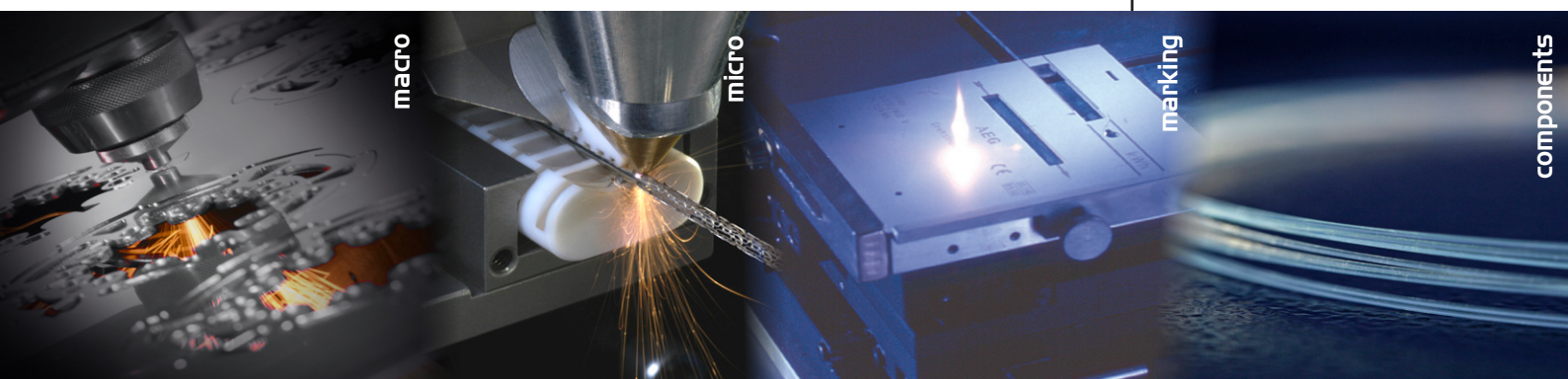


# Quarterly Report

1st Quarter Fiscal Year 2012



ROFIN-SINAR Technologies Inc.

October 1 - December 31, 2011

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 December 31, 2011

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

Commission file number: 000-21377

ROFIN-SINAR TECHNOLOGIES INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

38-3306461  
(I.R.S. Employer  
Identification No.)

40984 Concept Drive, Plymouth, MI  
(Address of principal executive offices)

48170  
(Zip Code)

Registrant's telephone number, including area code: (734) 455-5400

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(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

28,523,959 shares of the registrant's common stock, par value \$0.01 per share, were outstanding as of February 9, 2012.

**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)**

	December 31, 2011	September 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 106,159	\$ 127,412
Short-term investments (Note 4)	8,729	2,964
Accounts receivable, net of allowance for doubtful accounts \$2,738 and \$3,693, respectively	88,541	119,391
Inventories, net (Note 5)	191,594	188,847
Other current assets and prepaid expenses	28,207	28,655
Total current assets	423,230	467,269
Long-term investments (Notes 4 & 6)	3,400	3,700
Property and equipment, net	68,396	65,554
Goodwill (Note 7)	101,899	90,500
Other intangibles, net (Note 7)	11,725	12,157
Other assets	14,667	14,766
Total assets	\$623,317	\$ 653,946
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Line of credit and short-term borrowings	\$ 5,264	\$ 8,121
Accounts payable, trade	19,656	27,082
Accounts payable to related party	194	311
Income tax payable	4,136	13,849
Accrued liabilities (Note 8)	74,580	84,578
Total current liabilities	103,830	133,941
Long-term debt	13,997	14,742
Pension obligations	17,457	17,549
Other long-term liabilities	8,970	9,097
Total liabilities	144,254	175,329
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued or outstanding	--	--
Common stock, \$0.01 par value, 50,000,000 shares authorized, 32,440,500 shares issued at December 31, 2011 (32,404,100 shares issued at September 30, 2011)	324	324
Additional paid-in capital	219,529	217,896
Retained earnings	401,600	393,523
Accumulated other comprehensive income	1,023	10,446
Treasury shares, at cost, 3,917,341 shares at December 31, 2011 and September 30, 2011	(148,232)	(148,232)
Total Rofin-Sinar Technologies Inc. stockholders' equity	474,244	473,957
Noncontrolling interest in subsidiaries	4,819	4,660
Total equity	479,063	478,617
Total liabilities and equity	\$ 623,317	\$ 653,946

