

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 16, 2005

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

Delaware	1-4422	51-0068479
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2170 Piedmont Road, N.E., Atlanta, Georgia 30324  
(Address of principal executive offices) (Zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. Results of Operations and Financial Condition

The information provided pursuant to this Item 2.02 is to be considered "filed" under the Securities Exchange Act of 1934 ("Exchange Act") and incorporated by reference into those filings of Rollins, Inc (the "Company") that provide for the incorporation of all reports and documents filed by the Company under the Exchange Act.

On February 16, 2005, the Company issued a press release announcing its results for the quarter and year ended December 31, 2004. The Company hereby incorporates by reference herein the information set forth in its Press Release dated February 16, 2005, a copy of which is attached hereto as Exhibit 99.1. Except as otherwise provided in the press release, the press release speaks only as of the date of such press release and such press release shall not create any implication that the affairs of the Company have continued unchanged since such date.

Except for the historical information contained in this report, the statements made by the Company are forward-looking statements that involve risks and uncertainties. All such statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The Company's future financial performance could differ significantly from the expectations of management and from results expressed or implied in the Press Release. See the risk factors contained in the Press Release for a discussion of certain risks and uncertainties that may impact such forward-looking statements. For further information on other risk factors, please refer to the "Risk Factors" contained in the Company's Form 10-K filed March 15, 2004 with the Securities and Exchange Commission. The Company disclaims any obligation or duty to update or modify these forward-looking statements.

Included in Exhibit 99.1, as attached, are the following non-GAAP financial measures:

- o Revenue and net income before the accounting change\*

o Revenue, excluding the acquisition of Western, and before the accounting change\*\*

\* Revenue and net income before the accounting change is presented and deemed useful by management in order to allow investors to see the impact of the Company's change in revenue recognition policy, which was recorded as of January 1, 2004, and to make the Company's 2004 results more comparable to its 2003 results.

\*\* Revenue, excluding the acquisition of Western, is presented and deemed useful by management in order to make the Company's 2004 results more readily comparable to its 2003 results. The Company's 2003 numbers do not include the Western acquisition, which was completed on April 30, 2004.

ITEM 9.01. Financial Statements and Exhibits

Exhibit No.	Description
99.1	Press Release Dated February 16, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Rollins, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROLLINS, INC.

Date: February 16, 2005

By: /s/ Harry J. Cynkus

-----  
Name: Harry J. Cynkus  
Title: Chief Financial Officer and Treasurer

FOR IMMEDIATE RELEASE

ROLLINS, INC. REPORTS FOURTH QUARTER AND  
FULL-YEAR FINANCIAL RESULTS

- o 20th consecutive quarter of improved earnings results
- o Net income up 187.4% to \$13.9 million for the fourth quarter
- o Revenues rose 16.0% for the quarter
- o Earnings per share before the cumulative effect of a change in accounting principle increased \$0.48 to \$1.25 for the year, a 62.3% increase

Atlanta, GA, February 16, 2005 - Rollins, Inc. (NYSE:ROL) a premier North American consumer services company, today reported its unaudited financial results for its fourth quarter and year ended December 31, 2004.

The Company reported an increase in net income of 187.4% to \$13.9 million, or \$0.30 per diluted share for the fourth quarter, compared to \$4.8 million, or \$0.10 per diluted share for the same period in 2003, as previously reported. Net income for the quarter included gains from the sale of assets, net of tax, of \$6.3 million or \$0.13 per share, in 2004 and \$1.0 million net of tax, or \$0.02 per share, in 2003, as previously reported. Revenue for the fourth quarter rose 16.0% to \$183.8 million, (14.1% and \$180.8 million, before the accounting change), compared to revenue of \$158.5 million for the comparable quarter in 2003. Excluding operations of Western Pest Services, which was acquired on April 30, 2004, and the accounting change, revenues for the quarter increased 2.9%.

