

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

FORM 8-K/A

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

Date of Report (Date of earliest event reported): April 30, 2004

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

1-4422
(Commission File Number.)

Delaware
(State or other jurisdiction
of incorporation)

51-0068479
(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)

On May 17, 2004, Rollins, Inc. filed with the Securities and Exchange Commission (the "Commission") a Report on Form 8-K (the "Initial 8-K Report") with respect to its acquisition on April 30, 2004, of substantially all of the assets of Western Pest Services (the "Seller"). In accordance with Item 7(a)(4) of Form 8-K, the Initial 8-K Report did not include the historical Seller financial statements or the unaudited pro forma combined financial information of Rollins (collectively, the "Financial Information") and instead contained an undertaking to file the Financial Information with the Commission in an amendment to the Initial 8-K Report as soon as practicable, but not later than July 16, 2004. This amendment is being filed for the purpose of satisfying the Registrant's undertaking to file the Financial Information, and this amendment should be read in conjunction with the Initial 8-K Report.

ITEM 7. Financial Statements and Exhibits.

The following financial statements, pro forma financial information and exhibits were filed as part of this report:

- (a) Financial Statements of Western Industries, Inc. pursuant to Rule 3-05 of Regulation S-X:

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Western Industries, Inc.

We have audited the accompanying consolidated balance sheet of Western Industries, Inc. and subsidiaries as of December 31, 2003 and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Western Industries,

Inc. and subsidiaries at December 31, 2003 and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ WISS & COMPANY, LLP

 WISS & COMPANY, LLP

Livingston, New Jersey
 May 10, 2004

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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (in Thousands)

	December 31, 2003

ASSETS	
<S>	<C>
CURRENT ASSETS:	
Cash and equivalents	\$ 5,476
Securities available-for-sale	2,542
Accounts receivable, less allowance for doubtful accounts of \$510	6,843
Inventories	2,886
Materials and supplies	1,618
Prepaid expenses and other current assets	1,768
Advances to affiliates	379
Refundable income taxes	3
Deferred income taxes	494

Total Current Assets	22,009

PROPERTY, PLANT AND EQUIPMENT	5,130

OTHER ASSETS:	
Cash surrender value of life insurance, less related loans of \$266	4,692
Intangible assets	2,284
Deferred compensation plan	3,723
Other assets	310

Total Other Assets	11,009

Total Assets	\$ 38,148

=====	
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 12,799
Income taxes payable	508
Current portion of long-term debt	205
Current portion of deferred compensation	101
Deferred revenues	8,797

Total Current Liabilities	22,410

OTHER LIABILITIES:	
Deferred compensation plan, less current portion	5,687
Long-term debt, less current portion	1,837
Deferred income taxes	23
Deferred revenues	532

Total Liabilities	8,079

COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY:	
Common stock	885
Retained earnings	5,089

Accumulated other comprehensive income	1,685
---	-----
Total Stockholders' Equity	7,659
---	-----
Total Liabilities and Stockholders' Equity	\$ 38,148

<FN>
The accompanying notes to the financial statements are an integral part of this statement.
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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(in Thousands)

	Year Ended December 31, 2003

<S>	<C>
REVENUES:	
Net sales	\$ 96,906
Agency fees	1,468

	98,374

COSTS AND EXPENSES:	
Cost of services rendered and products sold	53,722
Depreciation and amortization	1,686
Selling, general and administrative	42,021
Interest and other income, net	(198)

	97,231

INCOME BEFORE INCOME TAXES	1,143

INCOME TAXES:	
Current	518
Deferred	(205)

	313

NET INCOME	830

OTHER COMPREHENSIVE INCOME -	
Unrealized gain on securities available-for-sale	633

COMPREHENSIVE INCOME	\$ 1,463

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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in Thousands)

	Year Ended December 31, 2003

<S>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 830
Adjustments to reconcile net income to net cash flows from operating activities:	
cash flows from operating activities:	
Depreciation and amortization	1,687
Deferred income taxes	(205)
Interest credited to long-term debt	94

Gain on sale of property	(153)
Provision for losses on accounts receivable	398
Provision for insurance reserve	1,546
Changes in operating assets and liabilities:	
Accounts receivable	(954)
Inventories	775
Materials and supplies	(191)
Prepaid expenses and other current assets	211
Refundable income taxes	27
Other assets	54
Accounts payable and accrued expenses	331
Deferred revenue	1,358
Income taxes payable	166

Net cash flows from operating activities	5,974
	=====
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(716)
Payments received on notes receivable	12
Proceeds from sale of property, plant and equipment	546
Purchase of available-for-sale securities	(65)
Cash surrender value of life insurance	(614)
Advances to affiliates	(29)
Cost of customer lists and computer software	(375)

Net cash flows from investing activities	(1,241)
	=====
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from long-term debt	47
Payments of long-term debt	(522)
Payment of dividends	(3,628)

