

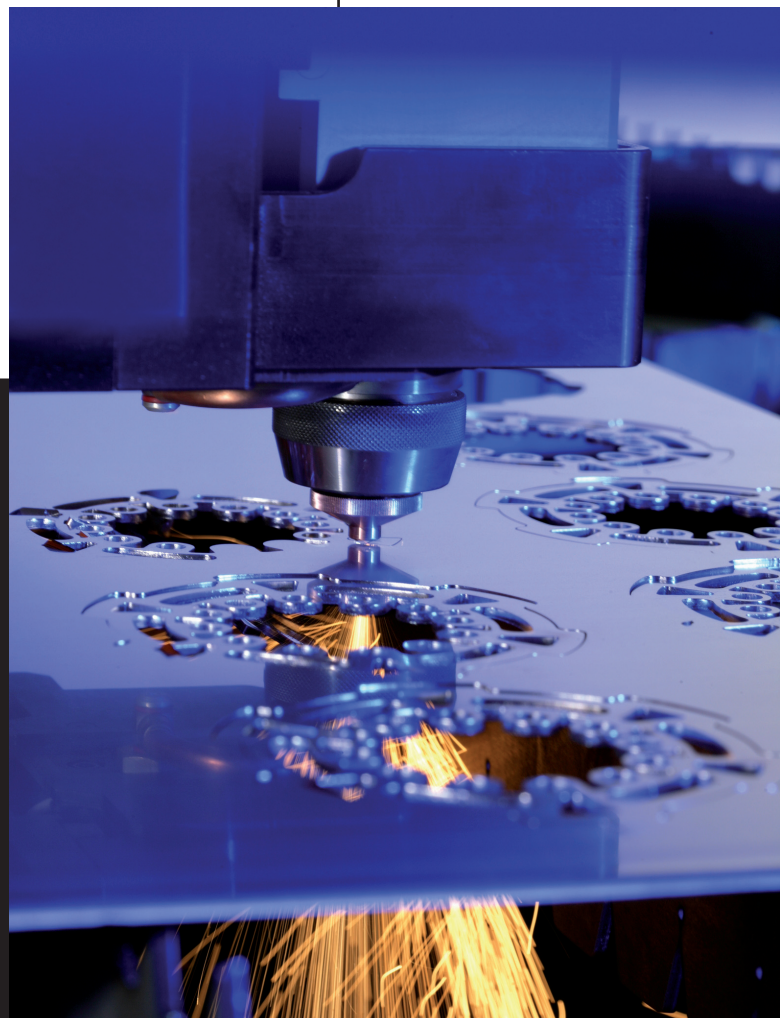
Quarterly Report

3rd Quarter Fiscal Year 2010

April 1, 2010 - June 30, 2010

ROFIN-SINAR Technologies Inc.

NASDAQ: RSTI
Prime Standard: ISIN US7750431022



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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

Commission file number: 000-21377

ROFIN-SINAR TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Delaware

38-3306461

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

40984 Concept Drive, Plymouth, MI

48170

(Address of principal executive offices)

(Zip Code)

(734) 455-5400

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

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 / No

Indicate by check mark whether the registrant has submitted electronically and posted in its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes / No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "Smaller Reporting Company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes / No

28,267,496 shares of the registrant's common stock, par value \$0.01 per share, were outstanding as of August 6, 2010.

ROFIN-SINAR TECHNOLOGIES INC.

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PART I. ITEM 1. FINANCIAL INFORMATION
Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(dollars in thousands, except per share amounts)

	June 30, 2010	September 30, 2009
	-----	-----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 120,683	\$ 116,128
Short-term investments	0	2,856
Accounts receivable, net of allowance for doubtful accounts of \$2,985 and \$3,533, respectively	78,498	79,357
Inventories, net (Note 4)	132,575	136,448
Other current assets and prepaid expenses	22,090	20,126
	-----	-----
Total current assets	353,846	354,915
Long-term investments (Note 5)	4,950	9,350
Property and equipment, net	48,259	55,735
Goodwill (Note 6)	83,436	93,790
Other intangibles, net (Note 6)	9,670	11,177
Other assets	13,072	14,540
	-----	-----
Total assets	\$ 513,233	\$ 539,507
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Line of credit and short-term borrowings	\$ 16,426	\$ 18,983
Accounts payable, trade	21,457	13,146
Accounts payable to related party	596	551
Accrued liabilities (Note 7)	60,916	47,956
	-----	-----
Total current liabilities	99,395	80,636
Long-term debt	15,047	12,426
Pension obligations	15,768	17,097
Other long-term liabilities	6,824	7,654
	-----	-----
Total liabilities	137,034	117,813

PART I. ITEM 1. FINANCIAL INFORMATION
Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited), Continued
(dollars in thousands, except per share amounts)

Stockholders' equity

Preferred stock, 5,000,000 shares authorized, none issued or outstanding	--	--
Common stock, \$0.01 par value, 50,000,000 shares authorized, 31,950,800 (31,749,400 at September 30, 2009) issued	320	318
Additional paid-in-capital	203,706	196,185
Retained earnings	321,560	303,651
Accumulated other comprehensive income	(13,622)	38,176
Treasury shares, at cost, 3,683,504 shares (2,829,581 at September 30, 2009)(Note 10)	(139,453)	(119,996)
	-----	-----
Total Rofin-Sinar Technologies Inc. stockholders' equity	372,511	418,334
Noncontrolling interest in subsidiaries	3,688	3,360
	-----	-----
Total stockholders' equity	376,199	421,694
	-----	-----
Total liabilities and stockholders' equity	\$ 513,233	\$ 539,507
	=====	=====

See accompanying notes to condensed consolidated financial statements

Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)
Periods Ended June 30, 2010 and 2009
(dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Net sales	\$ 110,308	\$ 76,565	\$ 299,216	\$ 259,120
Cost of goods sold	67,446	50,004	183,274	161,879
	42,862	26,561	115,942	97,241
Gross profit				
Selling, general, and administrative expenses	22,703	21,913	67,679	67,503
Research and development expenses	7,616	8,763	23,160	24,751
Amortization expense	530	973	1,708	2,672
	12,013	(5,088)	23,395	2,315
Income (Loss) from operations				
Other (income) expense:				
Interest income	(190)	(257)	(482)	(1,218)
Interest expense	164	315	750	1,357
Foreign currency (income) loss	(2,467)	581	(3,681)	(4,585)
Other income	(188)	(81)	(692)	(216)
	14,694	(5,646)	27,500	6,977
Income (Loss) before income tax				
Income tax expense (benefit)	4,907	(798)	9,263	2,840
	9,787	(4,848)	18,237	4,137
Net income (loss)				
Less: Net income attributable to the noncontrolling interest	119	52	328	225
	\$ 9,668	\$(4,900)	\$ 17,909	\$ 3,912
Net income (loss) attributable to RSTI				
Net income (loss) attributable to RSTI (Note 12)				
Per share of Common Stock Basic	\$ 0.34	\$ (0.17)	\$ 0.62	\$ 0.14
Per share of Common Stock Diluted	\$ 0.33	\$ (0.17)	\$ 0.61	\$ 0.14
Weighted-average shares used in computing earnings per share (Note 12):				
Basic	28,845,983	28,911,278	28,989,113	28,910,318
Diluted	29,267,367	28,911,278	29,403,315	28,910,318