Net income for full year 2004 climbed 45.6% to \$52.1 million, or \$1.11 per diluted share, (\$58.3 million or \$1.25 per diluted share before the accounting change) compared to net income of \$35.8 million, or \$0.77 per diluted share for full year 2003. Revenues increased to \$750.9 million for the year, (\$749.4 before the change in accounting), compared to \$677.0 million for the prior year.

In past years, traditional termite treatments were recognized as revenue at the renewal date and an accrual was established for estimated costs of reapplications and repairs remaining to be incurred. In 2004, the Company reassessed its accounting for traditional termite contract renewals, due to differences in business practices between Orkin and Western Pest Services, a 2004 acquisition. Under the newly adopted accounting method, which the Company believes is preferable and more closely conforms to the guidance provided in applicable accounting literature, the revenue received is deferred and recognized on a straight-line basis over the remaining contract term. In addition, the future cost of reinspections, reapplications and repairs and associated labor and chemicals are expensed as incurred. The cumulative effect of the change in accounting principle, which had no impact on the Company's cash flows in 2004, was recorded as of January 1, 2004. Due to this change, the Company

recorded a cumulative adjustment of \$6.2 million (net of income taxes). The accounting change had the effect of increasing revenue recognized in 2004 by \$1.5 million but did not impact income before cumulative effect of change in accounting principle for the year. As this change does impact the timing of the revenue recognition in each quarter, attached are results of operations for the previously reported quarters of 2004, giving effect to the accounting change as of January 1, 2004, reconciled to the quarterly results for 2004 prior to the accounting change.

Rollins' balance sheet remains strong with total assets increasing to \$419.8 million and stockholders equity increasing to \$168.6 million. The Company ended the year with total cash and cash equivalents of \$56.7 million.

Gary Rollins, President and Chief Executive Officer of Rollins, Inc. stated, "We are pleased with the results we achieved for both our fourth quarter and full year. During the year we grew both the residential and commercial service lines of our business, experiencing increased customer and employee retention and the gain of new customers. Sales and service initiatives continue to play a positive role in this growth."

Mr. Rollins continued, "Lead generation and service improvements are driving residential business growth. We began the re-engineering of our commercial business segment in the fourth quarter and would expect this project to start making a positive contribution in fiscal 2005."

"Western is proving to be a successful acquisition for us. We continue to be impressed by the Western leadership and team. They contributed to our revenue growth, particularly in the last half of the year, and we expect them to play a significant role in our growth strategy going forward."

Mr. Rollins concluded, "We are most excited about our Company's opportunities in 2005 and beyond. We are dedicated to further improving our retention, revenue growth, employees' productivity, and profitability. We have a number of programs underway that will help us to achieve these goals and we

continue to explore additional opportunities to accelerate our performance. At the same time, we are committed to providing our customers in all areas of our business with the very best pest and termite control service to meet their ever changing needs."

Rollins, Inc. is one of the nation's largest consumer services companies. Through its wholly owned subsidiaries, Orkin, Inc. and Western Pest Services, the Company provides essential pest control services and protection against termite damage, rodents and insects to approximately 1.7 million customers in the United States, Canada and Mexico from over 400 locations. You can learn more about Orkin by visiting our Web sites at [www.orkin.com](http://www.orkin.com) and [www.rollins.com](http://www.rollins.com). You can also find this and other news releases at [www.rollins.com](http://www.rollins.com) by accessing the news releases button.

#### CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

The above release contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements regarding opportunities and expected improvements in 2005, the future contributions of Western, and expected contributions of the commercial business segment. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including without limitation, general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's pest and termite process reforms and pest control selling and treatment methods; the Company's ability to identify potential acquisitions; integrate acquired companies; climate and weather trends;

competitive factors and pricing practices; potential increases in labor costs; uncertainties of litigation; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements.