Net cash flows from financing activities	(4,103)
	=====
NET CHANGE IN CASH AND EQUIVALENTS	630
CASH AND EQUIVALENTS, BEGINNING OF YEAR	4,846

CASH AND EQUIVALENTS, END OF YEAR	\$ 5,476
	=====
SUPPLEMENTAL CASH FLOW INFORMATION:	
Income taxes paid	\$ 328
Interest paid	\$ 206
Non-cash investing activity:	
Unrealized gain on securities available-for-sale	\$ 633
	=====

<FN>

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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003
Dollars in Thousands

Note 1 - Nature of the Business and Summary of Significant Accounting Policies:

Principles of Consolidation - The consolidated financial statements include the accounts of Western Industries, Inc. and its wholly-owned subsidiaries (the "Company"). All significant intercompany transactions have been eliminated upon consolidation.

Nature of the Business - The Company is engaged in pest control and the distribution of pesticides and chemicals. The Company primarily operates in the Mid-Atlantic states and Florida and is headquartered in Parsippany, New Jersey.

Revenues - The Company's revenue recognition policies are designed to recognize revenues at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, certain accounting estimates are utilized. Residential and commercial pest control services are primarily recurring in nature on a monthly or tri-monthly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, residential pest control customers sign an initial one-year contract, and revenues are recognized at the time services are performed. For commercial 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 on the delivery of units method. At the inception of a new baiting services contract upon quality control review of the installation, the Company recognizes revenue for the delivery of the monitoring stations, initial directed liquid termiticide treatment and installation of the monitoring services. The amount deferred for the undelivered monitoring element 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 renewal revenue is 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 when corresponding service is provided.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents - The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Securities Available-for-Sale - Securities available for sale are reported at their fair values and consist of equity securities not classified as trading securities or as securities to be held to maturity. Unrealized holding gains and losses are included in other comprehensive income.

Inventories - Inventories consist principally of pesticides and are stated at the lower of cost (last-in, first-out method [LIFO]) or market. If the first-in, first-out [FIFO] method of inventory accounting had been used, inventories would have been approximately \$850 higher than reported at December 31, 2003, and net income for 2003 would have increased by approximately \$10.

Materials and Supplies - Materials and supplies are stated at cost and are to be used in pest control applications.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets which range from three to forty years. Repairs and maintenance costs are expensed as incurred; major renewals and betterments are capitalized. When assets are disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

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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 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 practice 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.

Accrual for Termite Contract Damages - Accrual for termite contract damages represents the estimated costs of reapplications, repair claims, associated labor, chemicals and other costs. The Company contracts an independent third party actuary 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 governmental regulation.

Intangible Assets - Intangible assets at December 31, 2003, are stated at cost and consist principally of customer lists, computer software and non-compete agreements which are being amortized over fifteen, five and ten years, respectively, and goodwill which is tested for impairment annually for possible reduction in fair value below its carrying amount. The Company conducted the required impairment review in 2003, and determined that no impairment existed.

Concentrations of Credit Risk - Financial instruments which potentially

subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. In management's opinion, cash and cash equivalents are with high credit quality financial institutions and concentration of credit risk is limited. At times, cash balances may exceed insured limits. The Company periodically reviews its trade receivables and establishes an allowance for uncollectible accounts. Management feels the credit risk beyond the established allowance is limited.

Vendor Concentration - Purchases from one unaffiliated supplier comprised approximately 13% of the Company's net purchases in 2003.

Retirement Plan - The Company has a 401(k) retirement savings plan (the "Plan") for all of its employees who meet certain eligibility criteria whereby it contributes 3% of employee annual compensation. The Plan also requires the Company to contribute 50% of employee contributions limited to 1.5% on the first 3% of employee compensation. The Plan also contains a feature allowing additional contributions from Company profits which may be awarded each year at the discretion of management. These amounts are allocated to participants based on the ratio of the participant's compensation to the total compensation of all participants.

Company 401(k) and profit sharing contributions totaled \$1,920 in 2003.

Deferred Compensation Plan - The Company has a Deferred Compensation Plan providing certain employees with the opportunity to participate in the program. Under the program, participants may defer up to 20% of their base compensation and up to 100% of bonuses earned. Amounts deferred are invested by the Company. The assets of the plan are segregated and consists of various marketable securities and other liquid assets as determined by the participants, and remain the sole property of the Company until such time when the amounts are distributed to the participants. The program is not qualified under Section 401 of the Internal Revenue Code.

In addition, the Company has certain agreements with four of its current or retired executives whereby the Company will make or continue payments upon retirement of the respective individual for a ten year period (Note 8).

Deferred Revenues - Deferred termite reinspection revenue of \$3,504 at December 31, 2003 relate to contracts which expire beginning after December 31, 2003. The related property is inspected annually; if infestation or reinfestation is determined to have occurred, the Company will treat or re-treat the property. In the opinion of management, the deferred revenues are sufficient to cover prospective costs.