See accompanying notes to condensed consolidated financial statements

Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Statements Of Stockholders' Equity and Comprehensive Income (Unaudited)
Nine months ended June 30, 2010 and 2009
(dollars in thousands)

	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Rofin-Sinar Technologies Stockholders' Equity	Non- controlling Interests	Total Stockholders' Equity
BALANCES at September 30, 2009	\$ 318	\$ 196,185	\$ 303,651	\$ 38,176	\$(119,996)	\$ 418,334	\$ 3,360	\$ 421,694
Comprehensive income:								
Fair value of interest swap agreement	--	--	--	25	--	25	--	25
Foreign currency translation adjustment	--	--	--	(51,823)	--	(51,823)	--	(51,823)
Net income	--	--	17,909	--	--	17,909	328	18,237
Total comprehensive income (loss)						(33,889)	328	(33,561)
Common stock issued for stock incentive plans	2	7,521	--	--	--	7,523	--	7,523
Treasury stock purchases, at cost	--	--	--	--	(19,457)	(19,457)	--	(19,457)
BALANCES at June 30, 2010	\$ 320	\$ 203,706	\$ 321,560	\$ (13,622)	\$(139,453)	\$ 372,511	\$ 3,688	\$ 376,199

Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Statements Of Stockholders' Equity and Comprehensive Income (Unaudited)
Nine months ended June 30, 2010 and 2009
(dollars in thousands)

	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Rofin-Sinar Technologies Stockholders' Equity	Non- controlling Interests	Total Stockholders' Equity
BALANCES at September 30, 2008	\$ 317	\$ 189,091	\$ 294,488	\$ 38,358	\$(119,996)	\$ 402,258	\$ 2,287	\$ 404,545
Comprehensive income:								
Fair value of interest swap agreement	--	--	--	(208)	--	(208)	--	(208)
Foreign currency translation adjustment	--	--	--	(8,022)	--	(8,022)	--	(8,022)
Net income	--	--	3,912	--	--	3,912	225	4,137
Total comprehensive income (loss)						(4,318)	225	(4,093)
Acquisition of NELC							803	803
Common stock issued for stock incentive plans	1	5,488	--	--	--	5,489	--	5,489
BALANCES at June 30, 2009	\$ 318	\$ 194,579	\$ 298,400	\$ 30,128	\$(119,996)	\$ 403,429	\$ 3,315	\$ 406,744

See accompanying notes to condensed consolidated financial statements

Rofin-Sinar Technologies Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended June 30, 2010 and 2009
(dollars in thousands)

	Nine Months Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (Note 2)	\$ 18,237	\$ 4,137
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,710	9,616
Stock-based compensation expenses	4,259	4,598
Other adjustments	(1,721)	(1,354)
Change in operating assets and liabilities:		
Accounts receivable, trade	(9,205)	44,685
Inventories	(13,894)	14,150
Accounts payable	10,313	(8,643)
Changes in other operating assets and liabilities	18,244	(22,146)
	34,943	45,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property and equipment	197	171
Additions to property and equipment	(5,467)	(5,953)
Purchases of short-term investments	(2,960)	(2,161)
Sales of short-term and long-term investments	10,108	5,612
Acquisition of businesses, net of cash acquired	(1,400)	(12,292)
	478	(14,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from banks	28,731	11,188
Repayments to banks	(25,681)	(37,782)
Issuance of common stock	3,001	61
Excess tax benefit from stock options	4	464
Purchases of treasury stock	(19,457)	--
	(13,402)	(26,069)
Effect of foreign currency translation on cash	(17,464)	(2,215)
Net increase (decrease) in cash and cash equivalents	4,555	2,136
Cash and cash equivalents at beginning of period	116,128	114,486
Cash and cash equivalents at end of period	\$120,683	\$116,622
Cash paid for interest	\$ 712	\$ 1,254
Cash paid for taxes	\$ 3,655	\$ 12,599

See accompanying notes to condensed consolidated financial statements

Rofin-Sinar Technologies Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
(dollars in thousands)

1. Basis of Presentation

The accompanying unaudited, condensed and consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting, and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the financial statements for interim reporting do not include all of the information and notes or disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. Results for interim periods should not be considered indicative of results for a full year. The September 30, 2009, condensed consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2009, as filed with the Securities and Exchange Commission on November 25, 2009.

Effective October 1, 2009, we began presenting gains and losses resulting from the remeasurement of foreign currency transactions as a component of "Other (Income) Expense". Prior to October 1, 2009, we included gains and losses resulting from the remeasurement of foreign currency transactions as a component of cost of sales and sales and marketing expense. We changed our presentation because this better reflects how we manage these foreign currency exposures, as such gains and losses arising from the remeasurement of foreign currency transactions are incidental to our operations. Prior period amounts have been recast to conform to the current period presentation as follows: \$0.1 million net exchanges gains and 1.2 million net exchange losses for the three-month period and \$3.7 million net exchange losses and \$4.8 million of net exchange gains for the nine-month period ended June 30, 2009, were reclassified to "Other Income" from "Cost of Goods Sold" and "SG&A" expenses, respectively.

2. New Accounting Pronouncements

The Financial Accounting Standards Board modified the hierarchy of Generally Accepted Accounting Principles, which identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with Generally Accepted Accounting Principles in the United States (the GAAP hierarchy). The new Accounting Standards Codification (ASC) became the single source of authoritative nongovernmental U.S. Generally Accepted Accounting Principles. The ASC became effective for interim and annual periods ending after September 15, 2009, and did not have an impact on the Company's consolidated financial statements other than changing the references to authoritative accounting literature.

In June 2008, ASC Topic 260, "Earnings Per Share", was amended to require that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) be treated as participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. This amendment became effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years, and requires that all prior period earnings per share data presented (including interim financial statements, summaries of earnings and selected financial data) be adjusted retrospectively to conform to its provisions. This topic became effective October 1, 2009, and had no impact on our consolidated financial statements.

In April 2008, ASC Topic 350, "Intangibles - Goodwill and Other", was amended to include a list of factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets. The new guidance applies to (1) intangible assets that are acquired individually or with a group of other assets and (2) intangible assets acquired in both business combinations and asset acquisitions. Under this amendment, entities estimating the useful life of a recognized intangible asset must consider their historical experience in renewing or extending similar arrangements or, in the absence of historical experience, must consider assumptions that market participants would use about renewal or extension. This amendment will require certain additional disclosures beginning October 1, 2009, and prospective application to useful life estimates prospectively for intangible assets acquired after September 30, 2009. This topic became effective October 1, 2009, and did not have a material impact on the Company's consolidated financial statements.

