 29, 2003

/s/ Harry J. Cynkus

Harry J. Cynkus
Chief Financial Officer and Treasurer