See accompanying notes to condensed consolidated financial statements

**PART I. ITEM 1. FINANCIAL INFORMATION**

**Rofin-Sinar Technologies Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
**Periods Ended December 31, 2011 and 2010**  
**(dollars in thousands, except per share amounts)**

	Three Months Ended December 31,	
	2011	2010
Net sales	\$ 131,570	\$ 137,132
Cost of goods sold	84,625	80,765
Gross profit	<u>46,945</u>	<u>56,367</u>
Selling, general, and administrative expenses	24,719	25,616
Research and development expenses	10,524	8,627
Amortization expense	600	643
Income from operations	<u>11,102</u>	<u>21,481</u>
Other (income) expense		
Interest income	( 213)	( 168)
Interest expense	163	182
Foreign currency income	( 844)	( 197)
Other income	( 198)	( 734)
Income before income tax	<u>12,194</u>	<u>22,398</u>
Income tax expense	<u>3,958</u>	<u>7,308</u>
Net income	8,236	15,090
Less: Net income attributable to the noncontrolling interest	<u>159</u>	<u>212</u>
Net income attributable to RSTI	<u>\$8,077</u>	<u>\$ 14,878</u>
Net income attributable to RSTI per share		
Per share of Common Stock Basic	\$ 0.28	\$ 0.52
Per share of Common Stock Diluted	<u>\$ 0.28</u>	<u>\$ 0.51</u>
Weighted-average shares used in computing earnings per share (Note 11)		
Basic	28,507,893	28,374,791
Diluted	28,772,187	28,966,128

See accompanying notes to condensed consolidated financial statements

**Rofin-Sinar Technologies Inc. and Subsidiaries**  
**Condensed Consolidated Statements Of Stockholders' Equity and Comprehensive Income (Unaudited)**  
**Three months ended December 31, 2011 and 2010**  
**(dollars in thousands)**

	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Rofin-Sinar Technologies Stockholders' Equity	Non- Controlling Interests	Total Stockholders' Equity
BALANCES at September 30, 2010	\$ 320	\$205,100	\$333,491	\$ 14,399	\$(139,453)	\$ 413,857	\$ 3,619	\$ 417,476
Comprehensive income								
Fair value of interest swap agreement (net of taxes of \$8)	--	--	--	22	--	22	--	22
Defined benefit pension plan:								
Net loss arising during period (net of taxes \$10)	--	--	--	16	--	16	--	16
Pension adjustment	--	--	--	24	--	24	--	24
Foreign currency translation adjustment	--	--	--	(6,412)	--	(6,412)	--	(6,412)
Net income	--	--	14,878	--	--	14,878	212	15,090
Total comprehensive income (loss)						8,528	212	8,740
Common stock issued in connection with:								
Stock incentive plans	2	4,587	--	--	--	4,589	--	4,589
BALANCES at December 31, 2010	<u>\$ 322</u>	<u>\$209,687</u>	<u>\$348,369</u>	<u>\$8,049</u>	<u>\$(139,453)</u>	<u>\$ 426,974</u>	<u>\$ 3,831</u>	<u>\$ 430,805</u>
BALANCES at September 30, 2011	\$ 324	\$217,896	\$393,523	\$ 10,446	\$(148,232)	\$ 473,957	\$ 4,660	\$ 478,617
Comprehensive income:								
Fair value of interest swap agreement (net of taxes of \$10)	--	--	--	(31)	--	(31)	--	(31)
Defined benefit pension plan:								
Net loss arising during period (net of taxes \$21)	--	--	--	37	--	37	--	37
Foreign currency translation adjustment	--	--	--	(9,429)	--	(9,429)	--	(9,429)
Net income	--	--	8,077	--	--	8,077	159	8,236
Total comprehensive income (loss)						(1,346)	159	(1,187)
Common stock issued in connection with:								
Stock incentive plans	--	1,633	--	--	--	1,633	--	1,633
BALANCES at December 31, 2011	<u>\$ 324</u>	<u>\$219,529</u>	<u>\$401,600</u>	<u>\$ 1,023</u>	<u>\$(148,232)</u>	<u>\$474,244</u>	<u>\$ 4,819</u>	<u>\$ 479,063</u>