In February 2008, ASC Topic 820, "Fair Value Measurements and Disclosures", was amended to defer the effective date of fair value measurements for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). The Company adopted the guidance for the first quarter of fiscal year 2010. The adoption did not have a material impact on our consolidated financial statements.

In December 2007, ASC Topic 805, "Business Combinations", was amended to retain the fundamental requirements of the original topic requiring that the purchase method be used for all business combinations. Topic 805 defines the acquirer as the entity that obtains control of one or more businesses in the business combination, establishes the acquisition date as the date that the acquirer achieves control and requires the acquirer to recognize the assets acquired, liabilities assumed and any noncontrolling interest at their fair values as of the acquisition date. In addition, this amendment requires expensing of acquisition-related and restructure-related costs, measurement of earn out provisions at fair value, measurement of equity securities issued for purchase at the date of close of the transaction and capitalization of in-process research and development related intangibles. This amendment is effective for the Company's business combinations for which the acquisition date is on or after October 1, 2009.

In December 2007, ASC Topic 810, "Consolidation", was amended to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. We adopted this amendment on October 1, 2009, and have retrospectively revised the condensed consolidated financial statement presentation (including the statements of cash flows) of our noncontrolling interest accordingly.

In December 2008, the FASB amended ASC Topic 715 "Compensation - retirement benefits", which provides guidance for employers' disclosures about postretirement benefit plan assets. This new guidance requires annual disclosure about the assets held in postretirement benefit plans, including a breakdown by the level of the assets and a reconciliation of any change in Level 3 assets during the year. It requires disclosures about investment policies and strategies, asset categories, inputs and valuation techniques used to measure the fair value of plan assets, and significant concentrations of risk within plan assets. This new guidance is effective for annual periods ending after December 15, 2009, and we will revise our disclosures accordingly.

In June 2009, ASC Topic 810 was amended to improve financial reporting by enterprises involved with variable interest entities. This topic addresses (1) the effects on certain provisions regarding the consolidation of variable interest entities, as a result of the elimination of the qualifying special-purpose entity concept in ASC Topic 860 regarding the accounting for transfers of financial assets, and (2) concern about the application of certain key provisions of FASB Interpretation No. 46(R), including those in which the accounting and disclosures under the Interpretation do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. This statement is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The adoption of this statement is not expected to have a material effect on the Company's consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements" ("ASU 2009-13") and ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements" ("ASU 2009-14"). ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. ASU 2009-14 changes the accounting model for revenue arrangements that include both tangible products and software elements. Tangible products containing software components and nonsoftware components that function together to deliver the tangible product's essential functionality is no longer within the scope of the software revenue guidance of ASC 985-605. These amendments will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2009-13 and ASU 2009-14 may have on its consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures" ("ASU 2010-06") which provides amendments to Subtopic 820-10 that require new disclosures regarding (1) transfers in and out of Levels 1 and 2 fair value measurements and (2) activity in Level 3 fair value measurements. Additionally, ASU 2010-06 clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The guidance in ASU 2010-06 became effective for the Company's second quarter of fiscal year 2010 and the disclosures required by this adoption are included in Note 3 "Fair Value Measurements", except for disclosures about purchases, sales, issuances, and settlements in the roll forward activity in Level 3 fair value measurements which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company is currently assessing the impact the adoption of level 3 disclosures of ASU 2010-06 may have on its consolidated financial statements.

In February 2010, the FASB issued ASU No. 2010-09, "Subsequent Events (Topic 855)" ("ASU 2010-09") which provides an update to Topic 855, "Subsequent Events". This update clarifies that an SEC filer is required to evaluate subsequent events through the date that the financial statements are issued and removes the requirement for SEC filers to disclose the date through which subsequent events have been evaluated. This guidance became effective upon issuance and has been adopted by the Company.

In April 2010, the FASB issued ASU No. 2010-17, "Revenue Recognition - Milestone Method (Topic 605)" ("ASU 2010-17") which provides guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research and development transactions. This guidance is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. The Company is currently assessing the impact the adoption of this ASU may have on its consolidated financial statements.

3. Fair Value Measurements

ASC Topic 820 "Fair value measurement and Disclosures" establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The standard establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- * Level 1 - Unadjusted observable quoted prices for identical instruments in active markets.
- * Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- * Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Our derivative financial assets and liabilities consist of interest rate swaps and currency forward contracts. The fair value measurement of derivatives is based upon Level 2 inputs consisting of observable current market data as applicable to determine market rates of similar assets and liabilities. Many of our derivative contracts are valued utilizing publicly available pricing data of contracts with similar terms. In other cases, the contracts are valued using current spot market data adjusted for the appropriate current forward curves provided by external financial institutions. We enter into hedging transactions with banking institutions that have strong credit ratings, and thus the credit risk associated with these contracts is not considered significant.

Financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2010, are classified on the valuation technique level in the table below:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$120,683	\$120,683	\$ --	\$ --
Derivatives	(138)	--	(138)	--
Non-current auction rate securities (Note 5)	4,950	--	--	4,950
Total assets at fair value	\$125,495	\$120,683	\$ (138)	\$ 4,950

The changes in the fair value of our non-current auction rate securities measured using significant unobservable inputs (level 3) for the nine-month period ended June 30, 2010, are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
September 30, 2009	\$ 9,350
Settlements	(4,400)
June 30, 2010	\$ 4,950

4. Inventories

Inventories are stated at the lower of cost or market, after provisions for excess and obsolete inventory salable at prices below cost.

Costs are determined using the first in, first out and weighted-average cost methods and are summarized as follows:

	June 30, 2010	September 30, 2009
Finished goods	\$ 20,436	\$ 18,078
Work in progress	28,353	29,266
Raw materials and supplies	44,672	46,699
Demonstration inventory	14,187	16,030
Service parts	24,927	26,375
	-----	-----
Total inventories, net	\$ 132,575	\$ 136,448
	=====	=====

Net inventory is net of provisions for excess and obsolete inventory of \$18,518 and \$18,876 at June 30, 2010, and September 30, 2009, respectively.

5. Long-Term Investments

Long-term investments represent auction rate securities which are variable rate securities tied to short-term interest rates with maturities on the face of the securities in excess of 90 days. Auction rate securities have rate resets through a modified Dutch auction, at predetermined short-term intervals, usually every 7, 28, 35, or 49 days. The securities trade at par, and are callable at par on any payment date at the option of the issuer. Investment earnings paid during a given period are based upon the reset rate determined during the prior auction.