Deferred service contract revenue of \$5,825 as of December 31, 2003, resulted from the sale of service contracts payable in advance. Revenue is recognized when contractual requirements are performed, while any portion of the sales price applicable to succeeding years is deferred.

Income Taxes - Deferred income taxes are recognized for the tax consequences of "temporary

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differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company (except for two of its subsidiaries) has elected under Section 1361 of the Internal Revenue Code and under certain state statutes to be taxed as an S Corporation. Under these provisions, all earnings and losses of the Company for federal and state income tax reporting purposes are reported on the income tax returns of the shareholders. Other than the two subsidiaries referred to above, no provision has been made for federal income taxes. The Company is subject to state income taxes at a reduced rate.

Advertising Costs - Advertising costs are charged to operations as incurred and totaled approximately \$2,900 in 2003.

New Accounting Standard - In January 2003, as revised in December 2003, the Financial Accounting Standards Board issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46). Under that interpretation, certain entities known as "Variable Interest Entities" (VIE) must be consolidated by the "primary beneficiary" of the entity. The primary beneficiary is generally defined as having the majority of the risks and rewards arising from the VIE. For VIE's in which a significant (but not majority) variable interest is held, certain disclosures are required. The measurement principles of this interpretation will be effective for the Company's December 31, 2004 financial statements.

At December 31, 2003, the Company is a beneficiary in three entities that were formed in connection with its operations. Due to the sale of the Company's principal operations (Note 8) in 2004, the Company currently is evaluating the

classification of these entities under FIN 46. At December 31, 2003, the maximum exposure to loss was approximately \$9,000.

Note 2 - Securities Available-for-Sale:

Securities available-for-sale at December 31, 2003, consist of equity securities having a cost basis of \$858 and unrealized gains of \$1,685.

Note 3 - Property, Plant and Equipment:

Property, plant and equipment consist of the following:

	December 31, 2003
Land	\$ 530
Buildings and improvements	4,633
Office furniture and equipment	4,080
Service equipment	3,102

	12,345
Less: Accumulated depreciation	7,215

	\$ 5,130
	=====

Depreciation expense for 2003 totaled \$1,099.

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Note 4 - Intangible Assets:

Intangible assets consist of the following:

	December 31, 2003
Customer lists	\$ 2,348
Computer software	1,067
Non-compete agreements	819
Goodwill	120
Other	94

	4,448
Less: Accumulated amortization	2,164

	\$ 2,284
	=====

Note 5 - Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following:

	December 31, 2003
Accounts payable	\$ 2,001
Accrued payroll and bonuses	5,357
Accrued insurance costs	2,221
Accrued profit sharing and 401(k) contributions	1,659
Accrual for termite contract damages	293
Other accrued expenses	1,268

	\$ 12,799
	=====

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Note 6 - Long-term Debt:

Long-term debt at December 31, 2003, consists of the following:

First mortgage payable in monthly installments plus interest, collateralized by land and buildings:

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Property	Monthly Installment	Interest Rate	Due Date	December 31, 2003
<S>	<C>	<C>	<C>	<C>
Richmond, VA	\$ 2	8.20%	January 2009	\$ 119
Wilmington, DE	1	7.6	December 2012	60
Fairfax, VA	3	8.0	March 2013	281
Paramus, NJ	2	7.75	November 2009	190

Note bearing interest at 8.5% per annum, payable interest only to 2005, when principal is due	1,198
Other notes payable, due through 2005	194

	2,042
Less: Current maturities	205

	\$ 1,837
	=====

</TABLE>

Long-term debt at December 31, 2003, matures as follows:

	Year Ending December 31,

2004	\$ 205
2005	1,332
2006	74
2007	75
2008	76
2009 and thereafter	280

	\$ 2,042
	=====

Note 7 - Commitments, Contingencies and Related Party Transactions:

Leases - The Company leases office space and motor vehicles under various operating leases, expiring through 2007, and seven offices leased on a month-to-month basis, from companies owned by its officers and stockholders. The leases provide for payment of real estate taxes, insurance, maintenance and repairs. Future minimum lease payments under all noncancelable operating leases with an initial or remaining lease term in excess of one year are as follows:

	Year Ending December 31,

2004	\$ 3,442
2005	2,240
2006	1,419
2007	359

	\$ 7,460
	=====

Rent expense totaled \$4,363 in 2003, including \$313 to affiliates.

Advances due from the above affiliates at December 31, 2003, totaled \$379, and bear interest at prime (4% at December 31, 2003).

Litigation - The Company is a defendant in a legal action pending in the Supreme Court of New York, County of Bronx, under which the plaintiff is seeking monetary damages of \$1,000. The Company has filed a motion to dismiss and intends to defend itself vigorously. The motion to dismiss and a scheduled date for hearing are pending. The final outcome of the litigation cannot presently be determined.

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The Company has been served a summons and complaint in connection with a wrongful death claim against a facility located in Florida serviced by the Company. The plaintiff is pursuing this claim against the facility in which the Company is presently not a named party. The final outcome of this matter and possible loss, if any, cannot presently be determined.