#### ROLLINS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (In thousands)

At December 31	2004 (Unaudited)	2003 (Audited)
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 56,737	\$ 59,540
Marketable Securities	---	21,866
Trade Receivables Short-Term, Net	45,469	39,380
Materials and Supplies	8,876	9,837
Deferred Income Taxes	29,381	23,243
Other Current Assets	7,368	7,414
	-----	-----
Current Assets	147,831	161,280
Equipment and Property, Net	49,163	35,836
Goodwill and Other Intangible Assets	195,470	102,831
Trade Receivables Long-Term, Net	9,755	9,091
Deferred Income Taxes	13,328	15,902
Other Assets	4,259	24,964
	-----	-----
Total Assets	\$ 419,806	\$ 349,904
	=====	=====
<b>LIABILITIES</b>		
Accounts Payable	\$ 15,438	\$ 12,290
Accrued Insurance	14,963	13,050
Accrued Payroll	38,453	31,019
Unearned Revenue	81,195	46,007
Other Current Liabilities	37,931	42,656
	-----	-----
Current Liabilities	187,980	145,022
Long-Term Accrued Liabilities	63,251	66,108
	-----	-----
Total Liabilities	251,231	211,130
	-----	-----
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock	45,670	45,157
Retained Earnings and Other Equity	122,905	93,617

Total Stockholders' Equity	168,575	138,774
Total Liabilities and Stockholders' Equity	\$ 419,806	\$ 349,904

<TABLE>

ROLLINS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED DECEMBER 31  
(In thousands except per share data)

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Twelve Months		Fourth Quarter		
		2004	2003	2004
(Unaudited)	(Audited)	(Unaudited)	(Audited)	
2003				
REVENUES		\$ 183,818	\$ 158,524	\$
750,884	\$ 677,013			
COSTS AND EXPENSES				
Cost of Services Provided		99,748	86,687	395,334
362,422				
Depreciation and Amortization		6,364	4,921	23,034
20,179				
Sales, General and Administrative		65,483	58,599	258,893
236,514				
(Gain)/Loss on Sales of Assets		(10,259)	(1,664)	
(24,716)	(1,700)			
Interest Income		(108)	(152)	
(373)	(432)			
TOTAL COSTS AND EXPENSES		161,228	148,391	652,172
616,983				
INCOME BEFORE INCOME TAXES		22,590	10,133	
98,712	60,030			
PROVISION FOR INCOME TAXES		8,721	5,308	
40,453	24,269			
INCOME BEFORE CUMULATIVE EFFECT CHANGE IN ACCOUNTING PRINCIPLE		13,869	4,825	
58,259	35,761			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET		-	-	
(6,204)	-			
NET INCOME		\$ 13,869	\$ 4,825	\$
52,055	\$ 35,761			
NET INCOME PER COMMON SHARE-BASIC:				
INCOME BEFORE CUMULATIVE EFFECT CHANGE IN ACCOUNTING PRINCIPLE		\$ 0.30	\$ 0.11	\$
1.28	\$ 0.79			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET		-	-	
(0.14)	-			
NET INCOME PER COMMON SHARE-BASIC		\$ 0.30	\$ 0.11	\$ 1.14

\$ 0.79

NET INCOME PER COMMON SHARE-DILUTED:			
INCOME BEFORE CUMULATIVE EFFECT CHANGE			
IN ACCOUNTING PRINCIPLE	\$ 0.30	\$ 0.10	\$
1.25 \$ 0.77			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET	-	-	
(0.14)			
---	-----	-----	-----
NET INCOME PER COMMON SHARE-DILUTED	\$ 0.30	\$ 0.10	\$ 1.11
\$ 0.77			
	=====	=====	
AVERAGE SHARES OUTSTANDING - BASIC	45,677	45,130	
45,547 45,069			
AVERAGE SHARES OUTSTANDING - DILUTED	46,928	46,313	46,778
46,206			