Through auctions completed in the first nine months of fiscal year 2010, the Company reduced its holdings of auction rate securities to approximately \$5.0 million at June 30, 2010. All such auctions resulted in sales, for cash, at par value. At June 30, 2010, the Company held four individual auction rate securities. The Company does not believe that the remaining balance of auction rate securities represent a significant portion of the Company's total liquidity. Although the Company believes these investments will become liquid within the next twelve months, it is uncertain what impact the current economic environment will have on this position and therefore, they have been classified as long-term assets on the consolidated balance sheet.

6. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the nine-month period ended June 30, 2010, are as follows:

	Germany	North America	Other	Total
Balance as of September 30, 2009	\$ 46,995	\$ 13,240	\$ 33,555	\$ 93,790
Additions	--	430	--	430
Currency translation effect	(7,198)	(540)	(3,046)	(10,784)
	-----	-----	-----	-----
Balance as of June 30, 2010	\$ 39,797	\$ 13,130	\$ 30,509	\$ 83,436
	=====	=====	=====	=====

Effective April 12, 2010 the Company, through its wholly-owned subsidiary Nufern, purchased the Electro Optics fiber optic gyroscope coil winding business of Optelecom-NKF. This purchase resulted in additional goodwill of approximately \$0.4 million.

The carrying values of other intangible assets are as follows:

	June 30, 2010		September 30, 2009	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets:				
Patents	\$ 9,398	\$ 5,394	\$ 10,577	\$ 5,477
Customer base	15,471	13,936	17,289	15,174
Other	17,843	13,712	18,132	14,170
Total	\$ 42,712	\$ 33,042	\$ 45,998	\$ 34,821

Amortization expense for the nine-month periods ended June 30, 2010 and 2009, was \$1.7 million and \$2.7 million, respectively. At June 30, 2010, estimated amortization expense for the remainder of fiscal 2010 and the next five fiscal years based on the average exchange rates as of June 30, 2010, is as follows:

2010 (remainder)	0.5 million
2011	1.9 million
2012	1.9 million
2013	1.9 million
2014	1.7 million
2015	1.4 million

7. Accrued Liabilities

Accrued liabilities are comprised of the following:

	June 30, 2010	September 30, 2009
Employee compensation	\$ 16,481	14,375
Warranty reserve	9,056	8,962
Customer deposits	17,755	8,973
Other taxes payable	115	108
Other	17,509	15,538
Total accrued liabilities	\$ 60,916	\$ 47,956

8. Income Taxes

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as interest expense and SG&A, respectively. The Company has classified unrecognized tax benefits as non-current because payment is not anticipated within one year of the balance sheet date.

As of June 30, 2010, the Company's gross unrecognized tax benefits totaled \$0.6 million which includes less than \$0.1 million of interest and penalties. The Company estimates that the unrecognized tax benefits will not change significantly within the next year.

The Company files federal and state income tax returns in several domestic and foreign jurisdictions. In most tax jurisdictions, returns are subject to examination by the relevant tax authorities for a number of years after the returns have been filed. With limited exceptions, the Company is no longer subject to examination by the United States Internal Revenue Service for years through 2005. With respect to state and local tax jurisdictions and countries outside the United States, with limited exceptions, the Company is no longer subject to income tax audits for years before 2002.

9. Product Warranties

The Company provides for the estimated costs of product warranties when revenue is recognized. The estimate of costs to fulfill warranty obligations is based on historical experience and an expectation of future conditions.

The change in warranty reserves for the nine-month periods ended June 30, 2010 and 2009, are as follows:

	2010	2009
Balance at September 30,	\$ 8,962	\$ 12,337
Additional accruals for warranties during the period	3,104	736
Usage during the period	(1,621)	(3,127)
Currency translation	(1,389)	(276)
Balance at June 30,	\$ 9,056	\$ 9,670

10. Treasury Stock

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to \$30.0 million of Company's Common Stock over twelve months, subject to market conditions. The shares may be repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion. As of June 30, 2010, the Company has bought approximately 0.85 million shares of common stock, at an average price of \$22.79, under the stock buyback program for a total amount of \$19.5 million, with \$10.5 million remaining to be spent on the repurchase of shares.

11. Stock Incentive Plans

The Company maintains an Incentive Stock Plan, whereby incentive and non-qualified stock options, restricted stock and performance shares may be granted to officers and other key employees to purchase a specified number of shares of common stock at a price not less than the fair market value on the date of grant. The term of the Incentive Stock Plan continues through 2017. There were no incentive stock options, restricted stock or performance shares granted in fiscal years 2010 or 2009. Non-qualified stock options were granted to officers and other key employees in fiscal years 2010 and 2009. Options generally vest over five years and will expire not later than ten years after the date on which they are granted.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. The following assumptions were used in these calculations:

	2010 Grants	2009 Grants
	-----	-----
Grant date fair value	\$10.42	\$ 6.87
Expected life	5 Years	5 Years
Volatility	47.23%	50.3%
Risk-free interest rate	2.52%	1.65%
Dividend yield	0%	0%
Annual forfeiture rate	2%	2%

317,750 stock options were granted in the three-month period ended March 31, 2010, and no additional stock options have been granted since then. The Company uses historical data to estimate the expected life, volatility, and estimated forfeitures of an option. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

The balance of outstanding stock options and all options activity at and for the nine months ended June 30, 2010, are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
	-----	-----	-----	-----
Balance at				
September 30, 2009	2,856,550	\$ 22 2/5	6.50	
Granted	317,750	22 5/6		
Exercised	(189,400)	15 7/8		
Cancelled	--	--		
Forfeited	(19,000)	27 1/2		
	-----	-----	-----	
Balance at				
June 30, 2010	2,965,900	\$ 22 5/6	6.27	\$ 8.1
Exercisable at				
June 30, 2010	1,870,750	\$ 21 1/6	5.20	\$ 6.7

As of June 30, 2010, there was \$11.9 million of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted-average period of 2.94 years.

During the nine-month period ended June 30, 2010 and 2009, the following activity occurred under the plan:

	(in millions)			
	----- Three Months Ended June 30, -----		----- Nine Months Ended June 30, -----	
	2010	2009	2010	2009
	-----	-----	-----	-----
Total intrinsic value of stock options exercised	--	--	\$ 1.4	\$ 0.1

Cash received from stock option exercises for the three and nine-month periods ended June 30, 2010, was \$0.08 and \$3.0 million, respectively.

12. Earnings Per Common Share

The basic per common share (EPS) calculation is computed by dividing net income (loss) available to RSTI common stockholders by the weighted-average number of shares outstanding during the period. Diluted earnings per common share reflect the potential dilution from common stock equivalents (stock options).

The calculation of the weighted average number of shares outstanding for each period is as follows:

	----- Three Months Ended June 30, -----		----- Nine Months Ended June 30, -----	
	2010	2009	2010	2009
	-----	-----	-----	-----
Weighted-average number of shares for BASIC net income per common share	28,845,983	28,911,278	28,989,113	28,910,318
Potential additional shares due to outstanding dilutive stock options	421,384	--	414,202	--
	-----	-----	-----	-----
Weighted-average number of shares for DILUTED net income per common share	29,267,367	28,911,278	29,403,315	28,910,318
	=====	=====	=====	=====

The weighted average diluted shares outstanding for the three month and nine-month periods ended June 30, 2010, excludes the dilutive effect of approximately 1.8 million and 1.6 million stock options, respectively, since the impact of including these options in diluted earnings per share for this period was antidilutive.