The Company is subject to various other legal proceedings arising in the ordinary course of business. It is not possible at this time to predict the outcome of the unsettled legal actions; however, in the opinion of management, the disposition of such matters will not have a material adverse effect on the consolidated financial statements.

Environmental Costs - The Company expenses environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures which extend the life of the related property or mitigate or prevent future environmental contamination are capitalized. The Company determines its liabilities on a site-by-site basis and records a liability at the time when it is probable and can be reasonably estimated. The estimated liability is not discounted or reduced for possible recoveries from insurance carriers. The Company has accrued \$450 for estimated environmental remediation costs at December 31, 2003.

Note 8 - Subsequent Event:

On April 30, 2004, the Company sold its pest-control operations and certain other assets for approximately \$110.0 million receiving cash and marketable securities.

In conjunction with the sale of the pest-control operations, the Company agreed to pay three of the four employees under its deferred compensation agreement, the present value of their future retirement benefits totaling approximately \$950. The fourth employee, who retired in 2001, will be paid \$101 per annum through 2022.

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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in Thousands)

	March 31, 2004 (Unaudited)
ASSETS	

<S>	<C>
CURRENT ASSETS:	
Cash and equivalents	\$ 6,376
Securities available-for-sale	2,627
Accounts receivable, less allowance for doubtful accounts of \$555	8,021
Inventories	3,213
Materials and supplies	1,755
Prepaid expenses and other current assets	1,998
Advances to affiliates	393
Refundable income taxes	126
Deferred income taxes	501
-----	-----
Total Current Assets	25,010
-----	-----
PROPERTY, PLANT AND EQUIPMENT	5,228
-----	-----
OTHER ASSETS:	
Cash surrender value of life insurance, less related loans of \$266	3,954
Intangible assets	2,259
Deferred compensation plan	4,170
Other assets	309
-----	-----
Total Other Assets	10,692
-----	-----
Total Assets	\$ 40,930
=====	
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 15,536
Income taxes payable	380
Current portion of long-term debt	169
Current portion of deferred compensation	101
Deferred revenues	7,816
-----	-----
Total Current Liabilities	24,002
-----	-----
OTHER LIABILITIES:	
Deferred compensation plan, less current portion	6,109
Long-term debt, less current portion	569
Deferred income taxes	23
Deferred revenues	576
-----	-----
Total Liabilities	7,277
-----	-----
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDERS' EQUITY:	
Common stock	885
Retained earnings	7,004
Accumulated other comprehensive income	1,762
-----	-----
Total Stockholders' Equity	9,651

Total Liabilities and Stockholders' Equity

\$ 40,930

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<FN>
The accompanying notes to the financial statements are an integral part of this statement.
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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)
(in Thousands)

	Three Months Ended March 31, 2004

<S>	<C>
REVENUES:	
Net sales	\$ 24,330
Agency fees	312

	24,642

COSTS AND EXPENSES:	
Cost of services rendered and products sold	13,239
Depreciation and amortization	401
Selling, general and administrative	8,803
Interest and other income, net	23

	22,466

INCOME BEFORE INCOME TAXES	2,176

INCOME TAXES:	
Current	40
Deferred	(8)

	32

NET INCOME	2,144
	=====
OTHER COMPREHENSIVE INCOME -	
Unrealized gain on securities available-for-sale	77

COMPREHENSIVE INCOME	\$ 2,221
	=====

<FN>
The accompanying notes to the financial statements are an integral part of this statement.
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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
(in Thousands)

	Three Months Ended March 31, 2004

<S>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 2,144
Adjustments to reconcile net income to net cash flows from operating activities:	
cash flows from operating activities:	
Depreciation and amortization	401
Deferred income taxes	(8)
Provision for losses on accounts receivable	44
Changes in operating assets and liabilities:	
Accounts receivable	(1,222)

Inventories	(327)
Materials and supplies	(137)
Prepaid expenses and other current assets	(232)
Refundable income taxes	(123)
Deferred compensation plan assets	(447)
Deferred compensation plan payable	442
Accounts payable and accrued expenses	2,736
Deferred revenue	(935)
Income taxes payable	(128)

Net cash flows from operating activities	2,188
	=====
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(462)
Payments received on notes receivable	2
Purchase of available-for-sale securities	(8)
Cash surrender value of life insurance	738
Advances to affiliates	(14)
Cost of customer lists and computer software	(10)

Net cash flows from investing activities	246
	=====
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of long-term debt	(1,304)
Payment of dividends	(230)

Net cash flows from financing activities	(1,534)
	=====
NET CHANGE IN CASH AND EQUIVALENTS	900
CASH AND EQUIVALENTS, BEGINNING OF YEAR	5,476

CASH AND EQUIVALENTS, END OF YEAR	\$ 6,376
	=====
SUPPLEMENTAL CASH FLOW INFORMATION:	
Interest paid	\$ 291
Non-cash investing activity:	
Unrealized gain on securities available-for-sale	\$ 77
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<FN>
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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2004
Dollars in Thousands

Note 1 - Nature of the Business and Summary of Significant Accounting Policies:

Principles of Consolidation - The consolidated financial statements include the accounts of Western Industries, Inc. and its wholly-owned subsidiaries (the "Company"). All significant intercompany transactions have been eliminated upon consolidation.