ADJUSTED FOR THREE FOR TWO STOCK EFFECTIVE

MARCH 10, 2005

AVERAGE SHARES OUTSTANDING - DILUTED	70,392	69,469	70,167
69,309			
NET INCOME PER COMMON SHARE-DILUTED:			
INCOME BEFORE CUMULATIVE EFFECT CHANGE			
IN ACCOUNTING PRINCIPLE	\$ 0.20	\$ 0.07	\$
0.83 \$ 0.52			
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET	-	-	
(0.09)			
---	-----	-----	-----
NET INCOME PER COMMON SHARE-DILUTED	\$ 0.20	\$ 0.07	\$ 0.74
\$ 0.52			
	=====	=====	

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ROLLINS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31  
(In thousands)

<CAPTION>

	2004 Unaudited	2003 Audited
	-----	-----
Operating Activities		
<S>	<C>	<C>
Net Income	\$ 52,055	\$ 35,761
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Change in Accounting Policy, Net	6,204	-
Depreciation and Amortization	23,034	20,179
Provision for Deferred Income Taxes	13,617	10,405
Other, Net	1,399	654
Gain on Sale of Assets	(24,716)	(1,700)
(Increase) Decrease in Assets:		
Trade Receivables	(6,088)	339
Materials and Supplies	2,645	878
Other Current Assets	482	2,056
Other Non-Current Assets	(304)	(199)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	14,959	9,776
Unearned Revenue	5,582	2,959
Accrued Insurance	(3,703)	(2,889)
Accrual for Termite Contracts	(5,046)	(2,573)
Long-Term Accrued Liabilities	(8,193)	(15,327)
Net Cash Provided by Operating Activities	71,927	60,319
	-----	-----
Investing Activities		
Purchases of Equipment and Property	(14,204)	(10,597)
Net Cash Used for Acquisition of Companies	(98,090)	(1,543)
Sales/(Purchases) of Marketable Securities, Net	21,866	(21,866)

Proceeds From Sale of Assets, Net of Deferred Gain of \$841	25,726	1,700
Net Cash Provided by (Used In) Investing Activities	(64,702)	(32,306)
Financing Activities		
Dividends Paid	(10,924)	(9,010)
Common Stock Purchased	(937)	-
Other	1,833	2,222
Net Cash Used in Financing Activities	(10,028)	(6,788)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,803)	21,225
Cash and Cash Equivalents at Beginning of Year	59,540	38,315
Cash and Cash Equivalents at End of Period	\$ 56,737	\$ 59,540

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CONFERENCE CALL  
Rollins, Inc.  
(NYSE: ROL)

Management will hold a conference call to discuss fourth quarter results on:

Wednesday, February 16, 2005 at:  
10:00 a.m. Eastern  
9:00 a.m. Central  
8:00 a.m. Mountain  
7:00 a.m. Pacific

TO PARTICIPATE:  
Please dial 800-218-0204 domestic;  
303-262-2130 international  
at least 5 minutes before start time.

REPLAY: through February 23, 2005 at 11:00 p.m.  
Please dial 800-405-2236/303-590-3000, Passcode: 11020461  
THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT  
[www.viavid.net](http://www.viavid.net)

Questions?:  
Janet Cruz at FRB/Weber Shandwick at 212-445-8453 or  
email to [jcruz@webershandwick.com](mailto:jcruz@webershandwick.com)

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Reconciliation					
Revenue Excluding Change in Accounting Principle and Western Pest Services					
Fourth Quarter					
	2004	2003	\$B/(W)	%B/(W)	
	----	----	-----	-----	
<S>	<C>	<C>	<C>	<C>	
Total Net Revenues	\$ 183,818	\$ 158,524	\$ 25,294	16.0 %	
Less:					
Change in Accounting Principle	3,020	-	3,020		
Revenue Excluding Change in Accounting Principle	\$ 180,798	\$ 158,524	\$ 22,274	14.1 %	
Less:					
Western Acquisition	17,689	-	17,689		
Revenue Excluding Change in Accounting Principle and Western Pest Services	\$ 163,109	\$ 158,524	\$ 4,585	2.9 %	