13. Defined Benefit Plans

Components of net periodic cost were as follows for the three and nine-month periods ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Service cost	\$ 196	\$ 184	\$ 609	\$ 544
Interest cost	287	262	904	775
Expected return on plan assets	(115)	(106)	(344)	(317)
Amortization of prior service costs	--	--	--	--
Amortization of net loss	35	--	105	--
Net periodic pension cost	\$ 403	\$ 340	\$ 1,274	\$ 1,002

14. Segment and Geographic Information

The Company organizes its business under geographic regions that are aggregated together and managed as one segment in the global industrial laser industry.

Assets, net sales, and income before taxes, by geographic region are summarized below:

	June 30, 2010	September 30, 2009
ASSETS		
North America	\$ 206,177	\$ 181,612
Germany	335,129	377,667
Other	214,536	210,186
Intercompany eliminations	(242,609)	(229,958)
	\$ 513,233	\$ 539,507
LONG-LIVED ASSETS		
North America	\$ 11,947	\$ 12,926
Germany	29,626	35,312
Other	6,733	7,548
Intercompany eliminations	(47)	(51)
	\$ 48,259	\$ 55,735

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
NET SALES				
North America	\$ 29,559	\$ 21,442	\$ 79,135	\$ 67,780
Germany	77,920	50,082	216,677	181,007
Other	42,373	28,216	112,139	94,400
Intercompany eliminations	(39,544)	(23,175)	(108,735)	(84,067)
	<u>\$ 110,308</u>	<u>\$ 76,565</u>	<u>\$ 299,216</u>	<u>\$ 259,120</u>
	=====	=====	=====	=====
INTERCOMPANY SALES				
North America	\$ 2,127	\$ 705	\$ 4,439	\$ 3,015
Germany	29,144	17,238	80,407	63,710
Other	8,273	5,232	23,889	17,342
Intercompany eliminations	(39,544)	(23,175)	(108,735)	(84,067)
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
	=====	=====	=====	=====
EXTERNAL SALES				
North America	\$ 27,432	\$ 20,737	\$ 74,696	\$ 64,765
Germany	48,776	32,844	136,270	117,297
Other	34,100	22,984	88,250	77,058
	<u>\$ 110,308</u>	<u>\$ 76,565</u>	<u>\$ 299,216</u>	<u>\$ 259,120</u>
	=====	=====	=====	=====
INCOME (LOSS) BEFORE INCOME TAX				
North America	\$ 1,264	\$ (2,123)	\$ (1,016)	\$ (9,723)
Germany	11,663	(3,567)	24,008	11,272
Other	2,620	(509)	5,402	3,862
Intercompany eliminations	(853)	553	(894)	1,566
	<u>\$ 14,694</u>	<u>\$ (5,646)</u>	<u>\$ 27,500</u>	<u>\$ 6,977</u>
	=====	=====	=====	=====

15. Enterprise Wide Information

The Company generates revenues from the sale and servicing of laser products used for macro applications, from the sale and servicing of laser products for marking and micro applications, and from the sale of components products.

Product sales are summarized below:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Macro applications	\$ 42,838	\$ 30,988	\$ 124,365	\$ 102,628
Marking and micro applications	55,558	35,225	143,103	124,829
Components	11,912	10,352	31,748	31,663
	\$ 110,308	\$ 76,565	\$ 299,216	\$ 259,120
	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "may", "believe", "will", "expect", "project", "anticipate", "estimate", "plan" or "continue" or other words or terms of similar meaning. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. In making these forward-looking statements, we claim the protection of the safe-harbor for forward-looking statements contained in the Reform Act. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

Overview

Rofin-Sinar Technologies Inc. (herein also referred to as "Rofin-Sinar", or the "Company" or "we", "us" or "our") is a leader in the design, development, engineering, manufacture and marketing of laser-based products used for cutting, welding and marking a wide range of materials.

Through our global manufacturing, distribution and service network, we provide a comprehensive range of laser sources and laser-based system solutions to the following principal target markets: the machine tool, automotive, semiconductor, electronics, and photovoltaic industries. We sell principally to end-users and original equipment manufacturers ("OEMs") (principally in the machine tool industry) that integrate our laser sources with other system components. Many of our customers are among the largest global participants in their respective industries.

During the third quarter of fiscal years 2010 and 2009, respectively, we realized approximately 39% and 40% of revenues from the sale and servicing of laser products used for macro applications, approximately 50% and 46% from the sale and servicing of laser products for marking and micro applications, and approximately 11% and 14% from the sale of components in both periods.

The third quarter results reflect an improved macro economic climate, especially throughout the Asian markets and the excellent execution of our strategy by the worldwide team. Sales increased by 44%, order entry by 68%, and net income by 297% compared to the third quarter of last fiscal year. The high third quarter revenue was primarily driven by the machine tool industry and increased sales to the semiconductor, electronics and photovoltaic industries. The increased backlog and the ongoing sales activities provide a foundation for solid performance in future quarters.

At June 30, 2010, Rofin-Sinar had 1,761 employees compared to 1,765 employees at June 30, 2009.

Results of Operations

For the periods indicated, the following table sets forth the percentage of net sales represented by the respective line items in the Company's consolidated statements of operations.

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2010	2009	2010	2009
Net sales	100%	100%	100%	100%
Cost of goods sold	61%	65%	61%	62%
Gross profit	39%	35%	39%	38%
Selling, general and administrative expenses	21%	29%	23%	26%
Research and development expenses	7%	11%	8%	10%
Intangibles amortization	1%	1%	1%	1%
Income (Loss) from operations	11%	(7)%	8%	1%
Income (Loss) before income taxes	13%	(7)%	9%	3%
Net income (loss) attributable to RSTI	9%	(6)%	6%	2%

Net Sales - Net sales of \$110.3 million and \$299.2 million represent increases of \$33.7 million, or 44%, and \$40.1 million, or 15%, for the three and nine-month periods ended June 30, 2010, as compared to the corresponding periods in fiscal 2009. The increase for the three months ended June 30, 2010, resulted from a net sales increase of \$31.6 million, or 55%, in Europe and Asia, and an increase of \$2.1 million, or 11%, in North America, compared to the corresponding period in fiscal 2009. The increase for the nine months ended June 30, 2010, compared to the corresponding period in fiscal 2009, resulted from a net sales increase of \$40.4 million, or 20%, in Europe and Asia, and a decrease of \$0.3 million, or 1%, in North America. The U.S. dollar strengthening against foreign currencies, primarily against the Euro, for the three-month period ended June 30, 2010, had an unfavorable effect on net sales of \$4.0 million. For the nine-month period ended June 30, 2010, the weakening of the U.S. dollar, mainly against the Euro, had a favorable effect on net sales of \$5.7 million.