Nature of the Business - The Company is engaged in pest control and the distribution of pesticides and chemicals. The Company primarily operates in the Mid-Atlantic states and Florida and is headquartered in Parsippany, New Jersey.

Interim Reporting - The interim financial statements included herein reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the results for the interim period presented. Such adjustments consist solely of normal recurring accruals. Results for interim periods are not necessarily indicative of results for a full year.

Revenues - The Company's revenue recognition policies are designed to recognize revenues at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, certain accounting estimates are utilized. Residential and commercial pest control services are primarily recurring in nature on a monthly or tri-monthly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, residential pest control customers sign an initial one-year contract, and revenues are recognized at the time services are performed. For commercial 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 on the delivery of units method. At the inception of a new baiting services contract upon quality control review of the installation, the Company recognizes revenue for the delivery of the

monitoring stations, initial directed liquid termiticide treatment and installation of the monitoring services. The amount deferred for the undelivered monitoring element 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 renewal revenue is 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 when corresponding service is provided.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents - The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Securities Available-for-Sale - Securities available for sale are reported at their fair values and consist of equity securities not classified as trading securities or as securities to be held to maturity. Unrealized holding gains and losses are included in other comprehensive income.

Inventories - Inventories consist principally of pesticides and are stated at the lower of cost (last-in, first-out method [LIFO]) or market.

Materials and Supplies - Materials and supplies are stated at cost and are to be used in pest control applications.

Property, Plant and Equipment - Property, plant and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets which range from three to forty years. Repairs and maintenance costs are expensed as incurred; major renewals and betterments are capitalized. When assets are disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Insurance - The Company self-insures, up to specified limits, certain risks related to general liability,

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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 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 practice 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.

Accrual for Termite Contract Damages - Accrual for termite contract damages represents the estimated costs of reapplications, repair claims, associated labor, chemicals and other costs. The Company contracts an independent third party actuary 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 governmental regulation.

Concentrations of Credit Risk - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. In management's opinion, cash and cash equivalents are with high credit quality financial institutions and concentration of credit risk is limited. At times, cash balances may exceed insured limits. The Company periodically reviews its trade receivables and establishes an allowance for uncollectible accounts. Management feels the credit risk beyond the established allowance is limited.

Retirement Plan - The Company has a 401(k) retirement savings plan (the "Plan") for all of its employees who meet certain eligibility criteria whereby it contributes 3% of employee annual compensation. The Plan also requires the Company to contribute 50% of employee contributions limited to 1.5% on the first

3% of employee compensation. The Plan also contains a feature allowing additional contributions from Company profits which may be awarded each year at the discretion of management. These amounts are allocated to participants based on the ratio of the participant's compensation to the total compensation of all participants.

Deferred Compensation Plan - The Company has a Deferred Compensation Plan providing certain employees with the opportunity to participate in the program. Under the program, participants may defer up to 20% of their base compensation and up to 100% of bonuses earned. Amounts deferred are invested by the Company. The assets of the plan are segregated and consist of various marketable securities and other liquid assets as determined by the participants, and remain the sole property of the Company until such time when the amounts are distributed to the participants. The program is not qualified under Section 401 of the Internal Revenue Code.

In addition, the Company has certain agreements with four of its current or retired executives whereby the Company will make or continue payments upon retirement of the respective individual for a ten year period (Note 8).

Income Taxes - Deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company (except for two of its subsidiaries) has elected under Section 1361 of the Internal Revenue Code and under certain state statutes to be taxed as an S Corporation. Under these provisions, all earnings and losses of the Company for federal and state income tax reporting purposes are reported on the income tax returns of the shareholders. Other than the two subsidiaries referred to above, no provision has been made for federal income taxes. The Company is subject to state income taxes at a reduced rate.

New Accounting Standard - 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. In December 2003, the Financial Accounting Standards Board issued a revision to FIN 46 referred to as Interpretation No. 46(R). Among other provisions, the revision extends the adoption date of FIN 46 (R) to the first quarter of 2004 for variable interest entities created prior to February 1, 2003. The believes the adoption of the Interpretation, with respect to variable interest entities created prior to February 1, 2003, will not have a material impact on the financial position, results of operations or liquidity of the Company. During 2003, the Company adopted FIN 46 with

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respect to franchise entities created after January 31, 2003. The adoption did not have a significant effect on the Company's financial position or results of operations.