See accompanying notes to consolidated financial statements

**Rofin-Sinar Technologies Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**Three Months Ended December 31, 2011 and 2010**  
(dollars in thousands)

	Three Months Ended December 31,	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 8,236	\$ 15,090
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,337	2,959
Stock-based compensation expenses	1,254	1,388
Other adjustments	551	( 356)
Change in operating assets and liabilities:		
Accounts receivable, trade	29,679	( 5,226)
Inventories	( 7,115)	( 8,786)
Accounts payable	( 7,085)	( 3,445)
Changes in other operating assets and liabilities	( 19,056)	7,874
Net cash provided by (used in) operating activities	<u>9,801</u>	<u>9,498</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of property and equipment	37	166
Additions to property and equipment	( 6,420)	( 2,898)
Purchases of short-term investments	( 6,383)	( 883)
Sales of short-term and long-term investments	928	2,356
Acquisition of businesses, net of cash acquired	( 13,251)	( 11,286)
Net cash provided by (used in) investing activities	<u>( 25,089)</u>	<u>( 12,545)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from banks	1,228	764
Repayments to banks	( 4,196)	( 740)
Issuance of common stock	158	2,755
Excess tax benefit from stock options	--	135
Net cash provided by (used in) financing activities	<u>( 2,810)</u>	<u>2,914</u>
Effect of foreign currency translation on cash	( 3,155)	( 779)
Net increase (decrease) in cash and cash equivalents	( 21,253)	( 912)
Cash and cash equivalents at beginning of period	127,412	110,628
Cash and cash equivalents at end of period	<u>\$ 106,159</u>	<u>\$ 109,716</u>
Cash paid for interest	\$ 166	\$ 137
Cash paid for taxes	\$ 13,602	\$ 4,257

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, 2011, 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, 2011, as filed with the Securities and Exchange Commission on November 29, 2011.

**2. New Accounting Standards**

In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance requiring changes to the presentation of comprehensive income which requires entities to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, which is the method of presentation used by the Company, will no longer be permitted. These changes will have no impact on the calculation and presentation of earnings per share. These changes, with retrospective application, become effective for the Company for interim and annual periods beginning in fiscal year 2013, with early adoption allowed. Other than the change in presentation, these changes will not have an impact on the consolidated financial statements.

In May 2011, the FASB issued additional guidance on fair value measurements that clarifies the application of existing guidance and disclosure requirements, changes certain fair value measurement principles and requires additional disclosures about fair value measurements. The updated guidance is effective on a prospective basis for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations and cash flows.

In December 2010, the FASB issued ASU 2010-28, "Intangibles – Goodwill and Other (ASC Topic 350)", which amended its existing guidance for goodwill and other intangible assets. This authoritative guidance modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if there are qualitative factors indicating that it is more likely than not that a goodwill impairment exists. The qualitative factors are consistent with the existing guidance which requires goodwill of a reporting unit to be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. This authoritative guidance became effective for the Company in fiscal year 2012. The implementation of this authoritative guidance did not have a material impact on our consolidated financial position, results of operations and cash flows.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment". The amendments under ASU 2011-08 will allow entities to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. Under these amendments, an entity would not be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments include a number of events and circumstances for entities to consider in conducting the qualitative assessment. Entities will have the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step quantitative goodwill impairment test. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 (fiscal 2013 for the Company), and early adoption is permitted. Adoption of ASU 2011-08 is not expected to have a material impact on the Company's financial statements.

Other accounting standards that have been issued by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's financial statements upon adoption.

### **3. Acquisitions**

On October 26, 2011, the Company purchased an additional 5% of the share capital of m2k-laser GmbH through Rofin-Sinar Laser GmbH under an option agreement between the Company and the minority shareholders. The Company currently holds 85% of the share capital of m2k-laser GmbH.

Effective March 28, 2007, the Company acquired 100% of the common stock of Corelase Oy, Tampere (Finland). Corelase Oy has considerable experience in semiconductors, optics, and fiber technology. Its product lines include ultra short pulse mode-locked fiber laser systems, fiber laser modules, and other components. The terms of the purchase included payment of a deferred purchase price based on Corelase Oy achieving certain financial targets. During the three months ended December 31, 2011, the Company finalized and paid this deferred purchase price. This payment resulted in additional goodwill of approximately \$13.3 million.