Reconciliation					
Revenue Excluding Change in Accounting Principle and Western Pest Services					
Twelve Months					
	2004	2003	\$B/(W)	%B/(W)	
	----	----	-----	-----	
Total Net Revenues	\$ 750,884	\$ 677,013	\$ 73,871	10.9 %	
Less:					
Change in Accounting Principle	1,439	-	1,439		
Revenue Excluding Change in					

Accounting Principle	\$ 749,445	\$ 677,013	\$ 72,432	10.7 %
Less:				
Western Acquisition	49,037	-	49,037	
Revenue Excluding Change in Accounting Principle and Western Pest Services	\$ 700,408	\$ 677,013	\$ 23,395	3.5 %

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

	Previously Reported as of March 31, 2004	Effect of Accounting Change	As Restated as of March 31, 2004
Assets			
<S>	<C>	<C>	<C>
Cash and Short-Term Investments	\$ 97,888	\$ -	\$ 97,888
Marketable Securities	-	-	-
Trade Receivables Short Term, Net	36,349	-	36,349
Materials and Supplies	10,147	-	10,147
Deferred Income Taxes	20,580	6,752	27,332
Other Current Assets	10,092	-	10,092
Current Assets	175,056	6,752	181,808
Equipment and Property, Net	34,618	-	34,618
Goodwill	72,521	-	72,521
Customer Contracts	28,924	-	28,924
Trade Receivables Long Term, Net	9,200	-	9,200
Deferred Income Taxes	17,287	(3,533)	13,754
Other Assets	25,350	-	25,350
Total Assets	\$ 362,956	\$ 3,219	\$ 366,175
Liabilities			
Accounts Payable	\$ 15,325	\$ (50)	\$ 15,275
Accrued Insurance	13,050	-	13,050
Accrued Payroll	26,913	50	26,963
Unearned Revenue	50,702	22,435	73,137
Accrual For Termite Contracts	21,500	(7,317)	14,183
Other Current Liabilities	23,983	-	23,983
Current Liabilities	151,473	15,118	166,591
Accrued Insurance	24,764	-	24,764
Accrual For Termite Contracts	22,135	(8,214)	13,921
Accrued Pension	-	-	-
Long-Term Accrued Liabilities	16,741	1,371	18,112
Total Liabilities	215,113	8,275	223,388
Stockholder's Equity			
Common Stock	45,399	-	45,399
Retained Earnings and Other Equity	102,444	(5,056)	97,388
Total Stockholders' Equity	147,843	(5,056)	142,787
Total Liabilities and Stockholders' Equity	\$ 362,956	\$ 3,219	\$ 366,175

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ROLLINS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands except per share data)  
(Unaudited)

As Restated	Previously Reported March 31, 2004	Three Months Ended Effect of Accounting Change
March 31,		
2004		



<S>	<C>	<C>	<C>
Revenues 160,416	\$ 158,692	\$ 1,724	\$
-----			
Costs & Expenses			
Cost of Services Provided 85,135	85,357	(222)	
Depreciation & Amortization 4,657	4,657	-	
Sales General & Administrative 54,175	54,175	-	
(Gain)/Loss on Sales of Assets 1	1	-	
Interest (Income)/Expense (150)	(150)	-	
-----			
Total Cost & Expenses 143,818	\$ 144,040	\$ (222)	\$
-----			
Income Before Taxes 16,598	14,652	1,946	
Provision for Income Taxes 6,732	5,934	798	
Cumulative effect of change in accounting principle, net (6,204)	-	(6,204)	
-----			
Net Income 3,662	\$ 8,718	\$ (5,056)	\$
=====			
Net income (loss) per common share-basic:			
Income (loss) before cumulative effect change in accounting principle 0.09	\$ 0.20	\$ (0.11)	\$
Net income (loss) per common share-diluted			
Income (loss) before cumulative effect change in accounting principle 0.08	\$ 0.19	\$ (0.11)	\$
AVERAGE SHARES OUTSTANDING - BASIC 45,298	45,298	45,298	
AVERAGE SHARES OUTSTANDING - DILUTED 46,643	46,643	46,643	