Note 2 - Property, Plant and Equipment:

Property, plant and equipment consist of the following:

	March 31, 2004 (unaudited)

Land	\$ 530
Buildings and improvements	4,659
Office furniture and equipment	4,141
Service equipment	3,145

	12,475
Less: Accumulated depreciation	7,247

	\$ 5,228
	=====

Note 3 - Intangible Assets:

Intangible assets consist of the following:

March 31, 2004 (Unaudited)

Customer lists	\$ 2,294
Computer software	1,111
Non-compete agreements	819
Goodwill	121
Other	131

	4,476
Less: Accumulated amortization	2,217

	\$ 2,259
	=====

Note 4 - Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following:

	March 31, 2004 (Unaudited)

Accounts payable	\$ 3,712
Accrued payroll and bonuses	5,115
Accrued insurance costs	2,447
Accrued profit sharing and 401(k) contributions	2,098
Accrual for termite contract damages	372
Other accrued expenses	1,792

	\$ 15,536
	=====

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Note 5 - Long-term Debt:

Long-term debt at March 31, 2004, consists of the following:

First mortgage payable in monthly installments plus interest, collateralized by land and buildings:

Property	Monthly Installment	Interest Rate	Due Date	March 31, 2004 (Unaudited)

Richmond, VA	\$ 2	8.20%	January 2009	\$ 113
Wilmington, DE	1	7.6	December 2012	59
Fairfax, VA	3	8.0	March 2013	273
Paramus, NJ	2	7.75	November 2009	188

Other notes payable, due through 2005				105

				738
Less: Current maturities				169

				\$ 569
				=====

Note 6 - Subsequent Event:

On April 30, 2004, the Company sold its pest-control operations and certain other assets for approximately \$110.0 million, receiving cash and marketable securities.

In conjunction with the sale of the pest-control operations, the Company agreed to pay three of the four employees under its deferred compensation agreement, the present value of their future retirement benefits totaling approximately \$950. The fourth employee, who retired in 2001, will be paid \$101 per annum through 2022.

(b) Pro Forma financial information required pursuant to Article 11 of Regulation S-X:

The pro forma financial statements give pro forma effect to the acquisition by the Company of Western Pest Services for approximately \$110.0 million (the "Acquisition"). The Purchase Price was funded with cash on hand, the sale of property located in Okeechobee County, Florida and a \$15.0 million dollar senior unsecured revolving credit facility with Wachovia Bank NA. The unaudited pro forma consolidated balance sheet was prepared as if the Acquisition occurred as of March 31, 2004. The unaudited pro forma consolidated statement of income for the year ended December 31, 2003 was prepared as if the Acquisition occurred as of January 1, 2003. The unaudited pro forma consolidated statement of income for the three months ended March 31, 2004 was prepared as if the Acquisition occurred as of January 1, 2004.

The pro forma adjustments are based upon available information and assumptions that the Company believes are reasonable. The pro forma adjustment

to reflect the allocation of the purchase price is based upon the preliminary information currently available, which may be revised, as additional information becomes available. The notes to the unaudited pro forma financial statements provide a more detailed discussion of how such adjustments were derived and presented in the pro forma financial statements. Such financial statements have been compiled from historical financial statements and other information, but do not purport to represent what the Company's financial position or results of operations actually would have been had the transactions occurred on the dates indicated, or to project the Company's financial performance for any future period. The pro forma statements of income do not reflect any synergies or other operating benefits that may be realized as the Company integrates Western Pest Services with the Company's existing operations.

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<TABLE>
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UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 2004
(in thousands)

Pro Forma for the Acquisition	ASSETS	Rollins, Inc. Historical	Western Pest (a)	Pro Forma Adjustments for the Acquisition
<S>		<C>	<C>	<C>
<C>				
CURRENT ASSETS:				
Cash and equivalents (b,c,d,m) \$ 10,428		\$ 97,888	\$ 6,376	\$ (93,836)
Securities available-for-sale		---	2,627	(2,627) (m)
Trade receivables, net 49,917		45,549	8,021	(3,653) (k)
Note receivable 5,378		---	10	5,368 (d)
Materials and supplies 11,902		10,147	1,755	
Deferred Income Taxes 20,580		20,580	3,213	(3,213) (j)
Prepaid expenses and other current assets 11,935		10,092	3,008	(1,165) (k,m)
Total Current Assets		184,256	25,010	(99,126)
110,140				
Equipment and Property, net 50,499		34,618	5,228	10,653 (b,k)
Cash surrender value of officers' life insurance 436			3,954	(3,518) (m)
Goodwill 107,386		72,521		34,865 (b)
Customer Contracts and Other Intangible Assets 88,331		28,924	2,259	57,148 (b,m)
Deferred income taxes 17,287		17,287		
Other Assets 25,480		25,350	309	(179) (m)
Other-Deferred Compensation Plan 4,170		---	4,170	
Total Assets		\$ 362,956	\$ 40,930	\$ (157)
\$ 403,729				