### **4. Fair Value Measurements**

The Company's cash, short-term and long-term investments, accounts receivable, and accrued liabilities are carried at amounts, which reasonably approximate their fair value due to their short-term nature. The Company's notes payable are at variable interest rates that approximate market. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models may be applied.

Assets and liabilities recorded at fair value in our balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

- 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.

Financial assets and liabilities measured at fair value on a recurring basis are classified on the valuation technique level in the table below:

December 31, 2011	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 106,159	\$ 106,159	\$ --	\$ --
Short-term investments	8,729	8,729	--	--
Derivatives	( 371)	--	( 371)	--
Non-current auction rate securities	3,400	--	--	3,400
Total assets and liabilities at fair value	<u>\$ 117,917</u>	<u>\$ 114,888</u>	<u>\$ ( 371)</u>	<u>\$ 3,400</u>

September 30, 2011	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 127,412	\$ 127,412	\$ --	\$ --
Short-term investments	2,964	2,964	--	--
Derivatives	( 382)	--	( 382)	--
Non-current auction rate securities	3,700	--	--	3,700
Total assets and liabilities at fair value	<u>\$ 133,694</u>	<u>\$ 130,376</u>	<u>\$ ( 382)</u>	<u>\$ 3,700</u>

The changes in the fair value of our non-current auction rate securities measured using significant unobservable inputs (level 3) for the three-month period ended December 31, 2011, are as follows:

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>
September 30, 2011	\$ 3,700
Settlements	( 300)
December 31, 2011	<u>\$ 3,400</u>

## 5. 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:

	<u>December 31, 2011</u>	<u>September 30, 2011</u>
Finished goods	\$ 27,475	\$ 26,350
Work in progress	50,867	51,006
Raw materials and supplies	67,750	66,777
Demo inventory	16,696	16,392
Service parts	28,806	28,322
Total inventories	<u>\$191,594</u>	<u>\$188,847</u>

Net inventory is net of provisions for excess and obsolete inventory of \$24,912 and \$25,292 at December 31, 2011, and September 30, 2011, respectively.

## 6. 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 sales, the Company reduced its holdings of auction rate securities to approximately \$3.4 million at December 31, 2011. All sales were settled, for cash, at par value. At December 31, 2011, the Company held two 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. The Company has historically used a discounted cash flow model to determine the fair market value of these investments. This model included estimates for interest rates, discount rates, the amount of cash flows, and expected holding periods. As a result, the Company concluded that the par value of these investments approximates fair market value. Additionally, the Company has the ability and intent to hold these investments until a resumption of the auction process or until maturity. 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.

## 7. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the three-month period ended December 31, 2011, are as follows:

	<u>Germany</u>	<u>United States</u>	<u>Rest of World</u>	<u>Total</u>
Balance as of September 30, 2011	\$ 43,514	\$ 13,284	\$ 33,702	\$ 90,500
Additional goodwill from acquisitions	--	--	13,251	13,251
Currency translation differences	( 1,280)	( 96)	( 476)	( 1,852)
Balance as of December 31, 2011	<u>\$ 42,234</u>	<u>\$ 13,188</u>	<u>\$ 46,477</u>	<u>\$ 101,899</u>

The carrying values of other intangible assets are as follows:

	<u>December 31, 2011</u>		<u>September 30, 2011</u>	
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized intangible assets:				
Patents	\$ 10,592	\$ 6,900	\$ 10,627	\$ 6,715
Customer base	18,870	15,226	19,142	15,409
Other	19,465	15,076	20,119	15,607
Total	<u>\$ 48,927</u>	<u>\$ 37,202</u>	<u>\$ 49,888</u>	<u>\$ 37,731</u>

Amortization expense for the three-month periods ended December 31, 2011 and 2010 was \$0.6 million. At December 31, 2011, estimated amortization expense for the remainder of fiscal year 2012 and the next five fiscal years based on the average exchange rates as of December 31, 2011, is as follows:

2012 (remainder)	2.0 million
2013	2.6 million
2014	2.5 million
2015	2.3 million
2016	1.9 million
2017	1.8 million

## 8. Accrued Liabilities

Accrued liabilities are comprised of the following:

	December 31, 2011	September 30, 2011
Employee compensation	\$ 16,008	\$ 25,920
Warranty reserves	13,048	13,197
Other taxes payable	475	233
Customer deposits	20,945	23,647
Other	24,104	21,581
Total accrued liabilities	<u>\$ 74,580</u>	<u>\$ 84,578</u>

## 9. 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 December 31, 2011, the Company's gross unrecognized tax benefits totaled \$0.7 million which includes approximately \$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 2005.