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

As Restated	Previously Reported as of June 30, 2004	Effect of Accounting Change	
as of June 30, 2004			
-----			
Assets			
<S>	<C>	<C>	
<C>			
Cash and Short-Term Investments 21,865	\$ 21,865	\$ -	\$
Marketable Securities -	-	-	
Trade Receivables Short Term, Net 48,573	51,941	(3,368)	
Materials and Supplies 12,157	12,157	-	

Deferred Income Taxes	21,633	8,490	
30,123			
Other Current Assets	10,441	-	
10,441			
-----			
Current Assets	118,037	5,122	
123,159			
Equipment and Property, Net	45,313	-	
45,313			
Goodwill	113,853	-	
113,853			
Customer Contracts	82,166	-	
82,166			
Trade Receivables Long Term, Net	10,824	-	
10,824			
Deferred Income Taxes	8,860	(3,243)	
5,617			
Other Assets	30,908	-	
30,908			
-----			
Total Assets	\$ 409,961	\$ 1,879	\$
411,840			
=====			
Liabilities			
Accounts Payable	\$ 14,756	\$ (58)	\$
14,698			
Accrued Insurance	13,050	-	
13,050			
Accrued Payroll	33,313	57	
33,370			
Unearned Revenue	58,511	26,425	
84,936			
Accrual For Termite Contracts	21,704	(7,066)	
14,638			
Other Current Liabilities	30,306	-	
30,306			
-----			
Current Liabilities	171,640	19,358	
190,998			
Accrued Insurance	26,641	-	
26,641			
Accrual For Termite Contracts	23,621	(8,491)	
15,130			
Accrued Pension	-	-	
-			
Long-Term Accrued Liabilities	18,482	(1,013)	
17,469			
-----			
Total Liabilities	240,384	9,854	
250,238			
Stockholder's Equity			
Common Stock	45,638	-	
45,638			
Retained Earnings and Other Equity	123,939	(7,975)	
115,964			
-----			
Total Stockholders' Equity	169,577	(7,975)	
161,602			
-----			
Total Liabilities and Stockholders' Equity	\$ 409,961	\$ 1,879	\$
411,840			
=====			

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ROLLINS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands except per share data)  
(Unaudited)

As Restated	Three Months Ended Previously	Effect of
	Reported	Accounting

June 30, 2004	June 30, 2004	Change	
<S>	<C>	<C>	
<C>			
Revenues 202,725	\$ 207,698	\$ (4,973)	\$
Costs & Expenses			
Cost of Services Provided 105,416	105,442	(26)	
Depreciation & Amortization 5,764	5,764	-	
Sales General & Administrative 69,155	69,155	-	
(Gain)/Loss on Sales of Assets (14,143)	(14,143)	-	
Interest (Income)/Expense (47)	(47)	-	
Total Cost & Expenses 166,145	\$ 166,171	\$ (26)	\$
Income Before Taxes 36,580	41,527	(4,947)	
Provision for Income Taxes 15,689	17,717	(2,028)	
Cumulative effect of change in accounting principle, net -	-	-	
Net Income 20,891	23,810	\$ (2,919)	\$
Net income (loss) per common share-basic:			
Income (loss) before cumulative effect change in accountng principle 0.45	\$ 0.52	\$ (0.07)	\$
Net income (loss) per common share-diluted:			
Income (loss) before cumulative effect change in accountng principle 0.44	\$ 0.51	\$ (0.07)	\$
AVERAGE SHARES OUTSTANDING - BASIC 45,552	45,552	45,552	
AVERAGE SHARES OUTSTANDING - DILUTED 46,753	46,753	46,753	