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable 15,920		\$ 15,325	3,712	(3,117) (k)
Accrued Insurance 15,497		13,050	2,447	
Accrued Compensation and Related Liabilities 34,126		26,913	7,213	
Unearned Revenue 58,518		50,702	7,816	
Accrual for Termite Contracts		21,500	372	

21,872			
Other Current Liabilities	23,983	2,442	(845) (d,j,m)
25,580			
Line-of-Credit Borrowing	---	---	15,000 (c)
15,000			

Total Current Liabilities	151,473	24,002	11,039
186,513			
Accrued Insurance, Less Current Portion	24,764		
24,764			
Accrual for Termite Contracts, Less Current Portion	22,135		
22,135			
Long-Term Accrued Liabilities	16,741	592	(592) (m)
16,741			
Deferred Compensation Plan		6,109	(952) (m)
5,157			
Unearned Revenue	---	576	
576			

Total Liabilities	215,113	31,279	9,494
255,886			

COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common Stock	45,399		
45,399			
Additional Paid-In Capital	7,025		
7,025			
Western Pest Shareholders' Equity		9,651	(9,651)
Accumulated Other Comprehensive Loss	(300)		
(300)			
Retained earnings	95,719	---	
95,719			

Total Stockholders' Equity	147,843	9,651	(9,651)
147,843			

Total Liabilities and Stockholders' Equity	\$ 362,956	\$40,930	\$ (157)
\$ 403,729			

</TABLE>

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<TABLE>
<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003
(in thousands, except per share data)

	Rollins, Inc. Historical	Western Pest (a)	Pro Forma Adjustments for the Acquisition	Pro Forma for the Acquisition
--				
<S>	<C>	<C>	<C>	<C>
REVENUES	\$ 677,013	\$ 98,374	\$ (25,832) (k,l)	\$ 749,555
COSTS AND EXPENSES:				
Cost of Services Provided	362,422	53,722	(18,590) (k,l)	397,554
Depreciation and Amortization	20,179	1,686	5,469 (e,k)	27,334
Sales, General and Administrative	236,514	42,021	(5,896) (e,k)	272,639
(Gain)/Loss on Sale of Assets	(1,700)			(1,700)
Interest Income/expense	(432)	(198)	1,640 (f)	1,010
--				
	616,983	97,231	(17,377)	696,837
--				
INCOME BEFORE INCOME TAXES	60,030	1,143	(8,455)	52,718
PROVISION FOR INCOME TAXES	24,269	313	(3,219) (g)	21,363
--				
NET INCOME	\$ 35,761	\$ 830	\$ (5,236)	\$ 31,355
=====				
EARNINGS PER SHARE - BASIC				
Net Income	\$ 0.79			\$ 0.70

EARNINGS PER SHARE - DILUTED		
Net Income	\$ 0.77	\$ 0.68
Average Shares Outstanding - Basic	45,069	45,069
Average Shares Outstanding - Diluted	46,206	46,206

</TABLE>

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<TABLE>
<CAPTION>

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
THREE MONTHS ENDED MARCH 31, 2004
(in thousands, except per share data)

	Rollins, Inc. Historical	Western Pest (a)	Pro Forma Adjustments for the Acquisition	Pro Forma for the Acquisition
--				
<S>	<C>	<C>	<C>	<C>
REVENUES	\$ 158,692	\$ 24,642	\$ (5,506) (k,l)	\$ 177,828
COSTS AND EXPENSES:				
Cost of Services Provided	85,357	13,239	(4,225) (k,l)	94,371
Depreciation and Amortization	4,657	401	1,390 (h)	6,448
Sales, General and Administrative	54,175	8,803	(1,242) (h)	61,736
Loss on Sale of Assets	1			1
Interest Income/expense	(150)	23	333 (i)	206
--	144,040	22,466	(3,744)	162,762
--				
INCOME BEFORE INCOME TAXES	14,652	2,176	(1,762)	15,066
PROVISION FOR INCOME TAXES	5,934	32	(136) (j)	6,102
--				
NET INCOME	\$ 8,718	\$ 2,144	\$ (1,898)	\$ 8,964
EARNINGS PER SHARE - BASIC				
Net Income	\$ 0.19			\$ 0.22
EARNINGS PER SHARE - DILUTED				
Net Income	\$ 0.19			\$ 0.21
Average Shares Outstanding - Basic	45,298			45,298
Average Shares Outstanding - Diluted	46,643			46,643

</TABLE>

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WESTERN INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO THE UNAUDITED PRO FORMA FINANCIAL STATEMENTS

- a) Represents the unaudited historical financial statements of Western Industries, Inc. for the twelve months ended December 31, 2003 and as of March 31, 2004 and for the three months then ended.
- b) To reflect the Company's acquisition of Western Pest Service for a total purchase cost of approximately \$110.0 million. The purchase price was funded with cash on hand, the sale of property located in Okeechobee County, Florida and a \$15.0 million senior unsecured revolving credit facility with Wachovia Bank NA. The credit facility was repaid in full by the end of May 2004. The excess of purchase cost over the carrying amount of the net assets acquired has been allocated as follows:

Real Estate	\$ 11,170
Customer Contracts	50,500
Trade Name	3,900
Patents	130
Non compete agreement	400
Goodwill	34,865

	\$ 100,965
	=====

- c) To record the additional borrowing of \$15.0 million senior unsecured revolving credit facility with Wachovia Bank NA used to finance the purchase of Western Pest Services. The credit facility was repaid in full by the end of May 2004.

d) To record the purchase and subsequent sale of Residex Corporation to an industry distribution group. No gain or loss was recognized on the transaction.