## 10. 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 three-month periods ended December 31, 2011 and 2010 are as follows:

	2011	2010
Balance at September 30,	\$ 13,197	\$ 10,417
Additional accruals for warranties during the period	1,227	2,775
Usage during the period	( 1,043)	( 1,442)
Currency translation	( 333)	( 230)
Balance at December 31,	<u>\$ 13,048</u>	<u>\$ 11,520</u>

## 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 year 2011 or through the first three months of fiscal year 2012. Non-qualified stock options were granted to officers and other key employees in the second quarter of fiscal year 2011. No non-qualified stock options were granted to officers and other key employees in the three-month period ended December 31, 2011. During the three-month period ended December 31, 2011, outside directors each received 3,000 shares of common stock, from the 2007 Incentive Stock Plan, that were fully vested upon grant. Options to other key employees 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:

	Fiscal Year 2011 Grants	Fiscal Year 2010 Grants
Weighted average grant date fair value	\$ 15.48	\$ 10.42
Expected life	5 Years	5 Years
Volatility	46.12%	47.23%
Risk-free interest rate	2.01%	2.52%
Dividend yield	0%	0%
Annual forfeiture rate	2%	2%

The Company uses historical data to estimate the expected life, volatility, and annual forfeiture rates of outstanding options. 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 three-month period ended December 31, 2011, are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions)
Outstanding at September 30, 2011	2,847,450	\$ 25 <sup>2/7</sup>	5.83	
Granted	--			
Exercised	( 24,400)	\$ 6 <sup>4/8</sup>		
Forfeited	( 8,600)	\$ 19 <sup>6/8</sup>		
Outstanding at December 31, 2011	2,814,450	\$ 25 <sup>1/2</sup>	5.63	\$ 6.9
Exercisable at December 31, 2011	2,220,350	\$ 24 <sup>2/3</sup>	4.41	\$ 5.5

As of December 31, 2011, there was \$9.1 million of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted-average period of 3.17 years.

During the three-month periods ended December 31, 2011 and 2010, the following activity occurred under the Incentive Stock Plan:

	(in millions)	
	Three Months Ended December 31,	
	2011	2010
Total intrinsic value of stock options exercised	\$ 0.4	\$ 3.8

Cash received from stock option exercises for the three-month periods ended December 31, 2011 and 2010, was \$0.2 and \$2.76 million, respectively.

## 12. Earnings Per Common Share

The basic per common share (EPS) calculation is computed by dividing net income 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 December 31,	
	2011	2010
Weighted number of shares for basic earnings per common share	28,507,893	28,374,791
Potential additional shares due to outstanding dilutive stock options	264,294	591,337
Weighted number of shares for diluted earnings per common share	<u>28,772,187</u>	<u>28,966,128</u>

The weighted average diluted shares outstanding for the three-month periods ended December 31, 2011 and 2010, excludes the dilutive effect of approximately 2.0 million and 1.2 million stock options, respectively, since the impact of including these options in diluted earnings per share for these periods was antidilutive.

## 13. Defined Benefit Plans

Components of net periodic cost were as follows for the three-month periods ended December 31, 2011 and 2010:

	Three Months Ended December 31,	
	2011	2010
Service cost	194	\$ 198
Interest cost	325	301
Expected return on plan assets	( 130)	( 127)
Amortization of prior net loss	58	26
Net periodic pension cost	<u>\$ 447</u>	<u>\$ 398</u>

## 14. Segment and Geographic Information

Assets, revenues, and income before taxes, by geographic region attributable based on the geographic location of the RSTI entities are summarized below:

	December 31, 2011	September 30, 2011
ASSETS		
North America	\$ 221,666	\$ 222,677
Germany	409,493	428,561
Other	274,204	287,187
Intercompany eliminations	(282,046)	(284,479)
	<u>\$ 623,317</u>	<u>\$ 653,946</u>