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

As Restated of September 30, 2004	Previously Reported as of September 30, 2004	Effect of Accounting Change	as
Assets <S>	<C>	<C>	<C>

Cash and Short-Term Investments 40,894	\$	40,894	\$	-	\$
Marketable Securities -		-		-	
Trade Receivables Short Term, Net 48,928		52,295		(3,367)	
Materials and Supplies 11,002		11,002		-	
Deferred Income Taxes 28,831		21,838		6,993	
Other Current Assets 11,283		11,283		-	
-----		-----		-----	---
Current Assets 140,938		137,312		3,626	
Equipment and Property, Net 45,186		45,186		-	
Goodwill 114,333		114,333		-	
Customer Contracts 79,448		79,448		-	
Trade Receivables Long Term, Net 11,063		11,063		-	
Deferred Income Taxes 6,569		9,701		(3,132)	
Other Assets 30,804		30,804		-	
-----		-----		-----	---
Total Assets 428,341	\$	427,847	\$	494	\$
=====		=====		=====	
-----		-----		-----	---
Liabilities					
Accounts Payable 14,321	\$	14,378	\$	(57)	\$
Accrued Insurance 13,049		13,049		-	
Accrued Payroll 38,741		38,684		57	
Unearned Revenue 91,245		66,566		24,679	
Accrual For Termite Contracts 12,729		21,700		(8,971)	
Other Current Liabilities 28,110		28,110		-	
-----		-----		-----	---
Current Liabilities 198,195		182,487		15,708	
Accrued Insurance 25,181		25,181		-	
Accrual For Termite Contracts 13,385		21,684		(8,299)	
Accrued Pension -		-		-	
Long-Term Accrued Liabilities 18,317		19,252		(935)	
-----		-----		-----	---
Total Liabilities 255,078		248,604		6,474	
Stockholder's Equity					
Common Stock 45,668		45,668		-	
Retained Earnings and Other Equity 127,595		133,575		(5,980)	
-----		-----		-----	---
Total Stockholders' Equity 173,263		179,243		(5,980)	
-----		-----		-----	---
Total Liabilities and Stockholders' Equity 428,341	\$	427,847	\$	494	\$
=====		=====		=====	

</TABLE>

<TABLE>

<CAPTION>

ROLLINS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands except per share data)  
(Unaudited)

	Three Months Ended Previously		Effect of Accounting Change	
As Restated		Reported September 30,		
		2004		
September 30,				
2004				
-----				-
<S>	<C>		<C>	
<C>				
Revenues	\$	202,257	\$	1,668
203,925				\$
-----				-
Costs & Expenses				
Cost of Services Provided		106,748		(1,713)
105,035				
Depreciation & Amortization		6,249		-
6,249				
Sales General & Administrative		70,080		-
70,080				
(Gain)/Loss on Sales of Assets		(315)		-
(315)				
Interest (Income)/Expense		(68)		-
(68)				
-----				-
Total Cost & Expenses	\$	182,694	\$	(1,713)
180,981				\$
-----				-
Income Before Taxes		19,563		3,381
22,944				
Provision for Income Taxes		7,925		1,386
9,311				
-----				-
Cumulative effect of change in accounting principle, net		-		-
-				
-----				-
Net Income	\$	11,638	\$	1,995
13,633				\$
=====				
Net income (loss) per common share-basic:				
Income (loss) before cumulative effect				
change in accountng principle	\$	0.26	\$	0.04
0.30				\$
Net income (loss) per common share-diluted				
Income (loss) before cumulative effect				
change in accountng principle	\$	0.25	\$	0.04
0.29				\$
AVERAGE SHARES OUTSTANDING - BASIC		45,660		45,660
45,660				
AVERAGE SHARES OUTSTANDING - DILUTED		46,797		46,797
46,797				

</TABLE>