Net sales of laser products for macro applications increased by \$11.8 million, or 38%, to \$42.8 million and by \$21.8 million, or 21%, to \$124.4 million for the three and nine-month periods ended June 30, 2010, as compared to the corresponding periods of fiscal 2009. The increase can be mainly attributed to the higher demand for our lasers for macro applications in the machine tool industry.

Net sales of lasers for marking and micro applications increased by \$20.4 million, or 58%, to \$55.6 million for the three-month period ended June 30, 2010, mainly due to higher revenues to the semiconductor, electronics and photovoltaic industries. Net sales for marking and micro applications increased by \$18.3 million, or 15%, to \$143.1 million for the nine-month period ended June 30, 2010, as compared to the corresponding periods in fiscal 2009, mainly due to higher sales to the semiconductor and electronics industries.

Revenues for the components business for the three-month period ended June 30, 2010 increased by \$1.5 million, or 14%, to \$11.9 million as compared to the corresponding period in fiscal 2009, mainly due to an overall higher demand in several industries. Revenues for the nine-month period ended June 30, 2010, were stable at approximately \$31.7 million.

Gross Profit - Our gross profit of \$42.9 million and \$115.9 million for the three and the nine-month periods ended June 30, 2010, represent increases of \$16.3 million, or 61%, and \$18.7 million, or 19%, from the corresponding periods of fiscal year 2009. As a percentage of sales, gross profit increased from 35% to 39% for the three-month period ended June 30, 2010, and increased from 38% to 39% for the nine-month period ended June 30, 2010, as compared to the corresponding periods in fiscal year 2009. The increase in our gross margins was mainly the result of the higher level of business with the corresponding higher absorption of fixed costs, and an increase in our service and spare parts revenue. Additionally, the three and nine-month periods ended June 30, 2009, reflect costs associated with headcount reductions of \$0.9 million and \$1.0 million, respectively. Gross profit was unfavorably affected by \$1.0 million for the three-month period ended June 30, 2010, due to the strengthening of the U.S. dollar against foreign currencies, primarily against the Euro. For the nine-month period ended June 30, 2010, the gross profit was favorably affected by \$2.2 million due to the weakening of the U.S. dollar against foreign currencies, primarily against the Euro.

Selling, General and Administrative Expenses - Selling, general and administrative ("SG&A") expenses of \$22.7 million and \$67.7 million for the three and nine-month periods ended June 30, 2010, respectively, represent an increase of \$0.8 million or 4% for the three-month period, and an increase of \$0.2 million or less than 1%, from the corresponding periods of fiscal 2009. The increase in SG&A expenses is mainly a result of increased selling and marketing activities including exhibitions as well as higher commissions related to the higher level of business. The three and nine-month periods ended June 30, 2009, also reflect costs associated with headcount reductions of \$1.3 million and \$1.8 million, respectively. Additionally, SG&A, a significant portion of which is incurred in foreign currencies, was favorably affected by \$0.9 million for the three-month period ended June 30, 2010, due to the strengthening of the U.S. dollar against foreign currencies, primarily against the Euro. For the nine-month period ended June 30, 2010, SG&A was unfavorably affected by \$1.2 million, due to the weakening of the U.S. dollar against foreign currencies, primarily against the Euro. As a percentage of net sales, SG&A expenses decreased from 29% to 21% and from 26% to 23% for the three and nine-month periods during the respective periods.

Research and Development - The Company spent net \$7.6 million and \$23.2 million on research and development ("R&D") during the three and nine-month periods ended June 30, 2010, respectively, which represents a decrease of 13% and a decrease of 6% as compared to the corresponding periods of the prior year. Gross R&D expenses for the three-month periods ended June 30, 2010 and 2009, were \$8.1 million and \$9.2 million, respectively, and were reduced by \$0.5 million and \$0.4 million of government grants during each respective period. Gross R&D expenses for the nine-month periods ended June 30, 2010 and 2009, were \$24.9 and \$26.0 million, respectively, and were reduced by \$1.7

million and \$1.2 million of government grants during each respective period. Additionally, the three and nine-month periods ended June 30, 2009, reflect costs associated with headcount reductions of \$0.4 million and \$0.5 million, respectively. R&D, a significant portion of which is conducted in Europe, and therefore incurred in foreign currencies, was favorably affected by \$0.5 million for the three-month period ended June 30, 2010, due to the strengthening of the U.S. dollar against foreign currencies, primarily the Euro. For the nine-month period ended June 30, 2010, R&D was unfavorably affected by \$0.5 million, due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro.

Amortization Expense - Amortization expense for the three and nine-month periods ended June 30, 2010, amounted to \$0.5 million and \$1.7 million, respectively. This represents a decrease of \$0.4 million for the three-month period and of \$1.0 million for the nine-month period when compared to the same periods of fiscal year 2009, mainly due to the full amortization of a portion of intangibles from a former acquisition.

Other Income/Expenses - Net other income of \$2.7 million for the three-month period ended June 30, 2010, represents an increase of \$3.3 million in other income compared to net other expense of \$0.6 million in the corresponding period of the prior year. Net other income of \$4.1 million for the nine-month period ended June 30, 2010, represents a decrease of \$0.6 million in net other income compared to net other income of \$4.7 million in the corresponding period of the prior year. The increase in net other income in the three-month period ended June 30, 2010, is primarily attributable to higher exchange gains compared to the corresponding period of last fiscal year. For the nine-month period ended June 30, 2010, the net other income decreased mainly due to lower exchange gains compared to the corresponding period of last fiscal year.

Income Tax Expense - Income tax expense of \$4.9 million and \$9.3 million for the three and nine-month periods ended June 30, 2010, respectively, represents an effective tax rate of 33% and 34% for the three and nine-month periods, compared to 14% and 41% for the corresponding periods of the prior year. The overall effective tax rate is a result of improved business, which contributed to a normalized effective tax rate during fiscal year 2010. Income tax expense, a significant portion of which is incurred in foreign currencies, was favorably affected by \$0.1 million for the three-month period ended June 30, 2010, due to the strengthening of the U.S. dollar against foreign currencies, primarily the Euro. For the nine-month period ended June 30, 2010, the income tax expense was unfavorably affected by \$0.2 million, due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro.

Net Income Attributable to RSTI - As a result of the foregoing factors, the Company realized consolidated net income attributable to RSTI of \$9.7 million and \$17.9 million for the three and nine-month periods ended June 30, 2010, respectively, which represents an increase of \$14.6 million and \$14.0 million for the three and nine months, respectively, from the corresponding periods in fiscal 2009. For the three-month period ended June 30, 2010, the diluted earnings per common share calculation equaled \$0.33 and the basic earnings per common share calculation equaled \$0.34, based upon a weighted average of 29.3 million basic and 28.8 million diluted common shares outstanding, as compared to basic and diluted loss per common share calculation of \$0.17, based upon a weighted average of 28.9 million basic and diluted common shares outstanding for the corresponding periods last fiscal year.