PROPERTY AND EQUIPMENT, NET

North America	\$ 12,269	\$ 12,197
Germany	41,206	38,968
Other	14,955	14,423
Intercompany eliminations	( 34)	( 34)
	<u>\$ 68,396</u>	<u>\$ 65,554</u>

Three Months Ended December 31,

	2011	2010
NET SALES		
North America	\$ 41,992	\$ 41,840
Germany	85,476	97,540
Other	51,483	51,721
Intercompany eliminations	(47,381)	( 53,969)
	<u>\$ 131,570</u>	<u>\$ 137,132</u>

INTERCOMPANY SALES

North America	\$ 3,004	\$ 3,776
Germany	32,428	37,954
Other	11,949	12,239
Intercompany eliminations	(47,381)	( 53,969)
	<u>\$ --</u>	<u>\$ --</u>

EXTERNAL SALES

North America	\$ 38,988	\$ 38,064
Germany	53,048	59,585
Other	39,534	39,483
	<u>\$ 131,570</u>	<u>\$ 137,132</u>

INCOME (LOSS) BEFORE INCOME TAX

North America	\$ 1,834	\$ 3,633
Germany	8,120	15,570
Other	2,697	4,633
Intercompany eliminations	( 457)	( 1,438)
	<u>\$ 12,194</u>	<u>\$ 22,398</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 December 31,	
	2011	2010
Macro applications	\$ 46,355	\$ 51,363
Marking and micro applications	72,575	72,221
Components	12,640	13,548
	<u>\$ 131,570</u>	<u>\$ 137,132</u>

## **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 "RSTI", "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 first quarter of fiscal years 2012 and 2011, we realized approximately 35% and 37% of revenues from the sale and servicing of laser products used for macro applications, approximately 55% and 53%, respectively, from the sale and servicing of laser products for marking and micro applications, and approximately 10% from the sale of components.

The challenging macro-economic environment, caused especially by the European debt crisis and China's attempts to curb inflation, had a major impact on our first quarter order entry and sales. Lower demand came in particular from the machine tool and electronics industry, while laser sales for applications in the semiconductor and medical device industries improved slightly. Our net income reflects this lower revenue level, and takes into account postponed shipments by customers of approximately \$10 million and an unfavorable product mix. We expect business conditions in China to improve as we have customer indications, based on more optimistic judgments about their future prospects, that this region is on track for revitalization. Therefore, we believe that we have experienced the bottom of the slowdown and will see better results in the next quarters.

At December 31, 2011, Rofin-Sinar had 2,143 employees compared to 1,902 employees at December 31, 2010.

## 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 December 31,	
	2011	2010
Net sales	100.0%	100.0%
Cost of goods sold	64.3%	58.9%
Gross profit	35.7%	41.1%
Selling, general and administrative expenses	18.8%	18.7%
Research and development expenses	8.0%	6.3%
Intangibles amortization	0.5%	0.5%
Income from operations	8.4%	15.7%
Income before income taxes	9.3%	16.3%
Net income attributable to RSTI	6.1%	10.8%

Net Sales - Net sales of \$131.6 million represent a decrease of \$5.5 million, or 4%, for the three-month period ended December 31, 2011, as compared to the corresponding period in fiscal year 2011. The decrease for the three months ended December 31, 2011, resulted from a net sales decrease of \$5.8 million, or 5%, in Europe and Asia, partly offset by an increase of \$0.3 million, or 1%, in North America, compared to the corresponding period in fiscal year 2011. The U.S. dollar weakened against foreign currencies, primarily against the Euro, which had a favorable effect on net sales of \$0.9 million for the three-month period ended December 31, 2011.

Net sales of laser products for macro applications decreased by \$5.0 million, or 10%, to \$46.4 million for the three-month period ended December 31, 2011, as compared to the corresponding period of fiscal year 2011. The decrease can be mainly attributed to the lower demand for our lasers for macro applications in the machine tool industry, especially in Asia, and the automotive industry.

Net sales of lasers for marking and micro applications remained stable with \$72.6 million for the three-month period ended December 31, 2011, and reflects continued demand from the medical, jewelry, solar and electronics industries.

Revenues for the components business decreased by \$0.9 million, or 7%, to \$12.6 million for the three-month period ended December 31, 2011. The decrease can be mainly attributed to lower demand for laser diode products offset by the higher demand for our fiber products.