Cash paid	\$ (5,226)
Note receivable assumed	5,368
Note payable assumed	(457)
Cash received	315

Net Gain/(Loss) on Purchase and Subsequent Sale	\$ ---

e) To reflect additional annual depreciation and amortization on the step up basis related to the tangible and intangible assets acquired, based upon the following depreciation/amortization periods.

	Asset Value	Years	Annual Expense
	-----		-----
Goodwill	\$ 34,865	n/a	\$ 0
Customer Contracts-Residential	13,200	8	1,650
Customer Contracts-Commercial	30,900	10	3,090
Customer Contracts-Termite	5,400	10	540
Customer Contracts-Fumigation	1,000	2.5	400
Trade Name	3,900	n/a	0
Patents	130	2.5	52
Non Compete Agreements	400	5	80

Total			\$ 5,812

In accordance with Statement of Financial Accounting Standard No. 142, goodwill resulting from the acquisition is not amortized.

Additional annual depreciation expense based on the increase in cost for buildings purchased is calculated as follows:

Historical carrying value, net	\$ 2,744
Fair market value	3,850
Increase in cost	1,106
Over 20 years	20

Additional annual depreciation expense	\$ 55

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Annual rent savings on real estate acquired totals \$313.

f) To reflect additional interest expense (at 4.5% for 12 months) resulting from the acquisition related borrowings.

g) To reflect the income tax effect resulting from the Western income and pro forma adjustments as if taxed as a C-Corporation using an applicable tax rate of 40.5%.

h) To reflect additional depreciation and amortization for the three months on the step up basis related to the tangible and intangible assets acquired, based upon the following depreciation/amortization periods.

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Months	Asset		Annual	
	Value	Years	Expense	3 Expense
	-----		-----	-----
<S>	<C>	<C>	<C>	<C>
Goodwill	\$34,865	n/a	\$ 0	\$ 0
Customer Contracts-Residential	13,200	8	1,650	413
Customer Contracts-Commercial	30,900	10	3,090	773
Customer Contracts-Termite	5,400	10	540	135
Customer Contracts-Fumigation	1,000	3	400	100
Trade Name	3,900	n/a	0	0
Patents	130	3	52	13
Non Compete Agreements	400	5	80	20
			-----	-----
Total			\$5,812	\$1,454

</TABLE>

In accordance with Statement of Financial Accounting Standard No. 142, goodwill resulting from the acquisition is not amortized.

Additional depreciation expense for the 3 months is based on the increase in basis for buildings purchased, calculated as follows:

Historical basis on Western, net	\$2,744
Fair market value per valuation report	3,850

Increase in basis	1,106
Over 20 years	20

Additional depreciation expense	\$ 14 for 3 months

Rent savings on real estate acquired totals \$80 for 3 months

- i) To record additional interest expense of \$169 (at 4.5% for 3 months) resulting from the acquisition related borrowings and a reduction of interest income on previously invested cash used to fund the acquisition.
- j) To reflect the income tax effect resulting from the Western income and pro forma adjustments as if taxed as a C-Corporation using an applicable tax rate of 40.5%.
- k) Assets, liabilities, revenues and expenses have been adjusted to exclude the operations of Residex Corporation, which was purchased on April 30, 2004 and subsequently sold to an industry distribution group on April 30, 2004, with no gain or loss recognized on the transaction.
- l) Revenues and Costs of Services Provided were adjusted to reflect the discontinuation of providing services on behalf of Copesan, the nationwide consortium of regional pest control companies that service national accounts.
- m) Certain assets and liabilities that were not purchased and assumed by the Company as part of the purchase agreement were adjusted accordingly.

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(c) Exhibits.

(2) (i) Asset Purchase Agreement by and among Orkin, Inc. (as assigned to Rollins, Inc.) and Western Industries, Inc., Western Exterminating Company, Inc. et al. dated March 8, 2004 incorporated herein by reference to Exhibit (2) (i) as filed with its Form 10-Q for the quarter ended March 31, 2004, as amended.

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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 hereunto duly authorized.

ROLLINS, INC.

Date: July 16, 2004

By: /s/ Gary W. Rollins

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

Date: July 16, 2004

By: /s/ Harry J. Cynkus

Harry J. Cynkus
Chief Financial Officer and
Treasurer

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