Liquidity and Capital Resources

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to \$30.0 million of Company's Common Stock over twelve months, subject to market conditions. The shares may be repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion. As of June 30, 2010, the Company has bought approximately 0.85 million shares of common stock, at an average price of \$22.79, under the stock buyback program for a total amount of \$19.5 million, with \$10.5 million remaining to be spent on the repurchase of shares.

The Company's primary sources of liquidity at June 30, 2010, were cash and cash equivalents of \$120.7 million, short-term credit lines of \$76.5 million and long-term credit lines of \$15.0 million. As of June 30, 2010, \$60.1 million was available for borrowing under the short-term lines of credit. Additionally, \$4.7 million was used for bank guarantees under these lines of credit. \$15.0 million was used under the long-term credit lines. In addition, the Company maintained credit lines specific to bank guarantees for \$5.7 million, of which \$0.3 million was used. Therefore, \$5.4 million was unused and available under these lines of credit at June 30, 2010. The Company is subject to financial covenants, which could restrict the Company from drawing money under these lines of credit. At June 30, 2010, the Company was in compliance with these covenants.

Cash and cash equivalents increased by \$4.6 million during the nine-month period ended June 30, 2010. Approximately \$34.9 million in cash and cash equivalents were provided by operating activities, mainly as the result of the net income for the nine months ended September 30, 2009, changes in accrued liabilities and in accounts payable and non-cash transactions (depreciation and stock-based compensation expense), partially offset by changes in inventories and in accounts receivable.

Net cash provided by investing activities totaled \$0.5 million for the nine-month period ended June 30, 2010, and primarily related to the sale of short-term and long-term investments (\$10.1 million) partially offset by purchases of short-term investments (\$3.0 million), various additions to property and equipment (\$5.5 million) and the acquisition of a business (\$1.4 million).

Net cash used in financing activities totaled \$13.4 million for the nine-month period ended June 30, 2010, and was primarily related to the purchase of treasury stock (\$19.5 million), partially offset by the net borrowings from banks (\$3.0 million) and proceeds from the issuance of common stock (\$3.0 million).

Management believes that the Company's cash flow from operations, along with existing cash and cash equivalents and availability under the credit facilities and lines of credit, will provide adequate resources to meet both our capital requirements and operational needs on both a short-term and long-term basis.

The Company has listed all its material contractual obligations in the Annual Report on Form 10-K, for the fiscal year ended September 30, 2009, and has not entered into any further material contractual obligations since that date.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements or financing arrangements involving variable interest entities.

Currency Exchange Rate Fluctuations

Although we report our Consolidated Financial Statements in U.S. dollars, approximately 66% of our sales have been denominated in other currencies, primarily the Euro, British pound, Swiss francs, Swedish krona, Singapore dollar, Taiwanese dollar, Korean won, Canadian dollar, Chinese RMB, and Japanese yen. Net sales, costs and related assets and liabilities of our operations are generally denominated in the functional currencies of the relevant operating units, thereby serving to reduce the Company's exposure to exchange gains and losses.

Exchange differences upon translation from each operating unit's functional currency to U.S. dollars are accumulated as a separate component of equity. The accumulated currency translation adjustment component of stockholders' equity represented a loss of \$11.3 million at June 30, 2010, as compared to a gain of \$29.4 million at June 30, 2009.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 1 of our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009. Certain of the accounting policies require the application of significant judgment by management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty.

Allowance for Doubtful Accounts

The Company records allowances for uncollectible customer accounts receivable based on historical experience. Additionally, an allowance is made based on an assessment of specific customers' financial condition and liquidity. If the financial condition of the Company's customers were to deteriorate, additional allowances may be required. No individual customer represents more than 10% of total accounts receivable. Any increase in allowance will impact operating income during a given period.

Inventory Valuation

Inventories are stated at the lower of cost or market, after provisions for excess and obsolete inventory salable at prices below cost. Provisions for slow moving and obsolete inventories are provided based on current assessments about historical experience and future product demand and production requirements for the next twelve months. These factors are impacted by market conditions, technology changes, and changes in strategic direction, and require estimates and management judgment that may include elements that are uncertain. The Company evaluates the adequacy of these provisions quarterly. Although the Company strives to achieve a balance between market demands and risk of inventory excess or obsolescence, it is possible that, should conditions change, additional provisions may be needed. Any changes in the provisions will impact operating income during a given period.

Warranty Reserves

The Company provides reserves for the estimated costs of product warranties when revenue is recognized. The Company relies upon historical experience, expectation of future conditions, and its service data to estimate its warranty reserve. The Company continuously monitors this data to ensure that the reserve is sufficient. Warranty expense has historically been within our expectations. To the extent we experience increased warranty claim activity or increased costs associated with servicing those claims (such costs may include material, labor and travel costs), revisions to the estimated warranty liability would be required. Increases in reserves will impact operating income during the period.

Pension

The determination of the Company's obligation and expense for pension is dependent on the selection of certain assumptions used by actuaries in calculating those amounts. Assumptions are made about interest rates, expected investment return on plan assets, total turnover rates, and rates of future compensation increases. In addition, the Company's actuarial consultants use subjective factors such as withdrawal rates and mortality rates to develop their calculations of these amounts. The Company generally reviews these assumptions at the beginning of each fiscal year. The Company is required to consider current market conditions, including changes in interest rates, in making these assumptions. The actuarial assumptions that the Company may use may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact on the amount of pension benefits expense the Company has recorded or may record.

The discount rate enables the Company to state expected future cash flows at a present value on the measurement date. The Company has little latitude in selecting this rate, and it must represent the market rate of high-quality fixed income investments. A lower discount rate increases the present value of benefit obligations and increases pension expense.

To determine the expected long-term rate of return on plan assets, the Company considers the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets.

Share-Based Payment

Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the employee requisite vesting period. We make judgments about the fair value of the awards, including the expected term of the award, volatility of the underlying stock and estimated forfeitures, which impact the amount of compensation expense recognized in the financial statements. Such amounts may change as a result of additional grants, forfeitures, modifications in assumptions and other factors. ASC Topic 718, "Stock Compensation", provides that income tax effects of share-based payments are recognized in the financial statements for those awards which will normally result in tax deductions under existing tax law. Under current U.S. federal tax laws, we receive a compensation expense deduction related to stock options only when those options are exercised and vested shares are received. Accordingly, the financial statement recognition of compensation cost for stock options creates a deductible temporary difference which results in a deferred tax asset and a corresponding deferred tax benefit in the income statement for all U.S.-based employees. Stock-based compensation expense related to all other employees is treated as a permanent difference for income tax purposes.