Gross Profit - Our gross profit of \$46.9 million for the three-month period ended December 31, 2011, represents a decrease of \$9.5 million, or 17%, from the corresponding period of fiscal year 2011. As a percentage of sales, gross profit decreased from 41% to 36% for the three-month period ended December 31, 2011, as compared to the corresponding period in fiscal year 2011. The decrease in our gross margin for the three-month period was mainly the result of a higher percentage of lower margin systems business, lower absorption of fixed costs, and a decrease in our spare parts and component business. Gross profit was favorably affected by \$0.4 million due to the weakening of the U.S. dollar against foreign currencies, primarily against the Euro, in the three-month period ended December 31, 2011.

Selling, General and Administrative Expenses - Selling, general and administrative ("SG&A") expenses of \$24.7 million for the three-month period ended December 31, 2011, represent a decrease of \$0.9 million, or 4%, from the corresponding period of fiscal year 2011. The decrease in SG&A expenses is mainly a result of the lower commissions and lower allowance for bad debts related to the comparably lower level of business. SG&A, a significant portion of which is incurred in foreign currencies, was unfavorably affected by \$0.2 million due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro, for the three-month period ended December 31, 2011. As a percentage of net sales, SG&A expenses remained stable with 19% for the three-month period ended December 31, 2011, as compared to the comparable prior year period.

Research and Development - The Company spent net \$10.5 million on research and development ("R&D") during the three-month period ended December 31, 2011, which represents an increase of 22% as compared to the corresponding period of fiscal year 2011. Gross R&D expenses for the three-month periods ended December 31, 2011 and 2010, were \$10.8 million and \$9.2 million, respectively, and were reduced by \$0.3 million and \$0.6 million of government grants during each respective period. R&D, a significant portion of which is conducted in Europe, and therefore incurred in foreign currencies, was unfavorably affected by \$0.1 million due to the weakening of the U.S. dollar against foreign currencies, primarily the Euro, for the three-month period ended December 31, 2011.

Amortization Expense - Amortization expense for the three-month period ended December 31, 2011, amounted to \$0.6 million, consistent with the corresponding period of fiscal year 2011.

Other Income/Expenses - Net other income was \$1.1 million for the three-month period ended December 31, 2011, represents an increase of \$0.2 million compared to \$0.9 million in the corresponding period of fiscal year 2011. Net interest expense, within this category, includes \$0.2 million of interest income offset by \$0.2 million of interest expense for the three months ended December 31, 2011. The increase in foreign currency income in the three-month period ended December 31, 2011, is primarily due to higher net exchange gains in the current year period compared to the corresponding period of fiscal year 2011. Finally, other income decreased by \$0.5 million primarily due to an indemnification payment amounting to \$0.6 million made to the Company in connection with the cancellation of an order during the three-month period ended December 31, 2010.

Income Tax Expense - Income tax expense of \$4.0 million for the three-month period ended December 31, 2011, represents an effective tax rate of 32% compared to 33% for the corresponding period of fiscal year 2011. Income tax expense, a significant portion of which is incurred in foreign currencies, was not significantly affected by the weakening of the U.S. dollar against foreign currencies, primarily the Euro in the three-month period ended December 31, 2011.

Net Income Attributable to RSTI - As a result of the foregoing factors, the Company realized consolidated net income attributable to RSTI of \$8.1 million for the three-month period ended December 31, 2011, which represents a decrease of \$6.8 million from the corresponding period in fiscal year 2011. For the three-month period ended December 31, 2011, both the basic and diluted per common share calculation equaled \$0.28, based upon a weighted average of 28.5 million and 28.8 million common shares outstanding, as compared to basic and diluted per common share calculation of \$0.52 and \$0.51, based upon a weighted average of 28.4 million and 29.0 million common shares outstanding for the corresponding period of fiscal year 2011.

## **Liquidity and Capital Resources**

The Company's primary sources of liquidity at December 31, 2011, were cash and cash equivalents of \$106.2 million, short-term investments of \$8.7 million, short-term credit lines of \$78.7 million and long-term credit lines of \$15.6 million. As of December 31, 2011, \$3.7 million was outstanding under the short-term lines of credit and \$10.6 million was used for bank guarantees under these lines of credit, leaving \$64.4 million available for borrowing under our short-term lines of credit. In addition, the Company maintained short-term credit lines specific to bank guarantees for \$6.1 million, of which \$0.3 million was used. Therefore, \$70.2 million was unused and available under our short-term and bank guarantee lines of credit, in aggregate, at December 31, 2011. At such date the entire amount of our long-term lines of credit was fully drawn and \$1.6 million was classified under short-term lines of credit for the current portion of the long-term debt. The Company is subject to financial covenants, which could restrict the Company from drawing money under these lines of credit. At December 31, 2011, the Company was in compliance with these covenants.