Ownership of Common Stock By Directors

The following table sets forth information as of June 30, 2010, with respect to beneficial ownership of the Company's common stock and exercisable options by each director.

Name	Number of Shares of Common Stock Beneficially Owned	Total Number of Stock Options Owned at June 30, 2010	Number of Exercisable Stock Options Owned at June 30, 2010
Peter Wirth	12,600	125,000	98,000
Gunther Braun	6,000	660,000	482,000
Carl F. Baasel	128,000	24,000	24,000
Ralph E. Reins (1)	21,000	--	--
Gary K. Willis (1)	36,000	--	--
Daniel Smoke (1)	26,000	--	--
Stephan Fantone (1)	13,700	--	--

(1) Outside, non-executive directors

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For the nine-month period ended June 30, 2010, we did not experience any material change in market risk exposures affecting the quantitative and qualitative disclosures as presented in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates and foreign currency exchange rates. The Company does not use derivative financial instruments for trading purposes.

Interest Rate Sensitivity

At June 30, 2010, the Company maintained cash equivalents of \$120.7 million, consisting mainly of interest bearing securities and demand deposits. If interest rates were to increase or decrease by 10%, interest income would increase or decrease by less than \$0.1 million.

At June 30, 2010, the Company had \$1.5 million of variable rate debt on which the interest rate is reset every three months, \$7.4 million of variable rate debt on which the interest rate is reset every six months, and \$22.6 million of fixed rate debt. Maturities of this debt are as follows: \$14.2 million is due in fiscal year 2010, \$3.5 million is due in fiscal year 2011, \$0.6 million is due in fiscal year 2012, \$6.1 million is due in fiscal year 2013, \$0.3 million is due in fiscal year 2014 and \$6.8 million is due in fiscal year 2015. A 10% change in the variable interest rates of the Company's debt would result in an increase or decrease in pre-tax interest expense by less than \$0.1 million.

Additionally, the Company has entered into interest swap agreements of total notional amount of Euro 4.0 million (equivalent to \$4.9 million based on the exchange rate at June 30, 2010), to minimize the interest expenses on short-term debt by shifting from variable to fixed interest rates.

Foreign Currency Exchange Risk

The Company enters into foreign currency forward contracts and forward exchange options generally of less than one year duration to hedge a portion of its foreign currency risk on sales transactions. At June 30, 2010, the Company held Japanese yen forward exchange options with notional amount of Euro 0.7 million and Japanese yen forward exchange options with notional amount of \$0.3 million. The profit or loss resulting from a 10% change in currency exchange rates would vary approximately from less than \$0.1 million profit to \$0.2 million loss.

Item 4. Controls and Procedures

As of the end of the quarterly period covered by this report, the Chief Executive Officer and Chief Financial Officer of the Company (collectively, the "certifying officers") have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended). These disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in its periodic reports filed with the Securities and Exchange Commission (the "Commission") is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that the information is communicated to the certifying officers on a timely basis.

The certifying officers concluded, based on their evaluation, that the Company's disclosure controls and procedures were effective, as of the end of the quarterly period covered by this report, in ensuring that material information relating to the Company, including its consolidated subsidiaries, is made known to them in a timely fashion, taking into consideration the size and nature of the Company's business and operations.

There have not been changes in the Company's internal control over financial reporting that occurred during the quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We have been and are likely to be involved from time to time in litigation involving our intellectual property and ordinary routine litigation arising in the ordinary course of business.

A licensor of patents covering the technology used in certain of the Company's CO2 lasers has asserted that the Company has calculated royalties due in respect of certain sales of such CO2 lasers in a manner that is not consistent with the applicable license agreement. In addition, the licensor claims that it has not been provided with copies of invoices and other documentation relating to such sales, to which it asserts it is entitled under the license agreement. The Company disputes these and related allegations and believes that it is in compliance with all of its obligations under the license agreement. Following discussions with the licensor in order to resolve these disagreements, the parties have reached an agreement in principle that an independent auditor should be appointed to review the calculations made by the Company in connection with the royalties it has paid in the past. To date the audit has not commenced. In February 2008, the Company contacted the licensor in writing in order to proceed with the appointment of an independent auditor and agree on parameters to apply to the conduct of the audit and a response from the licensor was received in January 2009. Through additional correspondence dated March 2009, the Company and the licensor are in the process of selecting a mutually agreeable independent auditor. Management believes that it will achieve a resolution of this matter that will not have a material adverse impact on the Company's financial condition or results of operations or cash flows.

Item 1A. Risk Factors

For information regarding risk factors that could effect the Company's results of operations, financial condition and liquidity, see the risk factors discussion provided under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended September 30, 2009. See also, "Overview" and "Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On May 5, 2010, the Board of Directors authorized the Company to initiate a share buyback of up to \$30.0 million of Company's Common Stock over twelve months, subject to market conditions. The shares may be repurchased from time to time in open market transactions or privately negotiated transactions at the Company's discretion. As of June 30, 2010, the Company has bought approximately 0.85 million shares of common stock, at an average price of \$22.79, under the stock buyback program for a total amount of \$19.5 million, with \$10.5 million remaining to be spent on the repurchase of shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Removed and Reserved

Item 5. Other Information

None.

Item 6. Exhibits

- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32.1 Section 1350 Certification of Chief Executive Officer
- 32.2 Section 1350 Certification of Chief Financial Officer

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.

Rofin-Sinar Technologies Inc.

(Registrant)

Date: August 9, 2010

/s/ Gunther Braun

Gunther Braun
President, Chief Executive Officer,
and Director

/s/ Ingrid Mittelstaedt

Ingrid Mittelstaedt
Chief Financial Officer,
Executive Vice President, Finance
and Administration, and Treasurer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Gunther Braun, Chief Executive Officer and President, of Rofin-Sinar Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rofin-Sinar Technologies 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this quarterly 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 quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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 registrant's board of directors:
- a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 9, 2010

/s/ Gunther Braun

Gunther Braun

President,
Chief Executive Officer and
Director

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Ingrid Mittelstaedt, Chief Financial Officer, of Rofin-Sinar Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rofin-Sinar Technologies 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 officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this quarterly 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 quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter 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 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 registrant's board of directors:
- a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: August 9, 2010

/s/ Ingrid Mittelstaedt

Ingrid Mittelstaedt

Chief Financial Officer,
Executive Vice President,
Finance and Administration,
and Treasurer

ROFIN-SINAR TECHNOLOGIES INC.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gunther Braun, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 9, 2010

/s/ Gunther Braun

Gunther Braun

President,
Chief Executive Officer and
Director

ROFIN-SINAR TECHNOLOGIES INC.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rofin-Sinar Technologies Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ingrid Mittelstaedt, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: August 9, 2010

/s/ Ingrid Mittelstaedt

Ingrid Mittelstaedt

Chief Financial Officer,
Executive Vice President,
Finance and Administration,
and Treasurer