Cash and cash equivalents decreased by \$21.3 million during the three-month period ended December 31, 2011. Approximately \$9.8 million in cash and cash equivalents were provided by operating activities, mainly as the result of net income for the three months ended December 31, 2011, changes in accounts receivable, partially offset by changes in inventories, accounts payable, income taxes payable and accrued liabilities.

Net cash used in investing activities totaled \$25.1 million for the three-month period ended December 31, 2011, and were primarily related to the payment of the deferred purchase price for Corelase Oy, additions to property and equipment and net purchases of short-term and long-term investments.

Net cash used in financing activities totaled \$2.8 million for the three-month period ended December 31, 2011, and was primarily related to repayments to banks, partially offset by borrowings from banks.

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, 2011, 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 (other than operating leases) or financing arrangements involving variable interest entities.

### **Currency Exchange Rate Fluctuations**

Although we report our Consolidated Financial Statements in U.S. dollars, approximately 62% 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, Japanese yen and Indian rupee. 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 gain of \$4.0 million at December 31, 2011, as compared to a gain of \$13.4 million at September 30, 2011.

### **Critical Accounting Policies**

Our significant accounting policies are more fully described in Part 2, Item 8, Note 1 of our consolidated financial statements in our Annual Report on Form 10-K, for the fiscal year ended September 30, 2011. 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 December 31, 2011, 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 December 31, 2011	Number of Exercisable Stock Options Owned at December 31, 2011
Peter Wirth	12,600	125,000	119,000
Gunther Braun	6,000	640,000	482,000
Carl F. Baasel	152,000	--	--
Ralph E. Reins (1)	27,000	--	--
Gary K. Willis (1)	39,000	--	--
Daniel Smoke (1)	35,000	--	--
Stephan Fantone (1)	10,000	--	--

(1) Outside, non-executive directors

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

For the three-month period ended December 31, 2011, 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, 2011.

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 December 31, 2011, the Company maintained cash equivalents and short-term investments of \$17.6 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 December 31, 2011, the Company had \$3.7 million of variable rate debt on which the interest rate is reset every three months, \$5.5 million of variable rate debt on which the interest rate is reset every six months, \$2.6 million of variable rate debt on which the interest rate is reset every year and \$7.5 million of fixed rate debt.

Maturities of this debt are as follows:

2012	5.3 million
2013	8.4 million
2014	1.8 million
2015	1.1 million
2016	2.7 million

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 rate swap agreements of total notional amounts of Euro 2.8 million and Swiss francs 4.5 million (equivalent to \$3.7 million and \$4.8 million, respectively, based on the exchange rates at December 31, 2011), to minimize the interest expenses on short-term and long-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 December 31, 2011, the Company held Japanese yen forward exchange options with notional amount of Euro 0.3 million and Japanese yen forward exchange options with notional amount of \$0.1 million, and a Singapore dollar knock-out forward contract with notional amounts of \$1.8 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 a loss of \$0.2 million.

#### **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**

The Company has been and is likely to be involved from time to time in litigation involving its 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 CO<sub>2</sub> lasers has asserted that the Company has calculated royalties due in respect of certain sales of such CO<sub>2</sub> 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 exchanged in 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. The patents, and therefore the license rights, have already expired and there are no further license fees to be calculated and paid.

### **Item 1A. Risk Factors**

For information regarding risk factors that could affect 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, 2011. 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**

None

### **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
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

## **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: February 9, 2012

/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: February 9, 2012

/s/ Gunther Braun

-----  
Gunther Braun

President,  
Chief Executive Officer and  
Director

CERTIFICATION OF THE CHIEF EXECUTIVE 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: February 9, 2012

/s/ Ingrid Mittelstaedt

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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 December 31, 2011 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: February 9, 2012

/s/ Gunther Braun

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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 December 31, 2011 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: February 9, 2012

/s/ Ingrid Mittelstaedt

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Ingrid Mittelstaedt

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